

Project no. **029490**

Project acronym: **MIRIAD**

Project title: **Managing and Infusing Research Investment  
And Development**

Instrument: **Coordination Action**

Thematic Priority: **Support for the coherent development of research and  
innovation policies**

Deliverable reference number: **6.1**

Title: **Regional Intervention Reports (Based on Roundtable Meetings)**

Due date of deliverable: 30/04/2007

Actual submission date: 14/07/2007

Start date of project: **01-01-2006**

Duration: **24 Months**

Organisation name of lead contractor for this deliverable: **University of National and  
World Economy Sofia**

| <b>Project co-funded by the European Commission within the Sixth Framework Programme<br/>(2002-2006)</b> |   |    |
|--|---|----|
| <b>Dissemination Level</b>   |   |    |
| <b>PU</b>  | Public  | PU |
| <b>PP</b>  | Restricted to other programme participants (including the Commission                    |    |
| <b>RE</b>  | Restricted to a group specified by the consortium (including the Commission             |    |
| <b>CO</b>  | Confidential, only for members of the consortium (including the Commission<br>Services) |    |

**FP6 – 2004-KNOW-REG-2  
REGIONS OF KNOWLEDGE 2**

**MIRIAD:  
Managing and Infusing Research Investment  
And Development**

**Project Participants**

| <b>Partic. Role</b> | <b>Partic. no.</b> | <b>Participant name</b>                        | <b>Participant short name</b> | <b>Country</b> | <b>Date enter project</b> | <b>Date exit project</b> |
|---------------------|--------------------|--|-------------------------------|----------------|---------------------------|--------------------------|
| CO                  | 1                  | University of Sheffield Management School      | USFD                          | UK             | 1                         | 24                       |
| CR                  | 2                  | South East European Research Centre            | SEERC                         | Greece         | 1                         | 24                       |
| CR                  | 3                  | Chamber of Commerce University Istanbul        | ITICU                         | Turkey         | 1                         | 24                       |
| CR                  | 4                  | University of National and World Economy Sofia | UNWE                          | Bulgaria       | 1                         | 24                       |

## Table of Contents

|   |  |
|---|--|
| 1. Introduction.....  |  |
| 2. Yorkshire and Humber Regional Intervention Report .....                  |  |
| 3. Central Macedonia and East Macedonia-Thrace Regional Intervention Report |  |
| 4. Thrace Turkey Regional Intervention Report .....                         |  |
| 5. South and West Bulgaria Regional Intervention Report .....               |  |

## **1. Introduction**

This deliverable presents the discussion minutes from the roundtable meetings held by all 4 partners as part of workpackage 6. The aim of these meetings was to facilitate discussion among regional policymakers of the results produced so far by MIRIAD, in order to feed the results into a regional R&D strategy that reflects the strengths and addresses the weaknesses of each region.

The reports for each region follows the same broad structure, with the first section outlining how the meetings were operated and presents the agendas; the second section presents a list of the participants; the third section presents the key issues presented to the policymakers and the questions used to promote discussion among the participants; the fourth section highlights the key topics discussed by the participants; and, finally, the fifth section outlines the conclusions and the next steps involved for producing the regional R&D strategies for each region.

While, the structures are broadly similar, the information presented reflects the specific results obtained in each region. Thus, each workshop was geared towards the situation in each region and the subjects discussed all differ accordingly.

The report is structured as follows:

Chapter 2 – Yorkshire and Humber Regional Intervention Report

Chapter 3 – Central Macedonia and East Macedonia-Thrace Regional Intervention Report

Chapter 4 – Thrace Turkey Regional Intervention Report

Chapter 5 – South and West Bulgaria Regional Intervention Report

## **2. Yorkshire and Humber Regional Intervention Report**

### **2.1 Introduction**

The University of Sheffield organised a workshop entitled ‘MIRIAD Policy Roundtable,’ which took place on Friday 27<sup>th</sup> April 2007. This chapter presents an outline of the workshop and the minutes that were taken during the debate that took place within the workshop. The key themes to emerge from the discussions are outlined in section 2.4 and will form the basis of the regional R&D strategy to be developed as part of workpackage 8.

To begin the workshop a presentation of the work undertaken so far was made to the policymakers present. The presentation featured the key findings from workpackage 2, benchmarking Yorkshire and Humberside in terms of various indicators, workpackage 3, briefly outlining various scenarios for the future of regional R&D, and workpackages 4 and 5, which presented results from benchmarking the knowledge assets of regional SMEs and knowledge providers. The main issues identified are outlined in section 2.2.

Following on from this a number of questions were outlined in order to stimulate discussion among the policymakers. In order to promote discussion and allow all participants a chance to speak the group were divided into three smaller groups with a member of the MIRIAD project team assigned to take detailed notes of the discussions and answer any questions. The team members were there as facilitators rather than participants as it was the views of the policymakers we wished to capture. After 45 minutes discussion each group fed back to the large group the main points of their discussion and final comments were made.

The agenda for the meeting is presented below and a list of participants can be found in section 2.2. A diverse audience was present including individuals working in the HE sector, economic development, knowledge transfer and innovation. Section 2.3 outlines the themes discussed in the meeting and section 2.4 presents the concluding remarks.

## Agenda



MIRIAD

**PROGRAMME****Policy Roundtable**

**Held at John Carr Library, Frederick Mappin Building, University of  
Sheffield**

**27<sup>th</sup> of April 2007**

- 10.30 Registration and Refreshments
- 11.00 Opening Plenary
- Welcome and introductions
- Welcome address by Professor John Cullen Associate Dean for Knowledge Transfer, Management School (University of Sheffield)
- 11.05 Presentation on the MIRIAD Project
- *Case of Yorkshire and Humberside* – by Dr Robert Huggins, Project Coordinator (University of Sheffield)
- 11.45 Presentations on Innovation in Yorkshire and Humberside
- *Innovation in Yorkshire and Humber – Position and Progress* by - Les Newby, Director of Yorkshire Futures
- 12.05 Refreshments
- 12.30 Roundtable Sessions (Break out groups)
- 1.15 Reporting Back
- Feedback from the round table sessions and closing discussion.
- 1.45 Lunch

*Workshop close 2.30 pm*

## 2.2 List of Participants

- Bradford City Council
- Centre for Precision Technologies
- Creative Sheffield
- Design Futures Centre for Industrial Collaboration
- Innovation technology Centre
- Knowledge RICH
- Leeds City Council
- Materials Analysis & Research Services Centre for Industrial Collaboration
- NAMTEC
- Objective 1 South Yorkshire
- QA Research York
- Rotherham Borough Council/RIDO
- Science City York
- Sheffield City Council
- Sheffield Hallam University
- South Yorkshire Partnership
- University of Hull
- University of Bradford
- University of Huddersfield
- University of Sheffield
- Wakefield City
- West Yorkshire Knowledge Exchange
- Yorkshire Science Council
- Yorkshire Cities
- Yorkshire Futures

## 2.2 Policy Issues

**The major policy issues that derived from the findings of the surveys of SMEs and research performing organisations were summarised as follows:**

- Regional R&D expenditure by firms substantially lags the UK average, although R&D expenditure by the higher education sectors is comparable to the national average.
- There are a number of intermediary organisations in the region which have been set up to facilitate interaction between SMEs and the higher education sector. Despite this there appears to be little interaction between the two sectors, signifying a low demand for knowledge.
- The scenarios developed for workpackage 3 highlight the fact that for any significant convergence to occur with regional and national R&D expenditure, the ‘optimistic’ scenario needs to be pursued.
- Key sources of knowledge for regional SMEs are customers and suppliers located outside the region.
- There is very little awareness and significant interaction between the SMEs and business support organisations.
- Finance for enabling R&D to be carried out was chosen as the core policy by SMEs. In comparison the knowledge providers believed that stimulating the demand for knowledge through attracting FDI into the region should be the core policy.

### Discussion Questions

- What are the most important issues raised by the findings of the MIRIAD project (thus far) concerning the future development of the regional economy?

- Are these issues already being fully addressed by current policies in the most appropriate manner possible? Is there more that needs to be done? If yes, what?
- Are there outstanding gaps in our knowledge of the regional economy that require filling if appropriate policy intervention is to be formalised?
- How can the MIRIAD project best support and inform the existing policy infrastructure?

### **2.3 Discussion Minutes – Key Themes for Strategic Intervention**

The overarching discussion concerned the continuing problems of creating a truly embedded culture of innovation in the Yorkshire and Humber region. Although such a culture exists in pockets, it is still far from being integrated across the region as whole, and differs across segments of both the region's economy and society. In particular, it was considered paramount that the development of a sustainable innovation culture must be led by the region's education system – and not just higher education, but also primary, secondary and further education. It was noted that in order to tackle this problem, we need to understand why there is a lack of an innovation culture in the region. Also, promoting and effecting this change of culture may take a radical change; however, there was some scepticism around whether this was politically possible.

The development of a culture of innovation within the region is hindered by a number of factors mentioned in the course of the discussion. The first of these factors is a lack of links between SMEs and the regional knowledge base. In particular it was noted that integrating the region's economy, and principally its business community – the majority of which consists of SMEs - with the higher education system is a very important starting point. A key problem, which it was noted that Miriad is addressing, is a lack of intelligence of what was termed the 'real demand' for the knowledge produced by the higher education sector in the region. This is partly due to the perception that the higher education is still a very difficult sector for firms, especially SMEs, to access.

The discussants also noted that innovation involves a level of risk for firms. Innovation involves committing resources towards an uncertain outcome and there is a risk that firms may simply abandon innovative projects if they are unable to complete it, which is simply a waste of their resources. Thus, tackling the element of risk or managing the element of risk involved may provide a solution. It was also noted that firms may undertake innovation to cut costs rather than develop a new or 'premium' project. Therefore, understanding the motivation behind these decisions

and actions requires an in depth understanding; the solution may not be found through providing funding opportunities.

It was noted that although numerous regional initiatives have been put in place to provide ‘business gateways’ and ‘one-stop-shops’ entrances to universities, most SMEs are still very reluctant to enter. The discussants highlighted two potential problems which affect engagement between SMEs and the higher education system. The first issue surrounds the compatibility of the business world and the academic world in terms of the timescale to which they work and the nature of the problems they deal with. Engagement with universities is a long-term venture where as small firms may want solutions in the short term. It was also noted that universities aim to produce world class research, thus some problems may be viewed as too ‘basic,’ reducing the incentive for them to get involved. Secondly, it was noted that universities are in fact major businesses in their own right generating jobs and expenditure in the region; however, they need to protect their position as world-class research institutes and attract good students. Therefore engagement with firms needs to compliment these objectives.

As a result it was suggested that we need to be realistic about assistance SMEs can receive from universities and whether they can always be considered as the drivers of innovation. Instead, it was commented that exploiting research by universities is not a panacea and the danger is that it has come to be regarded as an ‘easy’ method to solve the problem of low regional R&D.

It was noted that most SMEs in the region are not engaged in coordinated supply chains that transfer knowledge, due to a lack of large firms (such as original equipments manufacturers) that are often the key actors in establishing supply chains promoting the systematic exchange of knowledge. One reason suggested for this is that the recession of the 1980s and 1990s affected larger firms in traditional industries disproportionately, at the same time obliterating supply chains in the process. This lack of established firms means the business stock is comprised of a larger proportion of younger firms who may not be sufficiently developed in terms of their ability to innovate and have not developed supply chains in the region.

A number of complimentary targets were also discussed, as the weaknesses of the Yorkshire and Humber economy were regarded to extend beyond just a low level of innovation, but which also contribute to this problem. One of these problems is that despite the fact there are a number of top universities within the region the retention of PhD students in the region is very low. Another problem noted was the inability of the region to retain and attract skilled workers. Thus, Yorkshire and Humber does produce skilled workers but does not offer sufficient employment opportunities to retain them. Another factor discussed was venture capital in the region. It was also suggested that venture capital to fund new ventures and ideas *is* available in the region. However, the fact that some of this venture capital is flowing out of the region suggests that local entrepreneurs or firms are not developing ideas that tempt investors to back them.

In general, it was considered that these issues can only be effectively managed through introducing a series of systematic policies to further develop a regional innovation culture. As part of this overarching framework of creating a regional culture of innovation, a number of core objectives emerged which it was considered required addressing to achieve this broader aim:

**Promoting Innovation in an Enterprising Sense** – one of the outcomes of the discussion was that innovation is not the same for all firms. Thus, rather than being bound by concepts of innovation relating only to R&D and new product development (which, in any case, are often only applicable to the manufacturing sector) there is need to establish policies that focus on the broader (or what was referred to as the ‘Schumpeterian model’) notion of innovation relating to the stimulation of creation and change of all types within and across organisations. In particular, strong and regionally-focused marketing exercises were considered to be an important means of catalysing this promotion.

**Understanding and Reflecting the ‘Innovation Psychology’ of Firms** – it was considered that the language (or more pragmatically, jargon) that is utilised by those in the field of innovation policy in its self produces a cultural barrier between those involved in establishing and implementing such policies and the regional business community. The result is that relatively little is still known regarding the mind-set of

many business managers in the region, especially among SMEs, towards innovation (particularly innovation when it is considered in an enterprising sense). This inevitably inhibits policy development and restricts the level of productive communication between business and policy communities. Therefore, not only does more need to be known about the psychology of businesses towards innovation in a ‘real sense’ (i.e. one that firms themselves can relate to and understand), but once this is known there is a requirement for existing and new policies to explicitly reflect the environment in which firms in the region operate.

Such transparency will help to stimulate ‘demand for knowledge’ by firms that is currently latent and/or hidden. For example, it was highlighted that although numerous initiatives have been put in place in the region to attempt to link firms more with the university sector, the ‘language’ of universities is such that they still represent an incomprehensible maze to most firms, which they do not have the resources to negotiate. It was further considered that one of the best ways of appealing to businesses in the region is by enhancing transparency through the process of *transfer by example*.

These processes involve the showcasing of successful and good practice projects which make clear the potential benefits of, for example, innovating through collaboration with a university. Similarly, despite the significant and considerable policy intervention that has taken place to develop the system of business support available to firms in the region, this system was also considered to be characterised by a maze-like structure bound by red tape and excessive bureaucracy, which hinders its transparency. In fundamental terms, therefore, more effort is required to improve the ‘user friendliness’ of the support system.

**Meeting the ‘Long Haul’ Challenges** – it was noted that the establishment of an embedded culture of regional innovation is very much a long-term endeavour requiring fundamental changes in the systems of education and training (systems which are often part of national, rather than regional, policymaking). It was considered that the notion highlighted above of ‘innovation in an enterprising sense’ must become a key feature of the compulsory education curriculum. It should also form part of the wider system of training and workforce development, and become

fully integrated into the ethos of lifelong learning that has formed a key anchor of the education and skills agenda in the UK in recent years. It was also mentioned that alongside universities, the further education sector is often overlooked as a player among innovation policymaking, and more effort is required to exploit its potential.

**Introducing and exploiting new methodologies** – finally, it was highlighted that promoting cultural changes requires relatively sophisticated and sensitive methodologies in order to measure the impact of policy, particularly policies the impact of which will only be determinable over a significant period of time. As part of this approach, it was noted that current methodologies often try to assess the impact across the regional economy or its business community as a whole. In the future, both the construction and evaluation of innovation policy must break regional economies down into their constituent parts and make judgements and assessments concerning where the highest and lowest impacts are likely to occur. Yorkshire Science have developed a methodology that focuses on the change in attitudes towards innovation as well as the traditional variables such as patents and R&D expenditure, which could be a useful start point for the adoption of a region wide methodology sensitive to changes in culture.

## **2.4 Concluding remarks and next steps**

The results from the discussions have highlighted a number of key ideas that will inform the development of the regional R&D strategy. Firstly, any strategy needs to address the culture of innovation within the region; secondly, the promotion of change and the reduction of risk to firms are of paramount importance in order to reduce the level of inertia in the region; thirdly, policies must be appropriate to the region and build on existing strengths in order to achieve real progress; and, fourthly, the HE sector must no longer be regarded as the only solution for solving the lack of private R&D expenditure.

The discussion established that innovation is not necessarily about R&D, and tackling the innovation problem in Yorkshire and Humber may require a focus on the ‘softer’ side. The lack of a culture of innovation in the region means that many SMEs are reluctant to embrace change and are liable to see their competitive position eroded

over time. Innovation may not be about big ideas, instead firms should be encouraged and supported to make incremental changes and realise the benefits of these changes. Therefore, this focus on ‘soft’ innovation involves understanding the motivations for change within regional SMEs, and their objectives for attempting to undertake changes in direction, as well as the associated risks. While risk cannot (and probably should not) be eliminated, there is scope for intervention and support to reduce the risk of failure when a firm is attempting to change. However, such small-scale company development often falls below the policy radar, with the focus on R&D and developing niche products.

The HE sector in Yorkshire and Humber is strong in terms of R&D and any regional R&D strategy should aim to support the continued excellence of the universities. However, we should not regard university R&D as a panacea for tackling the region’s lack of innovation. Issues such as the incompatibility of academic and business culture, working to different timescales and the diverse levels of complexity of knowledge mean that the HE sector will not always be able to assist SMEs.

### **3. Central Macedonia and East Macedonia-Thrace Regional Intervention Report**

#### **3.1 Introduction and Agenda**

SEERC organised the workshop which was part of the deliverables of Workpackage 6 and was called “**The 2<sup>nd</sup> Greek Regional Workshop on Research & Development: Central Macedonia and East Macedonia-Thrace**”. In this deliverable we are presenting the workshop presentations and the minutes that were taken during the debate that took place in this workshop.

The workshop commenced with the presentation of a summary of the various deliverables that have been completed so far with emphasis on ‘*the performance and future outlook for research and development (R&D) in the regions of Central Macedonia and East Macedonia-Thrace*’. The general policy issues that were derived as a result of the analysis and consultations with regional stakeholders undertaken under deliverable 2 as well as the issues singled-out by the participants of the 1<sup>st</sup> workshop were proposed to form the overall policy framework

The primary topic of focus of the workshop was on the presentation of the findings of the surveys undertaken under the deliverables of workpackages 4 and 5 regarding the R&D outlook of regional SMEs and research performer organisations. Extensive discussions followed on the overall project findings. The aim was to single-put specific policy issues that would be suitable to complement the general policy issues.

The participants to the workshop included representatives of SMEs, representatives of business associations from the regions of Central Macedonia and East Macedonia-Thrace, research organisations and policy makers. The meeting took place on **Thursday 03-05-2007** at the premises of the South-East European Research Centre (SEERC) in Thessaloniki.



## **MIRIAD**

### The 2<sup>nd</sup> Greek Regional Workshop: Central Macedonia and East Macedonia-Thrace

#### **AGENDA**

*10.00-10.15:* Welcoming of participants and Introductions

*10.15-10.30:* What MIRIAD is about: A Project Summary

*10.30-12.00:* Presentation of findings:

Issues to be discussed:

- R&D Regional Outlook (summary of findings)
- R&D Benchmarking Regional SMEs
- R&D Benchmarking Regional Research Performers

*12.00-12.15 Coffee Break*

*12.15-2.00:* Discussion

*2.00-2.30:* Next Steps: Engaging Policy Makers Participation in:

- Policy Exchange Visits
- Policy Launch and Consultation for Final Reports
- Dissemination amongst Policy Makers and Key Stakeholders

*2.30: Lunch-Buffer*

### 3.2 List of Participants

- **SEPVE (Association of ICT companies for Northern Greece)- Directorate**
- **URENIO- Research team**
- **CERTH – Representatives of research centres**
- **KETA-KEMAK (intermediary)- Directorate**
- **South-East European Research Centre (SEERC)- Directorate**
- **Aristotle University-Physics Research Laboratory**
- **City College – Affiliate of Sheffield University in Thessaloniki-  
Management School**
- **Technological Education Institute of Thessaloniki (TEI)-Liaison Office**
- **TEKMOR Northern Greece (SME)- Financial manager**
- **Anthi's House (SME)- Assistant Manager**
- **Colour Consulting Group (SME)- Assistant Manager**
- **A. Drossos and Co (SME) – Sales manager**

### 3.3 Policy Issues

**The major policy issues that could form the general policy framework derived from previous workpackages, consultations and workshops were summarised as follows:**

- **Questionable regional viability for RTD** – Address the question of whether the regional breakdown to 13 ‘regions’ is viable from the point of view of achieving economies of scale/critical-mass for RTD and whether issues should be addressed at cross-regional level. (Join CM with EMTH or all engulfing within Voreia Ellada)
- **Sectoral allocation of the economy might call for a more focused RTD strategy** – The comparative advantage in traditional sectors and the small RTD market might require a policy focus towards agglomeration in selective sectoral synergies rather than attempts to shift the economy towards hi-tech and highly innovative products. An example: agrobiotech-tourism-ecology-life sciences with Thessaloniki at the core
- **The role of market forces in driving RTD strategy** – An alternative strategy could arise as a result of more horizontal-neutral policies like combining the triple-helix interaction, the play-out of market forces and state-of-the-art scientific practices. Are these strategies incompatible or is it possible to strike a balance?
- **Regional policy-makers taking the initiative** – Upgrading their expertise in devising and implementing policies suited to the region and becoming more independent from national policy making (e.g. phasing-out for CM).
- **Building efficient institutional links and coordination** – Required at both national and regional levels as coordination amongst ministries, private-public sector synergies and regional actors has not in practise been effective despite the presence of institutional forums.
- **Targeted allocation of financial resources** – Maximising impact through strategic focus rather than fragmented use of financial resources based on general criteria, availability of funds or ease of implementation.
- **Building synergies** – between research performers and corporations. Break the self-contained nature of private and public sector RTD to achieve cooperative outcomes and economies of scale.
- **Reforming the Higher Education System** – This is the a major weak link in achieving RTD skills and outcomes that link skill development and research content with relevance to the needs of the economy.
- **Upgrading the level of entrepreneurship** – Information, dissemination of technological developments, training in new technologies, improving the business institutional environment.

- **Cultivating the right culture amongst economic actors** – Awareness of globalisation trends, the place of Greece in this process and what is required by economic actors in order to secure long-term competitiveness and boosting their R&D effort in the process.

### Policy Issues (Specific)

**The major policy issues that could form the specific policy framework derived from the findings of the surveys of SMEs and research performing organisations were summarised as follows:**

The surveys revealed that both SMEs and Research Performers gave a more than 60% preference regarding the issues that should form the core policy focus.

- Making more finance available for R&D to both SMEs and Research Performers
- The creation of better networks that link companies with R&D performers
- The need to stimulate the creation of start-up companies
- Creating an improved system of business support & advice

In addition, the following issues were assigned with high importance separately by:

- Research Performers: Attracting high value-added foreign investment
- SMEs: Upgrading the overall infrastructure to achieve better-equipped company location

The discussion focused primarily on the specific policy issues.

### 3.4 Discussion Minutes – Key Themes for Strategic Intervention

During this 2nd MIRIAD workshop, the discussion focused primarily on the specific policy themes summarised above and a number of issues regarding research and development were revealed. However, just like in the 1<sup>st</sup> workshop the most significant problem that was revealed once again was the **poor policy coordination between the educational institutes and the business world**. However, according to the findings of both surveys and according to the opinion of most participants, the lack of communication links between Supply and Demand for R&D and the need to

improve them is explicitly recognized by both the corporate sector and research performers. More so, both sides believe that this should form **a core policy issue**.

According to the representatives of SEERC as well as SME representatives this was not the case in the beginning of the current decade when regional surveys of a similar nature were undertaken under the auspices of RISS and other related regional projects. In those cases, research performers were viewed with suspicion by SMEs while research performers believed that the low sophistication of regional SMEs did not allow for much room for co-operation between the demand and supply sides of R&D. According to the representative of SEPVE “this is a major **positive sign for the future and constitutes an opportunity for policy makers to achieve policy consensus for R&D between stakeholders**”.

According to the representatives of Aristotle University and TEI, regarding the issue of finance made available for R&D to research performers there is a legislation problem since there is no explicit **R&D funding of higher education institutes and no institutionalized plan for its commercialization** of their R&D effort. Representatives of SMEs stated that a similar problem arises from the various Greek development laws (**Investment Incentives Laws**) that do not fund the **implementation of R&D investment on a long-term horizon** but provide incentives only for the initial investment and these are primarily dedicated to physical resources rather than the human capital, which forms the core effort for R&D.

The representative of City College added that regarding finance there should be a greater focus on the explicit cooperation between the corporate sector and research performers and that this should form part of the preconditions for the financing of R&D. Further, the government would need to fund explicitly the ‘**creation of better networks that link companies with R&D performers**’ possibly through the development laws or otherwise. This would show commitment to the R&D effort as a national priority, would boost synergies, help commercialisation of R&D, achieve economies of scale for R&D and alter the persisting mentality that R&D is an abstract or academic issue.

Representatives of SMEs (Anthi's House and A. Drossos & Co) stated that the issues of financing and the appropriate legal framework could be addressed under the core theme of creating '**New start-up companies**' that could prove to be best-practise paradigms boosting the whole effort. However, the legal frame and investment incentives should be clearly in place for the effort to become a cooperative issue between SMEs and research performer organisations, especially from the Higher education sector.

The representative of KETA mentioned that at this point in time there is no **intermediary body** or otherwise that would speak the same language with the business and the research performers. This makes the implementation of an appropriate legal framework along the lines analysed rather difficult.

Furthermore, according to the representative of TEKMOR, this issue is of vital importance to address under the theme of creating a better system of '**Support & Advice**', which according to both SMEs and Research Performers should form a core policy issue. The need to upgrade the role of appropriate intermediaries facing all stakeholders is a key issue.

Representatives of Anthi's House and Colour Consulting Group mentioned the need for agglomeration of the R&D effort, which could also act as a common denominator for all proposed policy issues. This should be understood under the theme of '**Upgrading the infrastructure to achieve better equipped company location**'. This could prove as a vehicle for achieving 'Critical mass' for R&D that has been so strongly stressed as a general policy theme. The representatives of CERTH agreed but also stressed the need for this issue to be viewed as a platform for the cooperation between SMEs and research performers and hence R&D infrastructure should form an explicit aspect of enhanced company location in addition to other physical infrastructure like transport links.

The theme raised by the URENIO representative in the previous workshop was raised again and focused on the issue of attracting **high value-added Foreign Direct Investment** in the region. This was deemed as a core policy issue by research performers participating in the survey. It should be seen in conjunction with the need

by regional corporations to join global corporate networks. There was a reiteration of the issue raised during the first workshop namely, that R&D investment is driven by the leaders of a region (large companies mostly) and not by the SMEs. As a result, leaving R&D to the private enterprise to lead alone will be ineffective because of the limited number of big businesses in the area. The importance of large Greek companies in the overall R&D effort should be explicitly recognized.

The TEI representative spoke of the need to distinguish between **innovation and research for SMEs** in order to account for the fact that SMEs are thinking primarily of the R&D cost and that their needs are not of a high degree of sophistication. The representatives of TEKMOR and Colour Consulting Group agreed about the limited demand for sophisticated R&D on their side and therefore the need for R&D geared towards SMEs. Further, they argued for the need of the curricula of education establishments should be redesigned to meet the industry demands. The representative of TEI mentioned the survey results according to which both SMEs and Research Performers agreed on the need to change curricula accordingly and that this should form a key issue for cooperation.

An issue discussed by the representative of CERTH was the fact that Greece does not offer reasonable financial and infrastructure incentives for R&D. The **salaries of R&D employees** need to be increased and this should be seen as an institutional barrier to R&D. In this context, more R&D personnel amongst Greeks working abroad could be attracted.

Finally, the issue put forward by the representative of the Incubator I4G (expressed in writing in the interim period between workshops) ‘**which is the competitive advantage for someone to invest in R&D in the regions** of CM and EMTH?’ was discussed. No clear answer emerged. The representative of SEERC argued that neither the low R&D salaries offered by developing countries (India, China) nor the high quality R&D infrastructure and personnel offered by the more advanced countries are applicable to our region. Further, the regional comparative advantage as a hub for South-East Europe should not be overstated as is often the case by policy makers.

All representatives agreed that **the key risk** stems from the fact that the evolution of the regional as well as national R&D profile is lagging so significantly that it could eventually jeopardize the macro-economic stability that has been achieved over the past decade and downgrade international competitiveness and accession to the global knowledge economy. The outlook for R&D at both the corporate and research performer level is too weak to become self-sustained and hence the government would need to be an active player if the region and the country are to reverse the negative trends. Hence R&D measures will not prove very successful unless R&D is seen in practice as a national priority.

The strategy of the **triple-helix interaction** was heralded as quite vital in this process while the fact that there is striking unanimity amongst research performers and the corporate sector regarding the core policy issues constitutes a great **opportunity for policy makers**.

Some representatives from both SMEs and Research Performers also stated that the promotion of R&D is also a **political issue** and governments should be prepared to forgo easy vote-catching expenditure schemes for physical infrastructures and place greater focus on long-term themes like R&D.

The representatives of SEPVE and City College stated that the blending of the general policy measures arising from the 1<sup>st</sup> workshop with the specific policy measures arising from the 2<sup>nd</sup> workshop could form a positive platform for further policy discussion.

### 3.5 Concluding Remarks and Next Steps

The next steps regarding the engagement of regional stakeholders in the MIRIAD project were explained in detail and **all participants showed interest in participating in the future workshops, exchange visits as well as contributing to the final policy analysis and contribution.**

The representatives of CERTH, SEERC and SEPVE after consulting the Region of Central Macedonia and the Technological Park stated their commitment to **participate in the exchange visit** scheduled for the 14<sup>th</sup> of May by co-hosting all participants at the premises of the Technological Park in Thessaloniki and provide briefings on regional R&D issues.

The minutes and a questionnaire will be sent to all representatives asking them to provide further clarification of their positions in writing as a prelude to their further involvement with the project.

## 4. Thrace (Turkey) Regional Intervention Report

### 4.1. Introduction and Agenda

The knowledge demand and supply analysis of Thrace-Turkey and Istanbul region presented in D4.2 and D5 are shared with the regional role takers in workshop realised on April, 20 , 2007, ITICU premises in Eminönü, Istanbul. There were twenty participants representing Universities, research centres, policy makers and intermediary organisations as listed in part 4.2.

The workshop has started with the opening of Prof. Dr. Bülent Pamukçu representing the Rector of ITICU. He welcomed the attendees and mentioned the importance of the project for the development in Thrace-Turkey. There was a presentation of the project by Dr. Gülgün Kayakutlu.

The results of research on innovation culture and knowledge requirements of regional SMEs were presented by the researcher İlker Görgün. The aims of the analysis and the questions were explained in detail so that the results could be clarified. Discussions were run in parallel with the presentation. The second presentation was the analysis of the research centres realised by researcher İrem Düzdar.

Interactive discussions concerned the comparison of the knowledge supply and demand presented by Dr. Kayakutlu. Each participant had their turn to comment on the analysis and proposed strategies for further actions to develop the innovation culture in the region.

ITU RFID laboratory is presented by Alp Üstündağ, as one of the first successful regional examples of triple helix collaboration of state organisations-university-industry. This project triggered the representatives of private sector research organisations to run more collaborative projects. It also triggered the intermediary organisations, ITO and ISO representatives to work closer with the MIRIAD team.

The participants appreciated the fact that the accumulated knowledge is shared and decisions for further actions concerning this synergy are taken.

**MIRIAD****Managing and Infusing Research Investment And Development in Thrace-Turkey and Istanbul****WORKSHOP AGENDA****April 20, 2007**

- 13.45 – 14.00*      **Opening Speech** – Prof. Dr. B. Pamukçu, ITICU
- 14.00 – 14.30*      **MIRIAD Presentation** – Prof. Dr. S.Ercan, MIRIAD Director
- 14.30 – 15.30*      **Results of Regional SMEs** – İ. Görgün, MIRIAD Researcher
- 15.30 – 16.00*      **Results of Regional Research Centres** – İ. Düzdar MIRIAD Researcher
- 16.00 – 16.15*      **Coffee Break**
- 16.15 – 16.45*      **Comparisons of Regional Results and Comments** – Dr. Gülgün KAYAKUTLU – MIRIAD Coordinator
- 16.45 – 17.45*      **Discussions about Regional Policies** – Dr. Gülgün KAYAKUTLU

Discussion on :

1. Policies about Requirements of Regional SMEs
2. Policies about Requirements of Regional Research Centres
3. Regional Collaboration
4. International Collaboration

*17.45 – 18.00*      **Closing Suggestions**

*18.00 –*              **Cocktail**

## 4.2 List of Participant Organisations

- **ARCELIK - Research Manager**
- **ECZACIBAŞI HOLDING - Chief of Research**
- **EDIRNE Industrial And Commerce Chamber-EU Relations and Synergy**
- **ISO (Istanbul Association of Industrialists)- SME Department**
- **ISTANBUL CHAMBER Of COMMERCE-Dep. of SMEs Representative**
- **ITU(Istanbul Technical University) – RFID Centre**
- **ITU – Innovation and Technology Centre**
- **ISTANBUL Textile Exportation Association (ITKIB)- Research Director**
- **KALDER (Quality association) - Vice President**
- **KOSGEB (SME Development Department)- Istanbul Business Development Director**
- **KOSGEB- Çorlu Representative**
- **MARMARA UNIVERSITY- Professor of Innovation and Technology**
- **TRAKYA UNIVERSITY-Dean of Faculty of Economy**
- **TUBITAK Marmara Research Centre- Expert Researcher**
- **VESTEK – Research Manager**

### 4.3. Policy Issues

- **Human Capital Issues** – SME s find management loyalty and skills as the most important factor as the human capital of the innovation culture, which is not a surprise since the strategies for the family owned companies are mainly designed by one person, the owner. It is a surprise that they do not demand management training, which is proposed by the universities and the research centres. The knowledge suppliers on the other hand claim to lack skilled administrative people mainly in state universities.
- There is no gap between the demand and the supply of skills since it seems SMEs ask for help in engineering and that is what is supplied by the research. The SME demand needs to be altered.
- **Factors of innovation culture** – The culture differs by industry because of variations in innovation terminology. As an example, innovation means design for a ready made dressing company but accepted as creating a new material for a fabric producer. Hence this research needs to be detailed by repeating in most important sectors of the region.
- **Regional policy makers** – KOSGEB seems to be the most well-known and collaborated organisation in the region by both SMEs and the Research Centres. This is an issue for TUBITAK and KALDER, who would like to contribute for informative meetings organised in the region. On the other hand, the professional clubs are not effective in the region since the social activities are cumulated around the commerce and industry chambers as a culture.
- **Finance Issue** – The most important obstacle of innovation chosen by both knowledge suppliers and users are difficulties in accessing financial resources. Participants of the workshop were in full agreement that such finance is not demanded by regional SMEs. KOSGEB stated that there two reasons behind the choice in the research: (i) they are used to expect everything from the state and have not yet adopted the liberal change; (ii) the only SME knowledge about the R&D and innovation is through myths. The myth is that no innovation can be made unless there is a state-of-the-art R&D laboratory is established. This issue needs more effort with further specific training.

- On the other hand, lack of finance in the Universities can only be handled by collaboration with the industrial organisations, policy makers like TUBITAK and other universities in Europe.
- **Social Issues** – The fact that both knowledge suppliers and SMEs establish social relations for the representation and image of the company and they continue relations even if there is no knowledge transfer is a cultural feature of the region. This culture can be positively used for collaborative innovation with the support of local industrial and commerce chambers.

#### **4.4. Discussion Minutes – Key Themes for Strategic Intervention**

It was appreciated by all the participants that the MIRIAD objectives can only be realised and shared through the inclusion of a variety of state, private sector and the university representatives.

The KALDER representative suggested that R&D investment and Innovation are to be analysed separately and in terms of innovation the subventions and clusters are to be included in the research. He reminded that the Regional Development Agencies are soon starting to work as centralists, and the SMEs are to be trained on the subject before they act. The SMEs are ‘scared’ of the enforcement of investment in technology, and they should be warned that innovation is not only comprised of technology based creativity. He also mentioned that KALDER is ready to participate any regional organisation to train the SMEs.

Professor Koc, the ITU representative supported the need for innovation specific training for the regional SMEs. He pointed out that we should teach them innovation for quality improvement and how to separate the product and process innovations. Moreover, they need training specific to creating difference in global competition by using the benefits of innovation strategies. However, Koc stressed the need for industry specific analysis. Prof. Apak from Trakya University mentioned industrial oligopoly, with the benefits only being specific to the needs and success stories from a specific industry.

ITO (Istanbul Chamber of Commerce) representative explained the finance ITO is investing in collaborative research with an effort given by ITO to bring the industrial organisations together with the universities.

The Eczacıbaşı Pharmaceuticals Research Manager explained that the pharmaceuticals industry in Turkey created revenue of 8 Million Euros after the current Patent Laws. He mentioned the commitment of executive management for investment in R&D. He also volunteered to help training the SME managers with the research culture the big industrial organisations developed in Turkey. Arçelik and Vestek Research managers shared his ideas.

TUBITAK mentioned the state contributions for the big industrial research and explained the work on centre of excellence in pharmaceuticals. She suggested that the regional chamber of commerce should organise meetings to include the SMEs for further clarifications. She said SMEs specifically need help to start research projects. This can be a collaboration of all the policy maker participants of this workshop and Edirne Commerce and Industrial Chamber (ETSO) to organise a workshop in Edirne. The ETSO representative approved the idea and showed their enthusiasm to realise it.

Textile Exporters Association (ITKIB) further stressed the need for sectoral analysis, especially because of the industrial terminology and the presentation of the questions. He suggested help for further analysis after having discussed with the industrial Grus, so that the analysis can be detailed.

KOSGEB explained that recently the SMEs are receiving so many surveys and questions that they are not answering very sincerely. The benefits are to be shown them with realised success stories.

RFID Research presentation by ITU has caused further discussions on the Helix approach. TUBITAK suggested project based collaboration by industry.

#### **4.5. Conclusions and Next Steps**

The participants were happy about the synergy created and volunteered for further collaboration in the region. As a result of a variety of suggestions two main activities were decided.

##### **1. SME WORKSHOP IN EDIRNE**

ETSO promised to organise an SME workshop in Edirne, where the MIRIAD team will be monitor and participate. TUBITAK, KOSGEB, KALDER and Trakya University will collaborate to design a training for innovation in small organisations presenting success stories and benefits. This enthusiasm is to be benefited soon, so MIRIAD team will start activation immediately.

##### **2. A FOLLOW UP PROJECT FOR DETAILED ANALYSIS**

The universities, KALDER, ITKIB, TUBITAK and ITO showed enthusiasm to prepare a follow-up project to analyse the regional knowledge demands by (i) defining the major industries in the region and preparing analysis specific to the sector; (ii) differentiating R&D, Competence and Innovation needs in separate sub-project. ITU Industrial Engineering Department will be leading the design of such a project.

## 5. South and East Bulgaria Regional Intervention Report

### 5.1. Introduction and Agenda

Further to previous discussions with the representatives of the main actors in the innovation process from the **South-East Bulgaria**, the UNWE project team organized a **Regional Policy Roundtable**. The meeting took place on Tuesday 22-05-2007 at the premises of the University of National and World Economy in Sofia. This roundtable constituted the first formal phase of the Regional R&D Investment Strategy building process. The roundtable was focused on how increased knowledge spillovers can be generated through a more robust transfer and absorption processes. During the meeting the UNWE project team presented the current project findings, in particular the results from benchmarking the knowledge demand and absorption, and the knowledge supply and transfer in the region. These findings acted as a background for the follow -up discussion.

Due to the fact that the final goal of the project is to prepare a regional investment strategy for R&D with the direct participation of regional stakeholders, a number of policymakers from various institutions were invited to take part in the roundtable meeting. In addition to policymakers, representatives of several intermediary and knowledge supply organisations that are already delivering R&D programmes and initiatives took active part in the roundtable.

The full list of participating organisations is provided below. It is worth mentioning here that the participants showed keen interest in project developments and future outcomes. Some of them expressed their willingness to take part in the preparation and/or in the discussion of the regional strategy on Research and Development that will be prepared under the project.

A brief summary of suggestions and comments of participants that emerged from the active discussion is presented below.



## MIRIAD

### **Regional Policy Roundtable Meeting: South and East Bulgaria**

#### **AGENDA**

*15.15-15.30:* Participants welcoming and introductions

*15.30-15.45:* Opening words from the local coordinator

*16.00-17.00:* Session I

- 1) The MIRIAD Project Brief Overview;
- 2) The Project Team Presentations;

*Discussed issues:*

- Absorption;
- 1) Benchmarking Regional Knowledge Demand and
  - 2) Benchmarking Regional Knowledge Supply and Transfer;

*17.00-17.15:* *Coffee Break*

*17.15-19.00:* Session II

*Discussed issue:*

A framework for the thematic strategic intervention

*19.00-19.15:* Closing words from the local coordinator

*19.15:* *Dinner-Bufferet*

## 5.2 List of Participants

- **Ministry of Economy and Energy (MEE) – Directorate “Registration, Licensing and Control”**
- **Ministry of Economy and Energy (MEE) – Directorate “Investment Policy”**
- **Ministry of Economy and Energy (MEE) – Directorate “Business climate and innovations”**
- **Ministry of Regional Development and Public Works (MRDPW) - Directorate**
- **Agency for Economic Analyses and Forecasting (AEAF) – Directorate**
- **Municipality of Sofia - Directorate**
- **Municipality of Plovdiv – Directorate**
- **The Bulgarian Small and Medium Enterprises Promotion Agency**
- **Center for the Study of the Democracy (CSD)**
- **Applied Research and Research and Communication Fund (ARC Fund)**
- **Union for Private Economic Enterprises (UPE)**
- **National Statistical Institute (NSI)**
- **University of National and World Economy (UNWE)**
- **Center for Scientists Mobility (CSM)**
- **Innovation Council of Experts (ICE)**

### 5.3 Policy Issues

**Taking into consideration the main goal of the Workpackage 6, and the final aim of the project – preparing the Regional R&D Investment Strategy, the following main issues were put forward for initial discussion:**

1. What are the main shortcomings in the knowledge supply and the knowledge transfer process, and what measures have to be undertaken to encourage the knowledge commercialization and knowledge-based venturing at the universities?
2. What are the assessments of the knowledge demand and the knowledge absorption of the SMEs? How to stimulate these activities as important preconditions for improving their competitiveness?
3. How policymakers can create incentives for developing new forms of interactions between innovation supply and innovation demand actors?
4. What is the level of coordination and interaction between R&D policies on national and regional level?
5. How to improve targeting of EU financial resources devoted to R&D and innovations?
6. How the policymakers solve the problems, outlined in R&D analyses and reports of the different institutions? Is there a sufficient practical implication for the drawing conclusions and written recommendations?
7. What is the necessity of making comparisons between the existing R&D strategies on different levels? How to combine the results of the different teams, working on National Innovation Strategy, Regional Innovation Strategies for separate planning regions and the MIRIAD team in order to formalize common recommendations to the innovation policymaking?

8. What methodology problems in the process of R&D measurement still exist and what is the way towards their overcoming?
9. What are the most important findings of the MIRIAD project team concerning the future development of the region? How can these project findings support the existing policy infrastructure on national and regional levels?

#### **5.4 Discussion Minutes – Key Themes for Strategic Intervention**

*Prof. Stattev* (Vice Rector of the University of National and World Economy and Local Coordinator of the project) took the floor and welcomed all participants. He presented the primary goal of the Regional Policy Roundtable Meeting and gave some information about the project and its current stage of research (see Presentation, Slides 1-16). Prof. Stattev invited participants to take active part in the discussion. He expressed his satisfaction that so far the project development from the Bulgarian side has been a result of co-operation and interaction between different actors in the innovation process, and especially between knowledge supply organizations, some R&D oriented intermediaries and policymakers from different institutions.

*Prof. Kotzeva* (UNWE, member of Bulgarian team) presented the results of benchmarking regional knowledge demand and absorption (see Presentation, Slides 17-32). She pointed out the SMEs face particular difficulties in innovation (mainly due to the economies of scale factors) that require different SME-tailored approach. In this line she formulated the following specific issues that have emerged from the survey results:

- lack of innovative capacity in traditional SMEs, including both managerial capacity to implement new ideas and innovative projects and worker capacity to create and implement knowledge and innovations;
- lack of financial resources and finding the appropriate policy mix to support SMEs innovation and R&D investment;
- lack of relationship between knowledge creators and SMEs and the inefficient role of intermediary organizations in this process;

- need for a more-coordinated and integrated approach to the delivery of services to SMEs that combine support and advising services at all stages of innovation process;
- need to discuss a more-sector specific support policy that will focus SMEs innovation policy on the infrastructural needs of regional SMEs clusters.

As a final remark prof. Kotzeva mentioned that the process of improvement of innovation measurement in Bulgaria is still ongoing, and its completion would be of much importance for the policymaking.

*Mrs. Petkova- the representative of the National Statistical Institute* shared her optimism that in the next few years we will have access to more reliable statistical data of the innovativeness of the different sectors. She said that the base problem in this respect is the lack of statistical data for innovation finance, output and market, which was interpreted as a barrier for the R&D investment strategy development.

*Dr. Raleva* (UNWE, member of Bulgarian team) submitted for consideration the results of benchmarking regional knowledge supply and transfer (see Presentation, Slides 33-49). Based on the obtained data, she outlined the following conclusions:

- knowledge supply and transfer are clearly dominated by training activities and training programs, suggesting that training is the most important knowledge type and the crucial intellectual asset in the region;
- the traditional research institutions carry out lots of research work in the area of fundamental sciences, whereas the applied research is of a secondary importance;
- most institutions pointed out that teaching skills, competence and consulting skills as the most important items in the human resources field;
- in the area of external relations reputation is considered to be of high importance for knowledge suppliers, whereas the responsiveness to beneficiary demands, and relationships with beneficiaries are considered to be less significant;
- the main knowledge recipients are universities and other higher education institutes, whereas the private sectors firms are rated to be of less importance;

- the research institutions closely interact with major business and professional institutions, however the interaction is happening mainly on the institutional level;
- the main barrier to knowledge transfer for the knowledge suppliers is a lack of public support, whereas the main barrier for firms is the lack of financing and access to skilled labour.

*Mr. Iliev* (CSD) stated that reported results are similar to those obtained by his institution in the process of developing the first Regional Innovation Strategy in Bulgaria – that for the South Central Planning Region. This can be explained not only with the usage of similar methodology (despite the different number of respondents), but also with the fact that these results are typical for almost all of the regions considered.

*Prof. Petrov* (President of the ICE), who is familiar with the ongoing Regional Innovation Strategy for South West Planning Region, shared the same opinion. He expressed interest in receiving information for the methodology used, and especially for benchmarking knowledge demand and absorption. He suggested keeping intensive contacts between the teams, developed the regional innovation strategies on different levels.

*Prof. Slavova* (Representative of ARC Fund) appreciated the work has already done by the MIRIAD project team. She expanded the above idea and suggested keeping the network relations between these teams, and also organizing the periodical meetings. A key deliverable of these meetings can be formalizations of some important recommendations for the central and local policymakers.

The representative of *Bulgarian Small and Medium Enterprises Promotion Agency* shared his concerns about the lack of understanding and competencies of SMEs regarding innovation. He expressed his and his institution's keen interest in project developments and strongly supported its finding that lack of financial resources and finding the appropriate policy mix to support SMEs innovation and R&D investment are the main barrier, facing SMEs.

*Mrs. Tzareva* (MEE – Directorate “Registration, Licensing and Control”) agreed that most of the SMEs do not exactly know the meaning of the innovation. She pointed out that most of these firms do not carry about the importance of the investment in protection. She shared her information about the reported low scores for the patents as a principal intellectual asset. Mrs. Tzareva stressed that most of the firms badly overstressed the possibility of support from the public sector.

*Mrs. Tzekova* (CSM) continued the discussion about the registration, licensing and control, and remarked that the presented facts are normal, having in mind the lack of experience of the SMEs. She suggested the policymakers to give the firms more information about the advantages of this kind of protection.

One of the other representatives of *the Ministry of Economy and Energy (MEE)* – Directorate “Registration, Licensing and Control”) gave more information about the implementation of the yearly action plan in the field of intellectual property by MEE. The main aims of the plan are: providing adequate, efficient and high-quality protection of intellectual property by an improved legal framework for enforcement of intellectual property rights; and mandatory licensing of all manufacturers of optical disks and matrices. To meet these requirements, MEE has been maintaining a public register of licenses, introduces additional legislation, introduces new notification requirements, carries out periodical inspections in the production plants, and conducting a discussion with the involvement of all concerned parties, NGOs and industry representatives on the enforcement of the Optical Disks Law. MEE also nominated one of the Deputy Ministers to participate in the inter-ministerial consultative council for the protection of intellectual and industrial property rights, and MEE applied for membership the Memorandum for Cooperation in the field of Intellectual and Industrial Property Rights Protection. All these measures can be viewed as a good practice in the national policymaking in favor of innovation developments.

The representative of the *Ministry of Economy and Energy (MEE)* – Directorate “Investment Policy”) expressed interest in receiving information for the other 3 regions included in the project and in making comparisons on R&D performance and

investment among them. She asked the participants in the study visit group from Bulgarian side to give some details about the visited institutions in Greece and Turkey.

*Dr. Raleva and Miss Fikovska (AEDF)*, who have taken part in this study visit tour, shared their impression from the visit. They explained the structure and missions of the famous research centers as Tubitak and Vestech in Turkey, and CEERC and CERTH in Greece. Much attention was given to the funding of this organization and the special role of the EU funds utilization. They also explained the close link between education and research activities in some of the visited universities and other knowledge supply institutions.

Mr. *Matichev* (Ministry of Economy and Energy (MEE) – Directorate “Business climate and innovations”) shared the experience of his directorate in the innovation policy realization. At the same time he stressed policy measures directed to the encouraging the innovation supply and demand. Regarding the innovation supply stimulations, in 2006 and 2007 so far the MEE undertook the following concrete measures:

- Training in entrepreneurship at high schools. This project is designed for training in entrepreneurship, creation of entrepreneurship skills and education in entrepreneurship among students from the high professional schools. The project includes also the development of entrepreneurship skills and education in entrepreneurship projects. As a result of its implementation, the Entrepreneurship center (“School Company”) was open in the Professional school of Construction “H. Botev”. Nowadays four more centers are in the process of establishment.
- Training in entrepreneurship at the universities.
- Establishment of entrepreneurship centers at universities, and especially at: the University of Forestry-Sofia, The Technical University –Sofia, the Plovdiv branch, the Technical University – Gabrovo, and the Technical University-Varna.
- Establishment of spin off offices at 15-18 universities or BAS institutes, financed by EU;

- It is expected that until the end of the target period the total number of such centers will reach 20.

The Ministry of Education and Science also works on several projects, addressed to stimulating scientific studies in Universities and the BAS.

*Prof. Slavova* raised the question if there are priority fields in the selection procedure. She strongly appreciated this initiative of the MEE. All the participants agreed that these measures are of much importance for the innovation potential development and expressed their hope that they will not be of episodic manner.

The representatives of *municipalities in Plovdiv and Sofia* shared their experience of the innovation activities encouraging. They explained their very good practice to work together with many locally based organizations as regional development agencies, commercial chambers, regional and branch associations, technology transfer centers, business innovation centers, and other organizations supporting SMEs intermediaries.

The other *representative of the Ministry of Economy and Energy (MEE) – Directorate “Business climate and innovations”*) presented the measures addressed to increase the knowledge demand and absorption. The major measures in this field can be summarized as follows:

- Supporting projects and involving research and experimental work with the aim to create new production methods or products by the National Innovation Fund;
- Establishment of clusters in Bulgaria – financed by two Phare projects. The main aim of this measure is to provide opportunities for the implementation of project aiming to establish and develop cluster structures in the country.
- Adoption of the European Indicators Measuring the Innovation potential of the industrial enterprises.
- The other relatively new measure is voucher scheme for encouraging solving small technological issues in SMEs with annual grants ranging from 5000 to 15000 BGL.

The *representative of the Ministry of Regional Development and Public Works* (MRDPW) – Directorate stressed that his institution also has some initiatives and projects in the field of innovation. The most important among them is the development of a regional innovation strategy for the North East Planning Region, supported by the European Commission.

The *representatives of the AEAF* reminded that some other institutions as the Ministry of Agriculture and Forestry and the state Agency for Information Technologies and Communications also act as a policymakers in the area of innovations. All these policy initiatives are taken into consideration in the development of the National Development Plan, prepared by the AEAF.

### **5.5. Conclusions and Next Steps**

Due to the discussion during the **Regional Policy Roundtable** with the participation of representatives of main actors in the innovation process from the **South-East Bulgaria**, the following groups of steps to feed into the regional R&D strategy were outlined:

Firstly: *Regarding knowledge supply and transfer:*

- Pointing out and describing the concrete measures have to be undertaken to stimulate the knowledge supply, commercialization and knowledge-based venturing at the universities;
- Adding these measures to the initiatives have already been undertaken by the government – training in entrepreneurship at high schools and universities, and establishment of entrepreneurial centers and spin offs offices, and widening them on the regional level with an active support by the local authorities;
- Proposing measures for stimulating universities and other research institutions for doing more applied oriented research through encouraging them to apply and to absorb the EU funding, as well as to initiate new forms of interactions with business.

Secondly: *Concerning the knowledge supply and absorption:*

- Suggesting some policy tools directed to stimulate innovation activities of SMEs as an important precondition for improving their competitiveness;
- Formulating directions for creating and developing the innovation culture of SMEs, and paying the special attention to the necessity of the investment in protection, registration and licensing;
- Advocating a more-coordinated and integrated approach to the delivery of services to SMEs that combine support and advising services at all stages of innovation process, and encouraging a more sector-specific support policy on the infrastructural needs of the regional SMEs clusters.

Thirdly: *Regarding the coordination between R&D policies on different levels, and the applicability of the existing and ongoing innovation strategies:*

- Arguing the idea for the need of achieving better coordination interaction between R&D policies on national and regional level;
- Explaining the necessity of making comparisons between the existing R&D strategies, and combining the results and conclusions of the different teams in order to formalize common and more reliable recommendations to the innovation policymaking;
- Presenting the most important finding of MIRIAD project team concerning the future development of the region, and explaining how these findings correspond to the existing policy infrastructure both on national and regional levels.