

ANNUAL REVIEW MEETING 2019

OP INNOVATION AND COMPETITIVENESS 2014-2020



EUROPEAN UNION

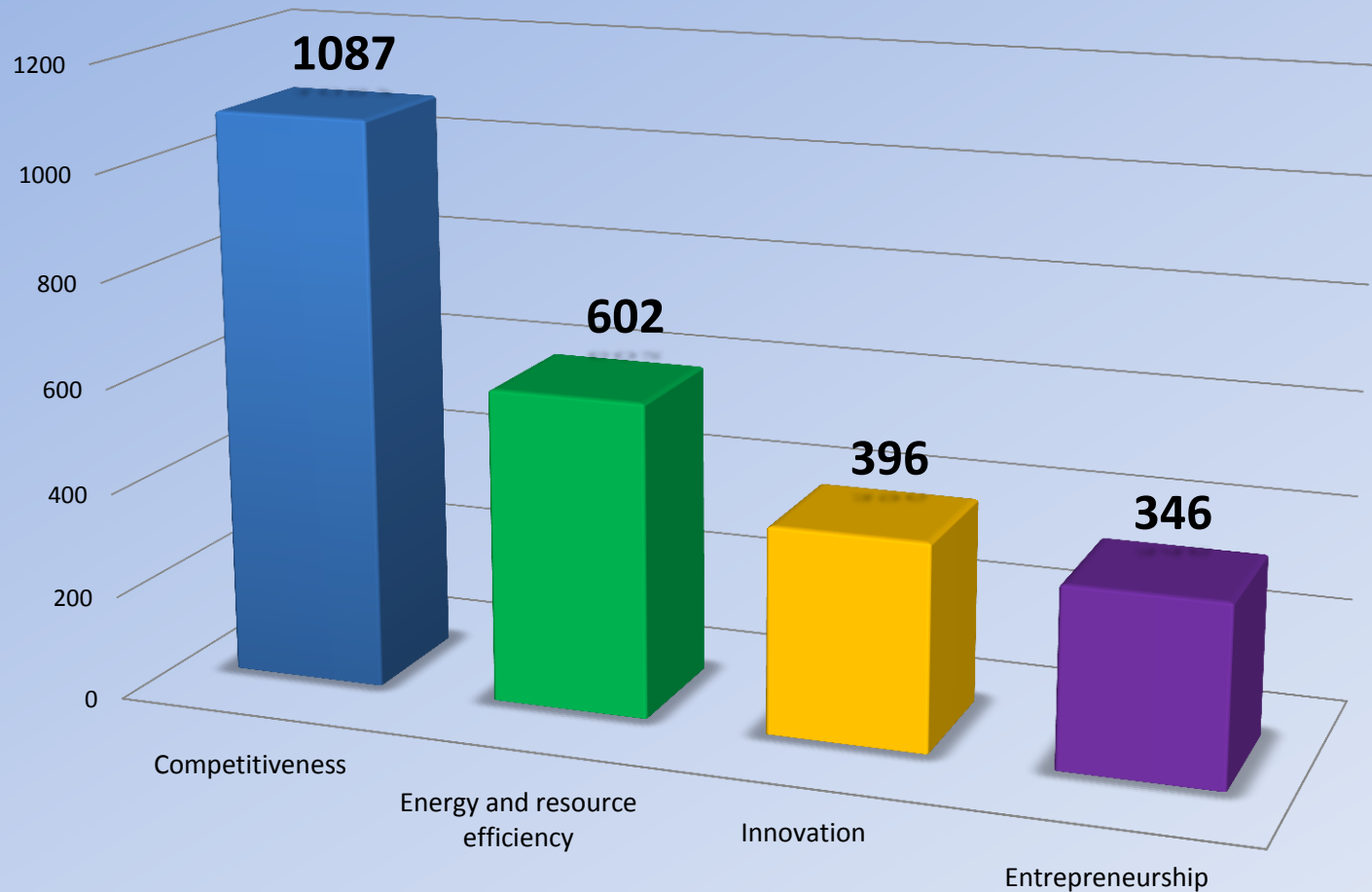
European Regional Development Fund



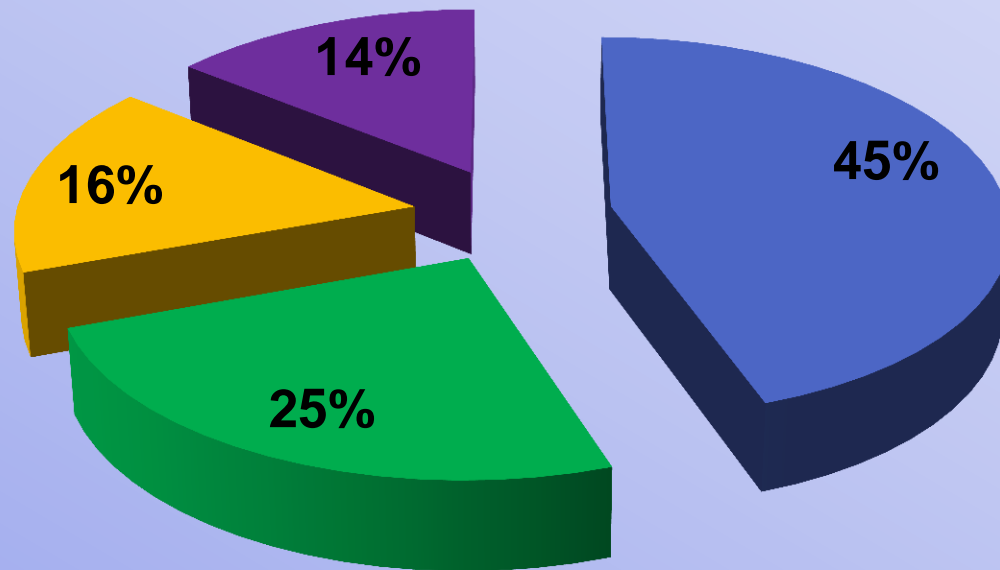
OPERATIONAL PROGRAMME

**INNOVATIONS AND
COMPETITIVENESS**

Progress implementation – number of contracts in the supported fields

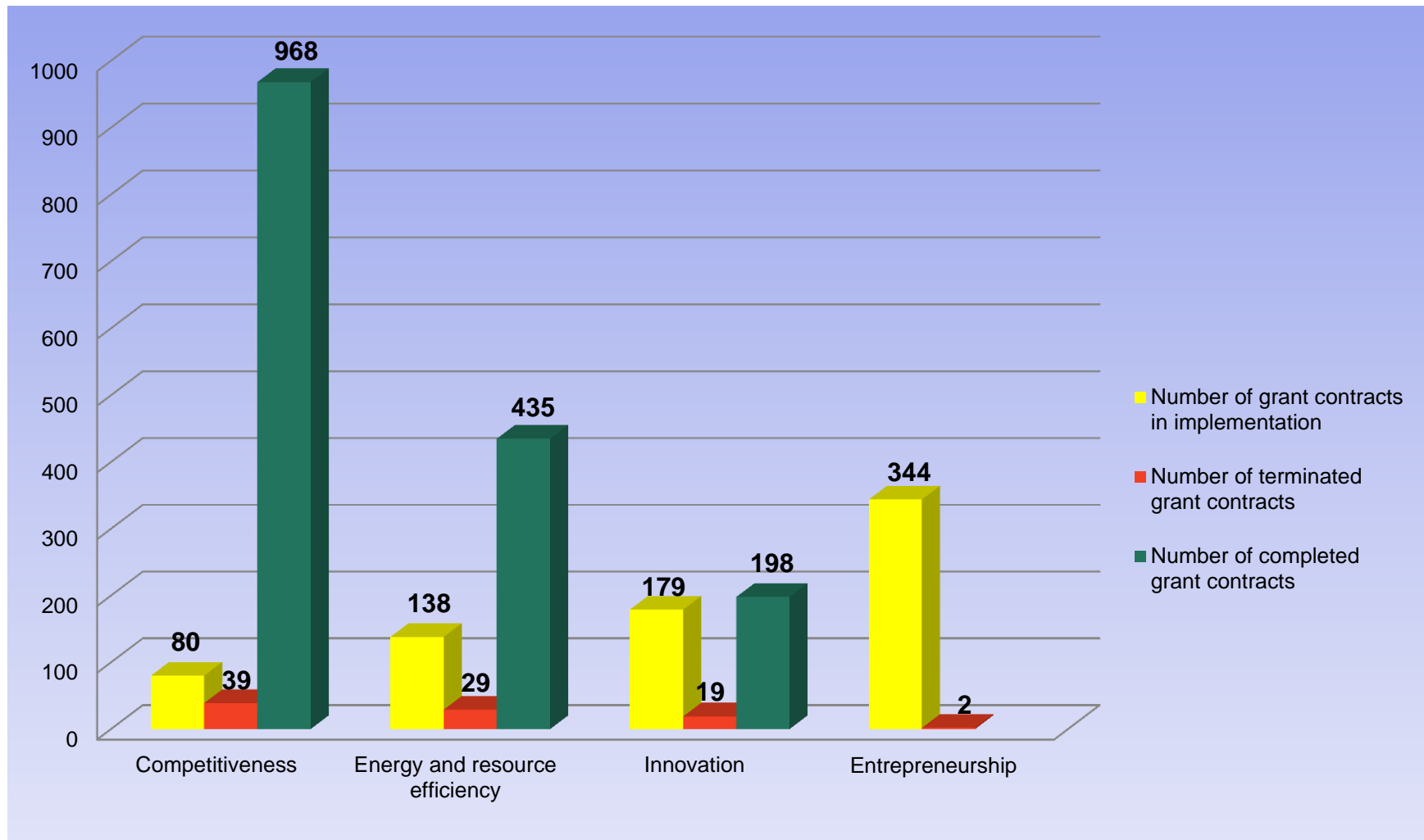


Progress implementation



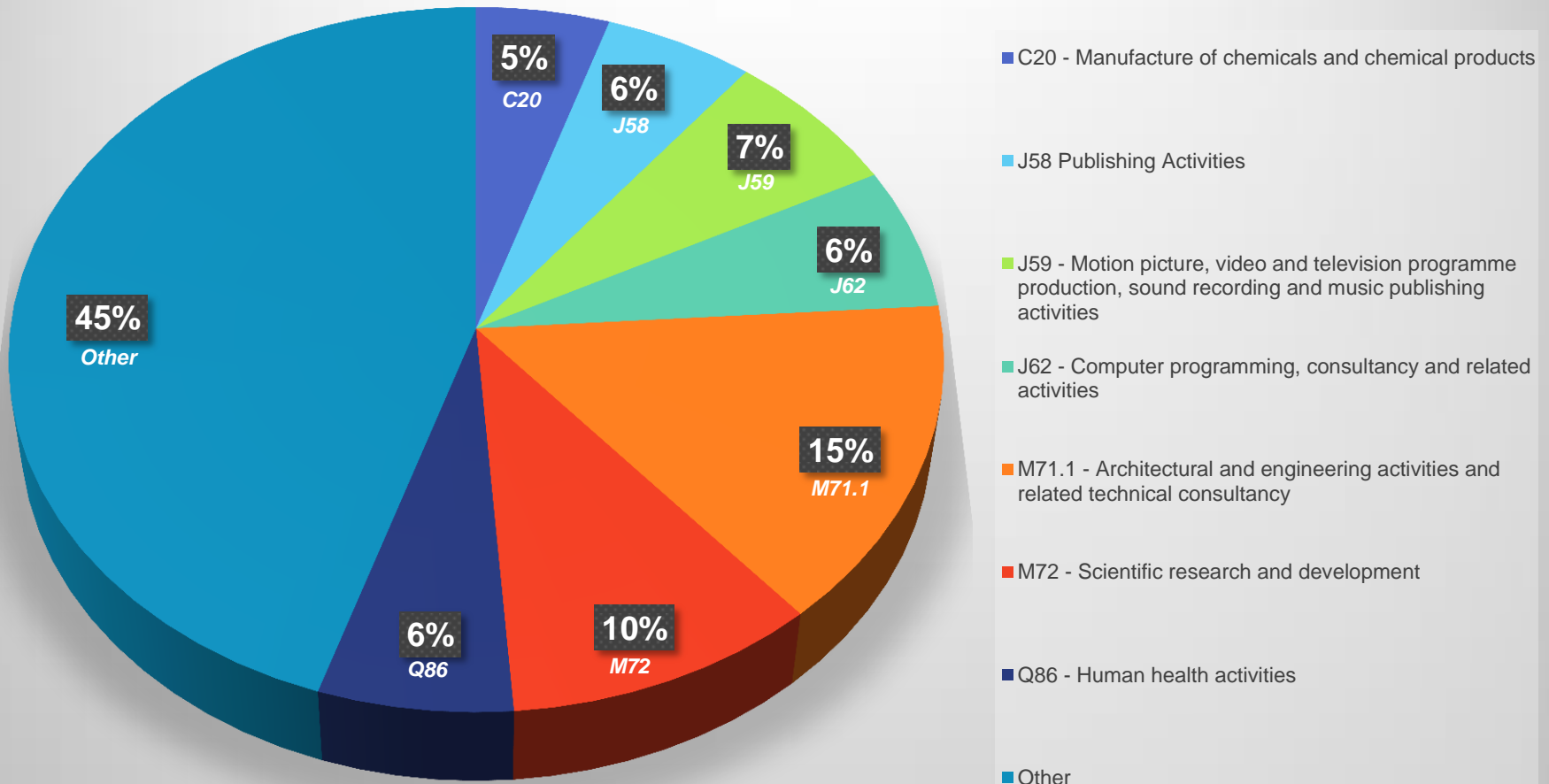
- Competitiveness
- Energy and resource efficiency
- Innovation
- Entrepreneurship

Progress implementation – status of projects in the supported fields



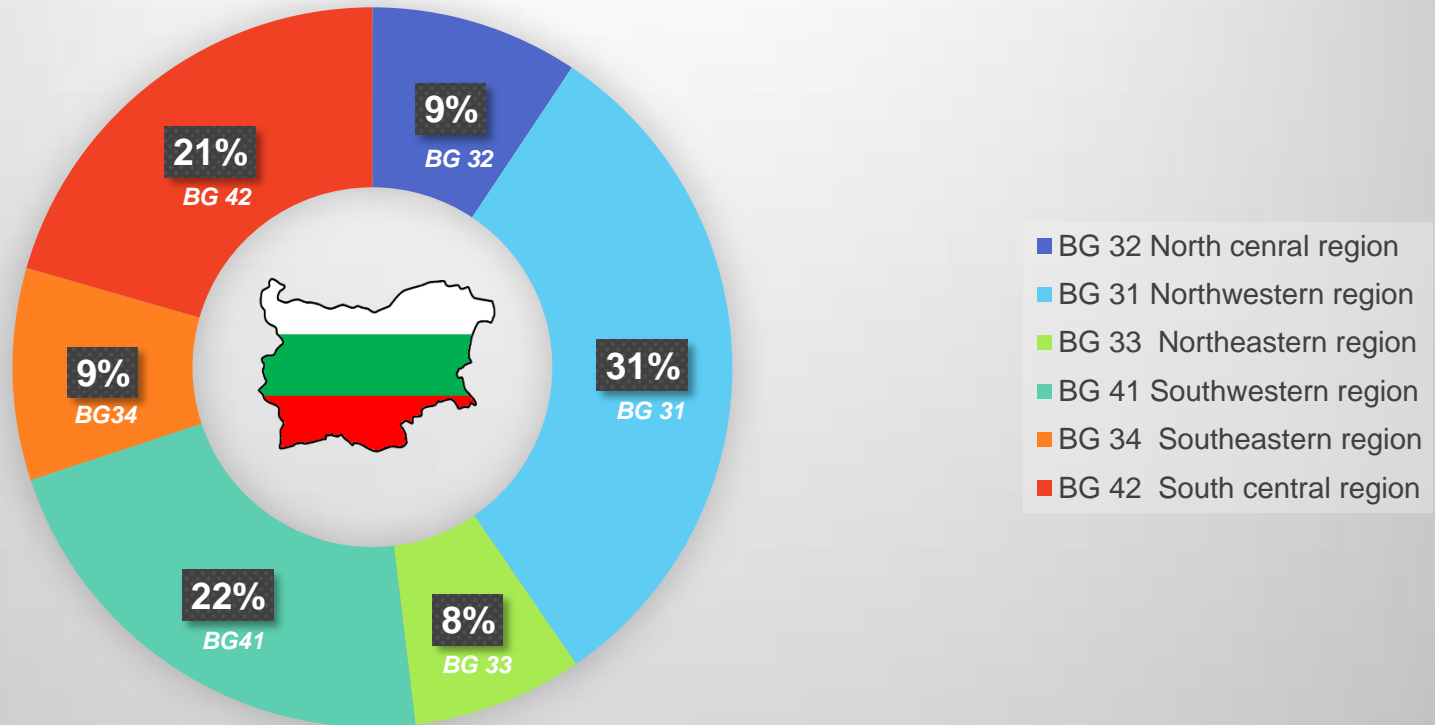
Progress implementation

Promotion of entrepreneurship per NACE code



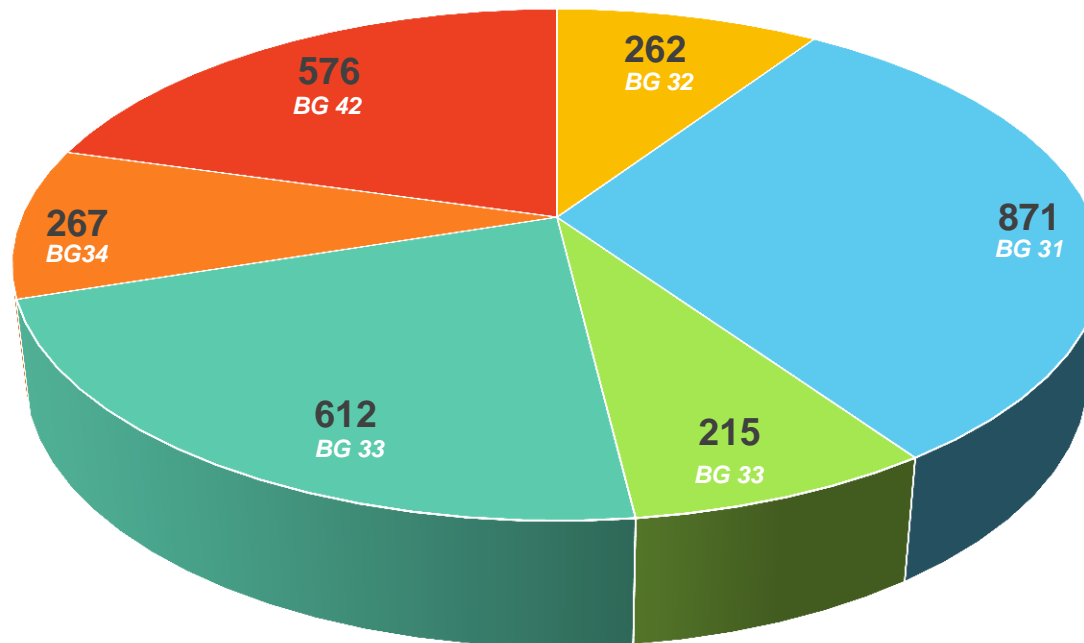
Progress implementation

Distribution of projects by regions at NUTS 2 level



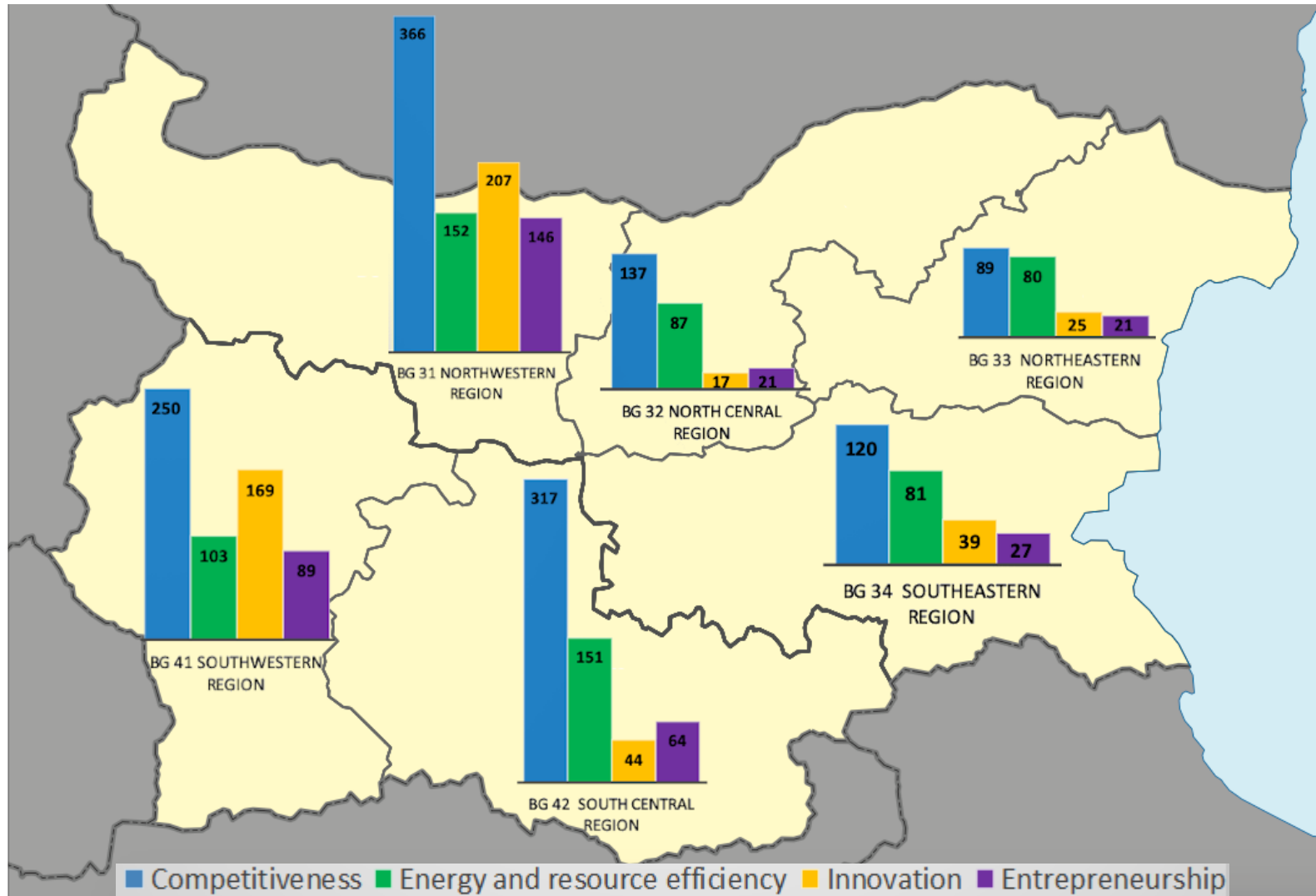
Progress implementation

Distribution of projects by regions at NUTS 2 level



- BG 32 North central region
- BG 31 Northwestern region
- BG 33 Northeastern region
- BG 41 Southwestern region
- BG 34 Southeastern region
- BG 42 South central region

Progress implementation – distribution of projects by regions at NUTS 2 level and supported fields



Progress implementation – other main figures

- 2 431 (*excl. direct beneficiaries*) of contracts signed out of which 2155 with one place of implementation and 276 with more than one place of implementation on the territory of Bulgaria
- Category of the projects beneficiaries: 847 micro enterprises; 836 small enterprises; 619 medium enterprises; 129 large enterprises
- Number of supported projects of women entrepreneurs – 340 (out of which 302 projects are of women entrepreneurs within the priority groups – persons up to 29 years of age and between 50-64 years of age)

Progress implementation - financial

	Available budget (BGN)	Launched calls (BGN)	Contracted (BGN)	Paid (BGN)	Certified (BGN)
PA 1	677.52	508.68	356.78	188.35	171.29
PA 2	1 129.48	1 089.01	885.80	533.74	508.61
PA 3	607.65	612.42	606.60	398.75	363.44
PA 4	88.01	88.01	88.01	---	---
PA 5	81.51	77.00	76.98	44.25	34.18
Total	2 584.17	2 375.12	2 014.17	1 165.09	1 077.52
% of the total budget		91.91 %	77.94 %	45.09 %	41.70%

Progress implementation - financial

Execution of the N+3 objectives as of October 2019

Year	N+3 objective	Execution as of 15.10.2019	Execution in %
2018	€ 190 030 638	€ 340 275 299.23	179 %
2019	€ 284 652 933	€ 471 919 065.94	166 %
2020	€ 393 725 551	€ 471 919 065.94	120 %
2021	€ 543 156 314	€ 471 919 065.94	87 %
2022	€ 643 117 359	€ 471 919 065.94	73 %
2023	€ 1 049 570 806	€ 471 919 065.94	45 %

Progress implementation - Savings

Overall OP performance: savings

	Savings incurred <small>(non-verified expenditures, terminated contracts, financial corrections, lower expenditures reported by the beneficiaries)</small>	Forecasted future savings <small>(non-verified expenditures, terminated contracts, financial corrections, lower expenditures reported by the beneficiaries)</small>
PA 1	€ 7 716 656,06	€ 4 141 828,23
PA 2	€ 15 741 869,63	€ 5 475 437,84
PA 3	€ 13 659 285,70	€ 1 079 648,03
Total	37 117 811,39	10 696 914,10

Overall OP performance: signed/terminated/completed contracts

	Number of grant contracts signed	Number of terminated grant contracts	Number of completed grant contracts
PA 1	397	19	192
PA 2	1448	42	965
PA 3	603	28	426
OPIC	2448	89 (3.6%)	1583
OPC 2007 -2013	3119	564 (18.1%)	2555

Progress towards the 2023 targets

PA	Indicator		Target (2023)	Execution as of 15.10.2019	Execution to the target
PA 1	Certified expenditure	EUR	295 282 552	87 581 4801	29.66 %
PA 1	Number of enterprises receiving support	number	504	197	39.09 %
PA 2	Certified expenditure	EUR	577 492 050	260 050 001	45.03 %
PA 2	Private investment matching public support to enterprises (grants and non-grants)	EUR	171 343 567	141 267 136	82.45 %
PA 3	Certified expenditure	EUR	310 686 632	185 826 932	59.81 %
PA 3	Number of enterprises receiving support (3.1)	number	528	433	82.01 %
PA 4	Certified expenditure	EUR	45 000 000	0,00	0%
PA 4	Built Bulgaria – Serbia gas interconnection	km	29.60	0	0%
PA 4	Key Implementation Step: "Number of signed grant agreements for major project"	number	1	1	100%

PROGRESS IMPLEMENTATION

Good practices in support of business

Good practices - Innovation

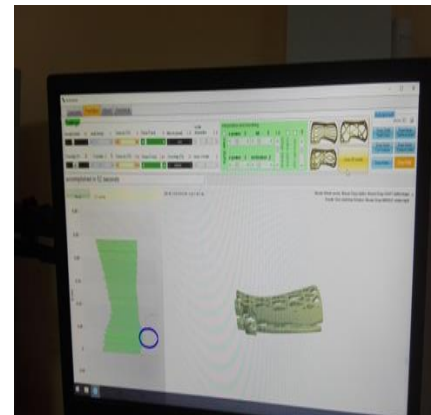
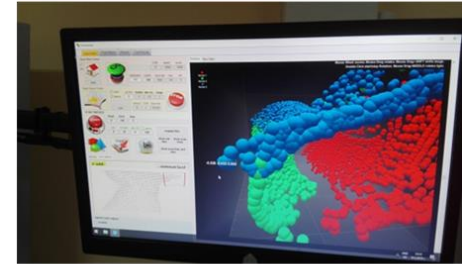
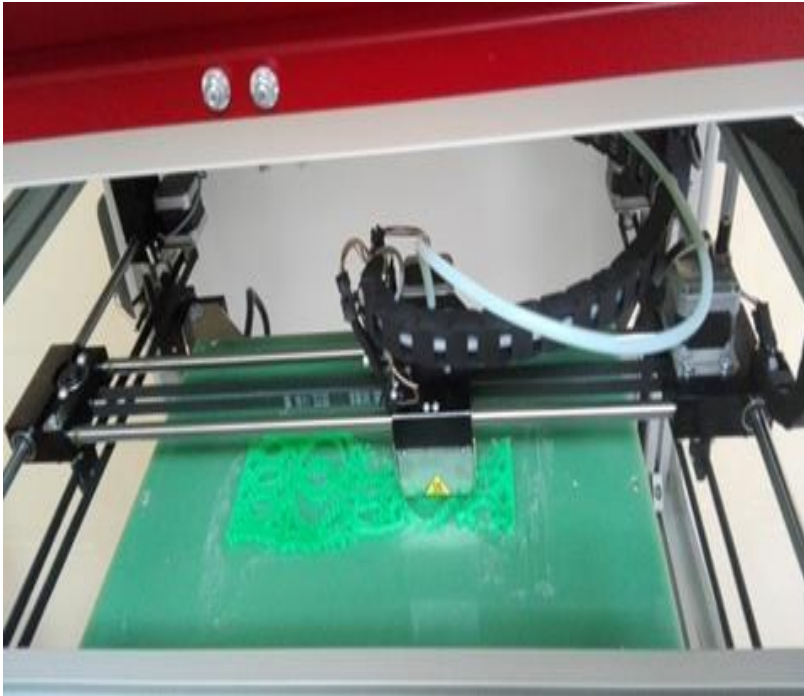
SUCCESSFUL PROJECT IMPLEMENTED BY “DA TRANS” Ltd.

*Procedure BG16RFOP002-1.001
„Support for the Introduction of
Innovation in Enterprises”*

- Main activity of the enterprise: production of medical utilities
- Location: Vratsa (North Western Region)
- Project: “Implementation of a new method process for developing an ergonomic splint for immobilizing of broken limbs”
- Total budget of the grant contract: 1 322 000,00 BGN
- Grant paid: 980 600,00 BGN



Good practices - Innovation



Good practices – Innovation

SUCCESSFUL PROJECT IMPLEMENTED BY „TECOSYS“ LTD.

*BG16RFOP002-1.001 „Support for the
Introduction of Innovation in Enterprises“*

- Main activity of the enterprise: production of telecommunication and other equipment
- Location: Varna (North Eastern region)
- Project: “Introduction of an innovative product Video scanning system”
- Total budget of the grant contract: 1 353 000 BGN
- Grant paid: 947 100 BGN



Good practices – Innovation



Good practices – Innovation (Start-up)

SUCCESSFUL PROJECT IMPLEMENTED BY

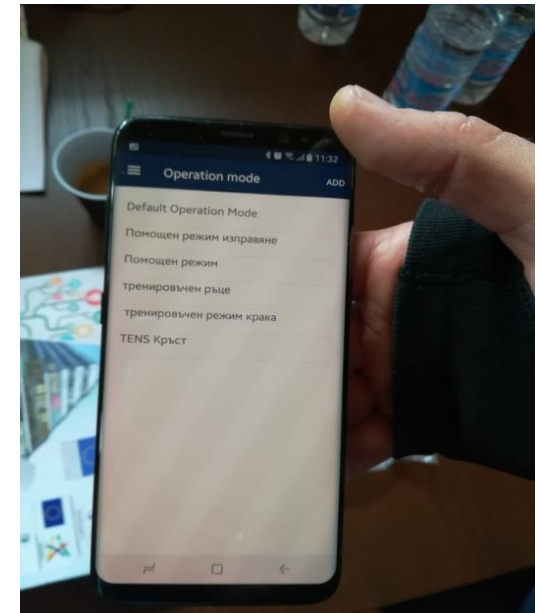
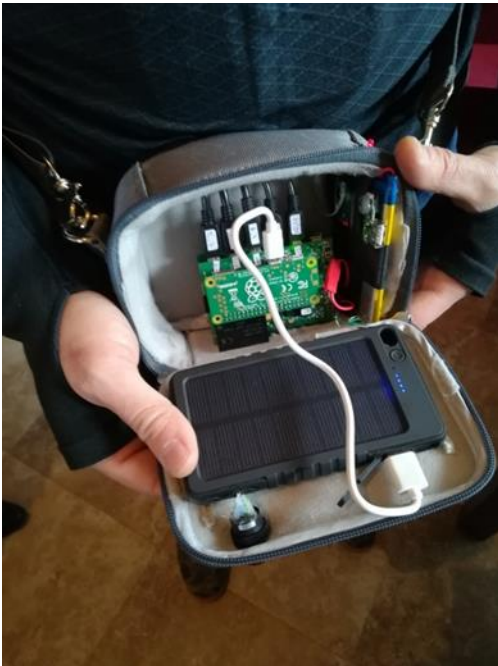
„INNATE TECHNOLOGIES“ Ltd.

*Procedure BG16RFOP002-1.002 „Support for
Development of Innovations by Start-up
Companies“*

- Main activity of the enterprise:
Manufacture of emitting electromedical
and therapeutical appliances
- Location: Mezdra (North Western Region)
- Project: “PhysioBody - physiotherapeutical
outfit for daily use”
- Total budget of the grant contract:
434 300 BGN
- Grant paid: 390 285 BGN



Good practices – Innovation (Start-up)



Good practices – production capacity

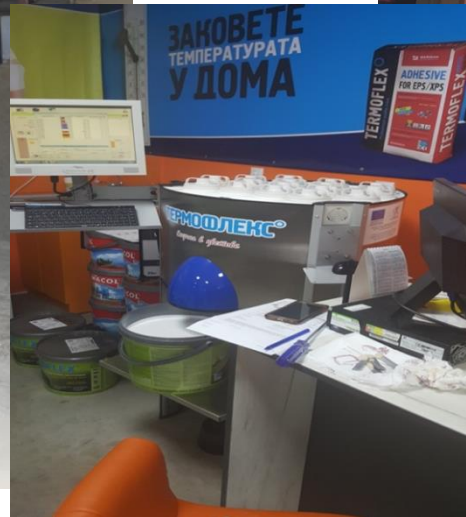
SUCCESSFUL PROJECT IMPLEMENTED BY „MARISAN & KOLEV“ JSC

*Procedure BG16RFOP002-2.001
„Improving the Production Capacity
of SMEs“*

- Main activity of the enterprise: production of paints, ink, varnishes and similar products
- Location: Rouse (North Central Region)
- Project name: “Increasing the production capacity of "Marisan & Kolev" JSC.”
- Total budget of the grant contract: 1 664 503,24 BGN.
- Grant paid: 997 141,20 BGN.



Good practices – production capacity



Good practices – production capacity

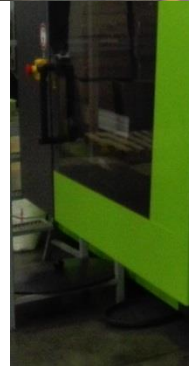
SUCCESSFUL PROJECT IMPLEMENTED BY “NIKIPLAST-M” LTD.

*BG16RFOP002-2.001 “Improving the
Production Capacity in SMEs”*

- Main activity of the enterprise: production of plastic products for sanitary fittings, food industry, cosmetic industry and automotive industry.
- Location: Sevlievo (North Central Region)
- Project: “Improving the production capacity of "Nikiplast-M" Ltd.”
- Total budget of the grant contract: 1 100 000,00 BGN
- Grant paid: 658 920 BGN



Good practices – production capacity



Good practices – production capacity

SUCCESSFUL PROJECT IMPLEMENTED BY “LAZUR-IDK-DICHO KUNEV”

*Procedure BG16RFOP002-2.001
“Improving the Production Capacity
in SMEs”*

- Main activity of the enterprise: production of garments/clothes such as men's shirts, women's blouses, etc.
- Location: Karnobat (South Eastern Region)
- Project: “Purchase of new machines in company” Lazur-IDK-DICHO KUNEV”
- Total budget of the grant contract: 523 432 BGN
- Grant paid: 314 026 BGN



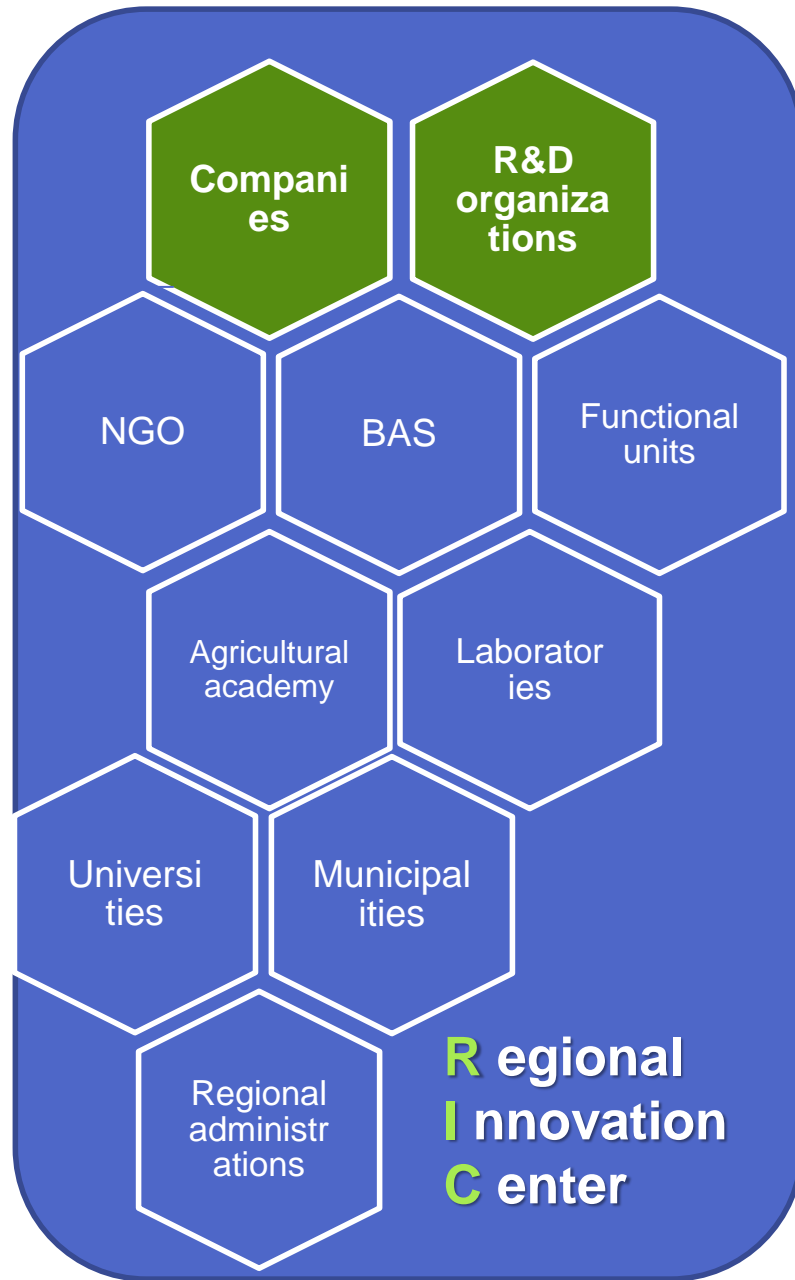
Good practices – production capacity



PROGRESS IMPLEMENTATION

Regional Innovation Centers

RIC architecture



OPSESG => OPIC

Intensive consultation process: more than 30 regional meetings held

Expression of interest: Plovdiv and Pleven (in the field of the healthy life industry), Rousse and Blagoevgrad (information technologies), Varna (new technologies in the recreational industries), Gabrovo (in the field of mechatronics)

Official launch: 18 September 2019

Information campaign: 17.10 / 05.12.2019, 10 cities, more than 250 attendees so far

Deadline for application: 20 January 2020

Support within 2021 – 2027 period

PROGRESS IMPLEMENTATION

Sofia Tech Park

Progress implementation

Sofia Tech Park – PHASE 2

- The project is in its final stage of implementation with due end date 31.12.2019
- Most of the project equipment has already been delivered and installed
- Last procurements and deliveries are being carried out (*regarding the equipment for the laboratory complex and the museum all which are expected to be finalized in December 2019*)
- Construction works of a pedestrian bridge to the Museum/Experimentarium has been completed

Progress implementation

Sofia Tech Park – PHASE 2

- Roof structures of the sports complex have been installed
- A new website is developed and currently functioning
- Eight interim reports have been submitted, out of which seven were verified and the last report is still under verification. Approximately 6.4 million BGN were included in the interim reporting out of which 6 million BGN were paid so far.

Sofia Tech Park - JRC Report recommendations

- New governance model (cut-off political dependency)
- Improved and result oriented communication with national authorities
- Elaboration of mid-term strategy for labs development
- STP sustainability based upon partnership with investors and industry
- Increasing visibility popularity (STP events)
- Increasing number of public private partnerships
- Establishment of first sustainable PPP – TechnoMagicLand
- New open transparent and proactive policy for the incubator



Sofia Tech Park – Progress so far

- Key partnerships - Bosch and World Bank
- Co-working space and new incubation program
- PetaScale Super Computer
- Developing companies in the incubator
 - *Sciant - An IT company offering B2B, system integration and big data solutions.*
 - *Escreo - An innovative company, producing wall paint, substituting office white boards.*
 - *JBoxers - An IT company offering cloud,4V data and blockchain solutions*
- More than 50 events with more than 30 000 visitors in 2019

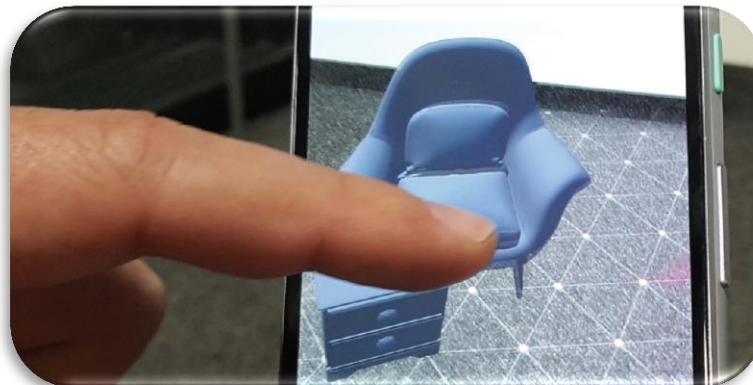


Laboratory complex – Progress so far

- Validation of the functionality of molding tools (3D creativity and rapid prototyping lab)
- Implementation of illumination for the applications for stereoscopic interactive visualization and a marker-based AR application (Virtual and augmented reality lab)
- Prototypes for nutritional supplements with medical potential (Biopharma laboratory complex)
- Models for early prevention against potential mass cyber attack “Cyber Map Bulgaria” (Cyber security lab)



**Over 100
lab services
supporting
SMEs in 2019**



Sofia Tech Park – Phase 2 project implementation

- 35 contracts implemented by December 2019
- Implemented activities and deliveries for around 10 million BGN
- Upgraded labs facilities



- Supported by STP - 24 incubated start-ups since the beginning of the project
- Over 10 Enterprises cooperating with research institutions
- Increasing number of independent and research activities
- Collaboration between start-up companies and laboratory complex

PROGRESS IMPLEMENTATION

Financial Instruments

THE YEAR OF OPIC

FMFIB has invested significant resources towards the efficient structuring of financial instruments under OPIC since signing of the Financial agreement. In 2019, we were able to finalise crucial milestones of a number of these complex processes. Thus, we generated significant momentum on the market, ensuring the successful implementation of the overall mandate

BG Fund of funds



Our portfolio features chiefly generalist funds with the exception of TTF. As of 2019 year end, 40 % of our “equity” FIs would be in investment period & 80 % would be contracted

THE INVESTMENT STRATEGY OF THE EQUITY INSTRUMENTS IN A NUTSHELL

Equity & Quasi-equity



- Creation of new sustainable businesses and jobs therewith, by increasing entrepreneurial activity and successful implementation of new business ideas
- Increase in the capacity for growth of the SMEs, to support the internationalization of the enterprises through the expansion of their capacity for growth on international markets
- The SASF family of funds, the VC as well as the Mezz fund have been structured under Priority Axis 2 Entrepreneurship and Capacity for growth of SMEs of OPIC

NB: Special mention re. the TTF

Tech transfer



- Bridge the gap between science and business through commercial application of the research results and development of a favourable innovation environment
- Strengthening position of the Bulgarian enterprises and innovators on the international market
- TTF would support projects geared towards priority thematic areas outlined in Innovation strategy for smart specialisation of Bulgaria 2014 - 2020
- TTF has been structured under Priority Axis 1 Technological development and Innovation of OPIC

In October we secured formal MinFin permission to close SASF I. The tech work re. the SAFS II procedure is essentially complete. SASF III would support three Cos by year end

SASF I: SEED FUND

- Intermediary: Innovation Accelerator (a first-time manager)
- The mandate encompasses a EUR 14.0 M FMFIB commitment
- The investment period is pending in the next few days



AIF IN BG
FIRST CLOSING PENDING

SASF II: SEED/ STARTUP FUND

- The mandate encompasses a EUR 18.2 M FMFIB commitment
- The selection procedure is currently ongoing
- The award is envisaged for mid November



AWARD PENDING

SASF III: STARTUP FUND

- In active investment period since Q3 2019
- Intermediary: NEW VISION III, a “legacy” fund managers in the country
- Mandate encompasses EUR 19,1 M FMFIB commitment



AIF IN BG
ACTIVE INVESTMENT PERIOD

Since last our last update FMFIB completed the tender re. the Mezz fund & launched the tender for selection of a TTF manager. VC Fund closing is on schedule as well

EQUITY & QUASI EQUITY INVESTMENTS FACTSHEET, CONT.

VC FUND

- Intermediary: Morningside Hill. Experienced investment professionals returning to Bulgaria
- Mandate encompasses a EUR 24.1 M FMFIB commitment
- The investment period would start by December

VC FUND Leverage



AIF IN BG
FIRST CLOSING PENDING

MEZZ/ GROWTH FUND

- Award pending in the beginning of October 2019
- Mandate encompasses a EUR 38.5 M FMFIB commitment
- The procedure has been finalised. The manager should satisfy CPs for OA signing in three months

MEZZ FUND Leverage



OA SIGNING PENDING

TECHNOLOGY TRANSFER FUND

- Specific instrument to bridge science and business
- The budget of the instrument amounts to EUR 30 M
- The tender has been launched last week. Eols expected by mid December

TTF Leverage



TENDER LAUNCHED

Our loan portfolio instruments encompass two guarantee schemes and a funded risk sharing to support the development of important aspects of the Bulgarian business

THE INVESTMENT STRATEGY OF THE DEBT INSTRUMENTS UNDER OPIC IN A NUTSHELL

Innovations



Energy efficiency



- Address key constraints of enterprises in the innovation process namely their access to finance and the significant costs for the implementation of innovation projects
- Increased innovation in Bulgarian enterprises by fostering innovation environment and infrastructure for development of innovations
- Increase of energy efficiency in supported enterprises, to arrive at reduction of their production costs, increase of their environmental integrity and enhancing of their competitiveness
- Reduction of energy consumption; reduction greenhouse gas emissions
- The instruments are structured under Priority axis 1 Technological development and innovation and Priority axis 3 Energy and resource efficiency of OPIC

Tender pack for the guarantee schemes. Soft market test re. FRS starts next week. This is the last FI under our OPIC mandate. Thus its the overall execution is right on track

OPIC DEBT INSTRUMENTS
FACTSHEET, CONT.

Capped portfolio guarantees, Innovations

- Plain vanilla guarantee instrument with specific strategy
- The public funds of approx. EUR 30 M should mobilise the origination of at least EUR 150 M new portfolio
- Tender pack ready and submitted for MB approval

CPG Innovations

Current leverage of CPG Innovations based on capped portfolio principle, i.e. 1:5

PENDING
TENDER
LAUNCH

Capped portfolio guarantees, Energy efficiency

- Identical to the CPG for innovations as a financial structure
- Mandate encompasses a EUR 40 M FMFIB commitment
- Minimal expected leverage in excess of 1:5
- Tender pack ready and submitted for MB approval

CPG EE

Current leverage of CPG EE based on capped portfolio principle, i.e. 1:5

PENDING
TENDER
LAUNCH

Funded risk sharing, SMEs

- Specific instrument for financing of SMEs
- The budget of the instrument is approx. EUR 15 M
- Soft market test would launch this week

FRS SMEs



SOFT
MARKET TEST
PENDING

PROGRESS IMPLEMENTATION

Gas Interconnectors

Progress implementation

Gas Interconnector Greece – Bulgaria

- Start date 21.12.2018 and due end date 21.06.2021 (30 months)
- Total project budget 559 292 262,64 BGN and the grant awarded amounts to 76 277 370 BGN (39 000 000 EUR).

Public procurement procedures:

- **Engineering and construction** (*cofinanced under the project*) – assigned
- **Supply of line pipes** (*cofinanced under the project*) – assigned
- **Engineering consultant** – assigned
- **Construction supervision** - assigned
- **Archaeological studies of archaeological sites** - assigned

Progress implementation

Gas Interconnector Greece – Bulgaria

- Received permission for construction on Greek territory too (July 2019)
- A „groundbreaking“ ceremony was held on May 22nd 2019 in the presence of the Prime Ministers of Bulgaria and Greece

IBS project TA

- **Direct Grant Award Scheme** with specific beneficiary “Bulgartransgaz” EAD;
- Funding for activities/expenditure connected with investment support, acquisition of property rights and easement;
- In October 2019 MA carried out preliminary consultations and agreement with the specific beneficiary on the devised Methodology and Selection Criteria / written consultations with the Department on State Aid within the Bulgarian Ministry of Finance;
- **Cost-Benefit Analysis** (CBA) is submitted in the beginning of November;
- **Necessary prerequisite for the launch of the Grant Scheme:** all assets, including property rights and easements, acquired during the implementation of the project in 2007-2013 period need to be transferred from the Bulgarian Ministry of Energy to the “Bulgartransgaz” EAD (end of November);
- **Indicative Launch Date of the Grant Scheme:** December 2019.

PROGRESS IMPLEMENTATION

Evaluation

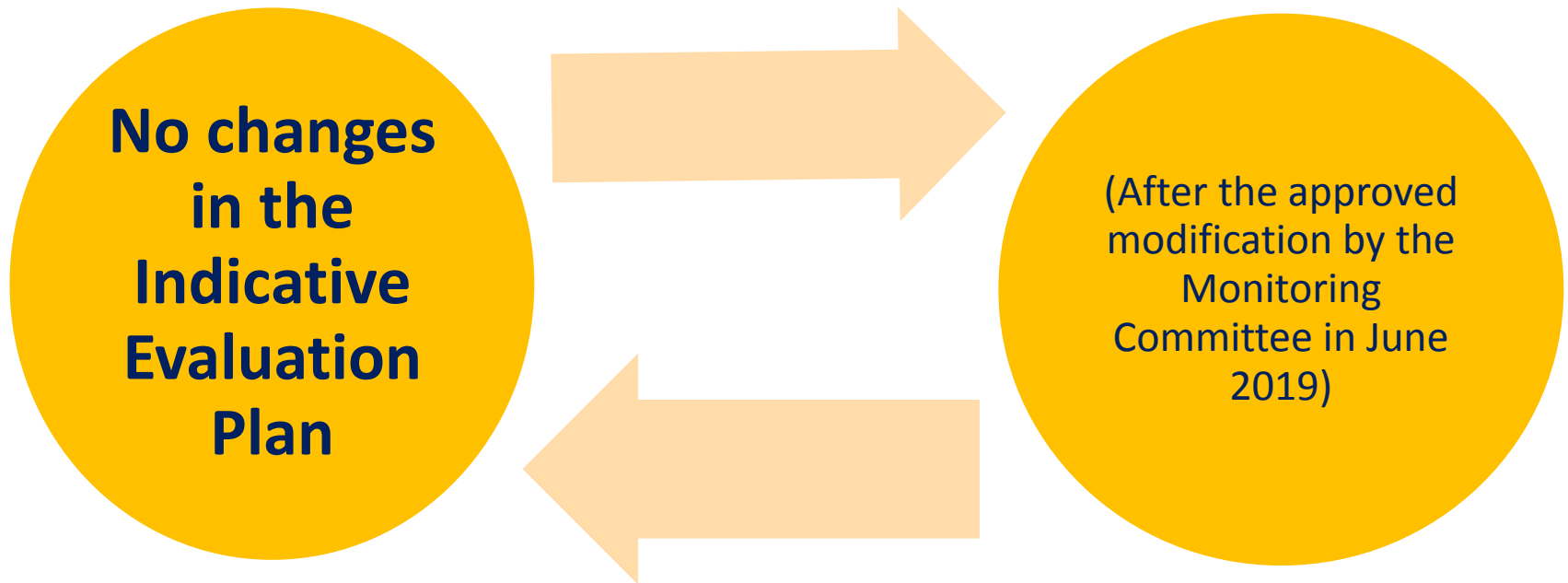
of

Operational Programme "Innovation and
Competitiveness" 2014-2020

and

Operational Programme „Small and medium sized
enterprises initiative“ 2014-2020

General information for the evaluation



Mid-term evaluation of OPIC

- Public procurement procedure was conducted and implementation of activity was assigned in beginning of September 2019. The first results are expected by the end of November and final evaluation reports will be finalized on January 2020.

Scope of evaluation:

- Analysis and evaluation of the effectiveness and efficiency of OPIC implementation in terms of specific objectives and investment priorities; specific needs of target groups; types of intervention; achieved results, indicators and objectives both at priority and programme level.
- Analysis and evaluation of OPIC contribution to the achievement of the objectives of Cohesion policy, Europe 2020 Strategy, Bulgaria 2020, the National Strategy for Small and Medium-sized Enterprises, other strategic documents at national level, as well as OPIC contribution in overcoming economic, social and territorial disparities.
- Analysis and evaluation of the changes in the social and economic development needs.
- Development of the First Report on the monitoring and control of the impact on the environment in the implementation of OPIC 2014-2020.

Horizontal and Ad-hoc Evaluations

Evaluation of implementation of Innovation Strategy for Smart Specialization

- In October 2019, the evaluation was assigned to an external contractor with funds provided by the Ministry of Economy's budget.
- The contract will ensure carrying out the most thorough evaluation of the strategy at national level and one that will serve as preparation of the next strategy.
- MA is working in close collaboration in drafting the ToR with the operational unit within Ministry of economy responsible for the Innovation Strategy for Smart Specialization.

Evaluation of OPSMEI

Evaluation of ESIF contribution to the objectives of OPSMEI

- In June 2019 an evaluation of ESIF contribution to the objectives of OPSMEI was included in the Evaluation plan of OPIC and OPSMEI and was approved by the Monitoring Committee on 13.06.2019 meeting.
- In July - August 2019 the MA prepared the Terms of Reference for the SMEi evaluation public procurement procedure.
- The procedure was postponed after we were informed by the MA of Malta SME Initiative in the beginning of August 2019 that DG Regio Evaluation Unit would work on a common methodology for the evaluation of SME Initiatives which would constitute the minimum elements of each evaluation to be used separately by MS. The common methodology will be available to MS as from 2020.
- The public procurement procedure will be launched as soon as we have the common methodology.

PROGRESS IMPLEMENTATION

Conclusion remarks

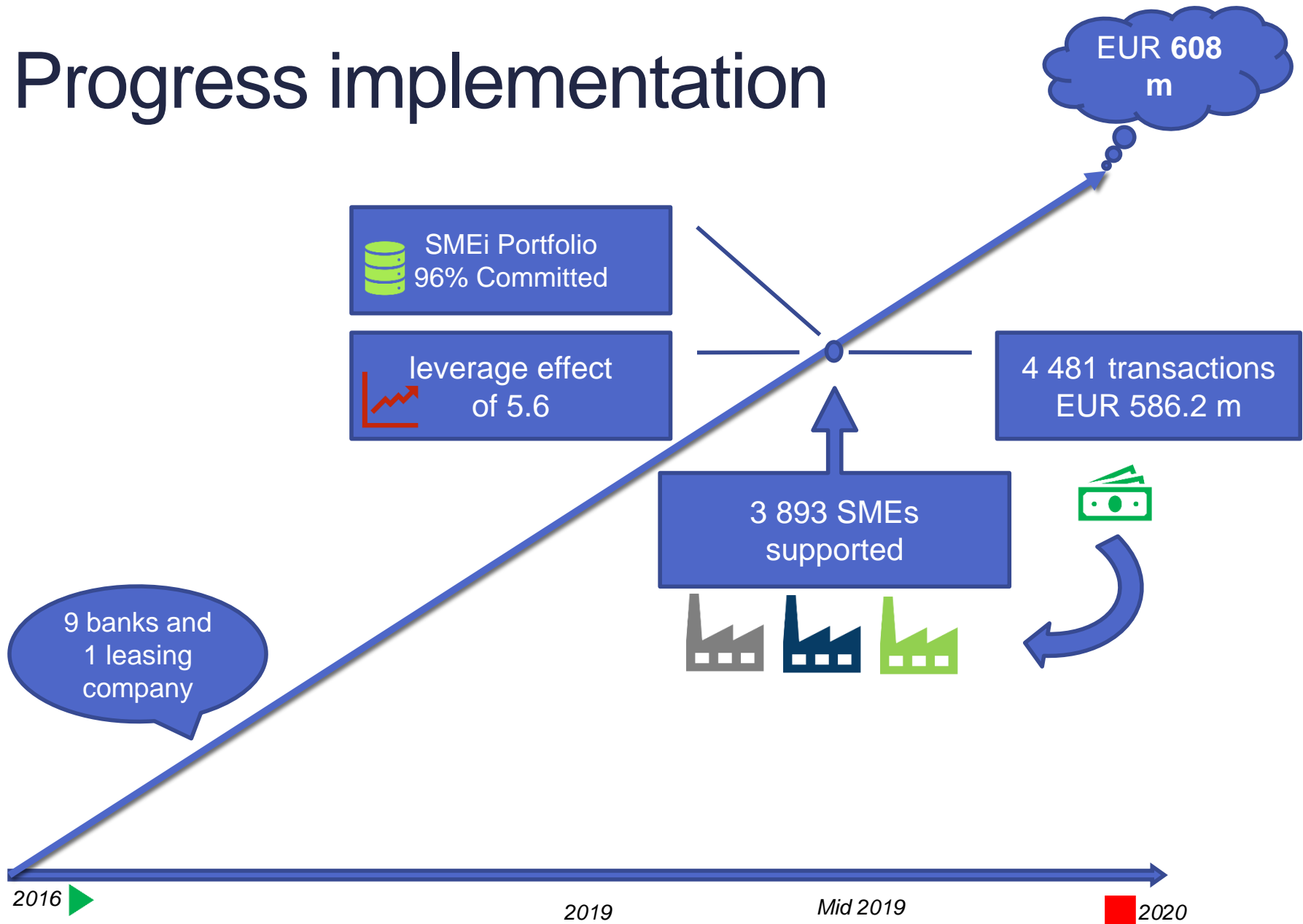
Further development – vision for the new PP

- Promoting economic activities with high value-added aimed to drive the economic growth in Bulgaria
- Supporting beneficiaries with strong focus on Smarter Europe in thematic fields as innovation, digitalization, economic transformation, etc.
- A more Connected Europe with strategic innovative transport enterprises and digital technologies
- Improving the innovation and facilities of beneficiaries operating in public health care
- Developing the innovation and digitalization of business structures with focus on industrial zones and transforming them in the main logistic and strategic business centres

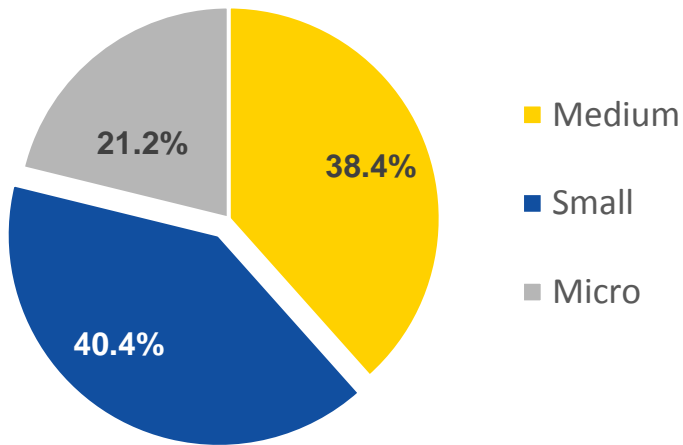
PROGRESS IMPLEMENTATION

OP SME Initiative

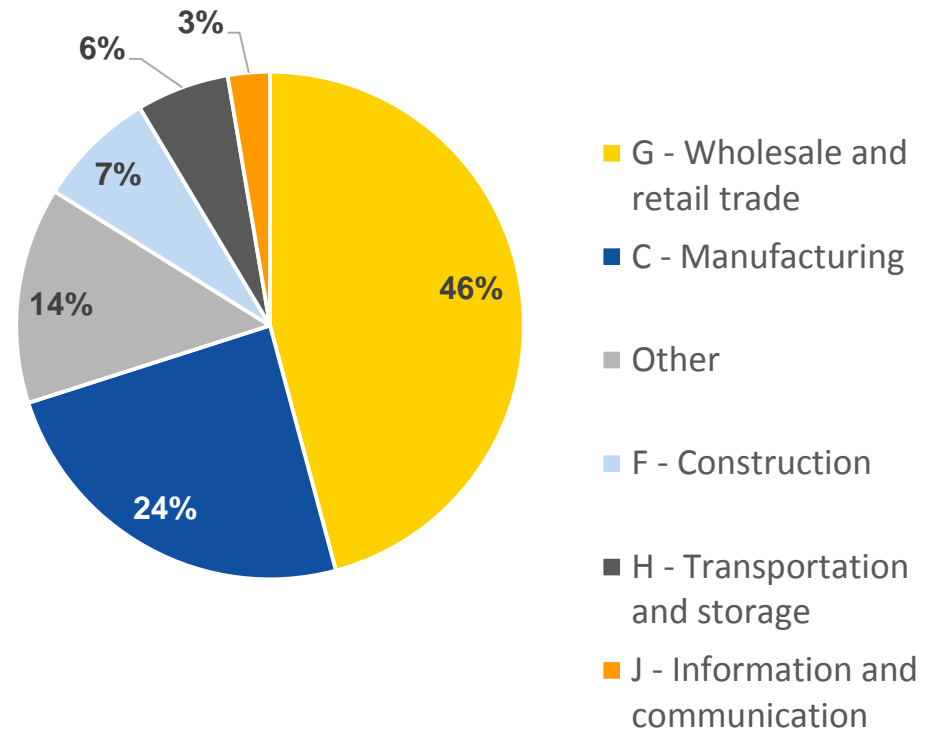
Progress implementation



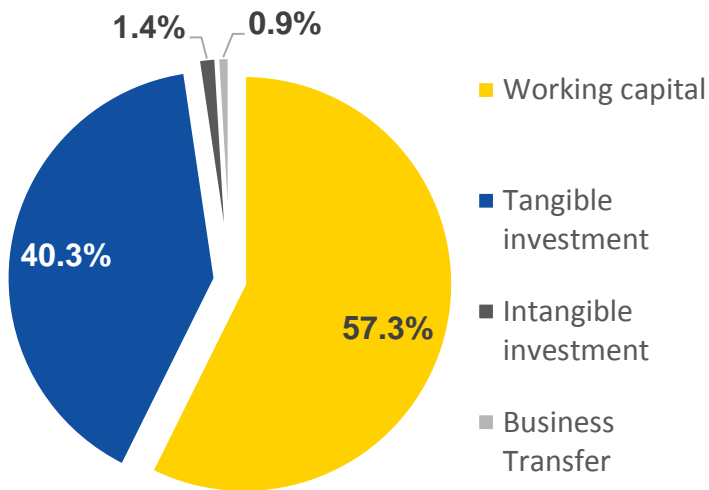
Relative share of committed loans by enterprise category



Relative share of contracted loans according to the NACE code of SME



Relative share of committed loans by purpose



✓ **Lessons learned**

- ✓ Very positive reception of SME Initiative by the Bulgarian small and medium enterprises
- ✓ Assessment of the benefits and risks in case of top-up

Two options are available:

- SME Initiative top-up with ESIF resources
- SME Initiative top-up with national resources

