The European Commission’s science and knowledge service

Joint Research Centre
Governing RIS3 in a centralised country: Experiences from Bulgaria

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Why to study Bulgarian S3 governance?

• Previous study case on Severen Tsentralen: what conclusions from the **regional level**?
• Centre – periphery relation as a core dimension of **territorial cohesion**
• **Multilevel governance (MLG)** as a tool for a sustainable approach
• Need of looking deeper at the S3 approach against **different contexts**
What do we explore?

- Is the existing RIS3 governance reinforcing the **fragmentation** of the development system in Bulgaria, the latter including both stakeholder/stakeholder and stakeholders/institutions relations?

- Is there the risk of a **vicious cycle** of development, with further distance between the capital region and the rest of the country?
## RIS3 in Bulgaria

<table>
<thead>
<tr>
<th>State of the art RIS3</th>
<th>Challenges</th>
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<tbody>
<tr>
<td>• National strategy (last revision 2017)</td>
<td>• National RIS3 –potential of the national territory</td>
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<tr>
<td>• A few regional strategies not representative</td>
<td>• Overcome spatial planning issues</td>
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<td>• 2 Operational Programs OI/SESG</td>
<td>• Role of municipalities and enhancement of local authorities responsibilities</td>
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<td>• Undefined calendar of calls → below potential</td>
<td>• Make the RIS3 governance operative</td>
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<td>• EDP: discontinuity in time and space</td>
<td>• Foster continuous EDP</td>
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<td>• Monitoring system formally established</td>
<td>• Connect the 2 OPs and close the gap with territories (needs/distribution of funds)</td>
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<td></td>
<td>• Raise the awareness both at local and national level</td>
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</table>
ERDF OP IC and SESG: implementation of the finances available

Source: cumulative data from European Commission Cohesion dataset, 2018
Figure 9. GDP per capita in 2016.
Figure 4. Employment rate of population aged 15 - 64 years of age in 2016.

Source: Bulgarian National Institute of Statistics, 2018
Source: Regional Competitiveness Index 2016 by NUTS3 level (district) from Ivanov (2018)
Innovation potential

<table>
<thead>
<tr>
<th>NUTS</th>
<th>Region</th>
<th>RII 2017</th>
<th>Rank</th>
<th>Group</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>BG3</td>
<td>Severna i iztochna Bulgaria</td>
<td>39.3</td>
<td>211</td>
<td>Modest</td>
<td>-0.7</td>
</tr>
<tr>
<td>BG4</td>
<td>Yugoizapadna i yuzhna tsentralna Bulgaria</td>
<td>51.3</td>
<td>194</td>
<td>Moderate-</td>
<td>2.3</td>
</tr>
</tbody>
</table>

Data: Regional Innovation Scoreboard 2017
Governance vs Multi Level Governance

- Levels of Governance based on decision making processes (Duit and Galaz, 2008; Bruszt, 2007)
- Evolution of institutional context and social/political factors (Stubbs, 2005)
- Distribution of authority and territorial decentralisation
- Role of institutions: the embedded state (Bugge et al., 2017)
- Institutional capacity (Karo and Kettel, 2014)
- Innovation systems and technological frontier (Radošević; Karo)
Starting from the national potential...

**STRENGTH**

- Sofia: emergent, innovative economy
- Other poles of innovative growth: Stara Zagora in the south, and Ruse – Varna – Gabrovo in the north of the country
- ICT sector dynamically growing
- Strong manufacturing sector
- Recipient of FDIs
- Funding for Centres of Competences
- Small country, good for a centrifugal approach
...and current prospects

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<th>OPPORTUNITIES</th>
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<tr>
<td>• Interest of the MA and hints of reforms (Implementation Agency for Operational Programme “Science and Education for Intelligent Growth”)</td>
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<td>• Acknowledge of stakeholders and local authorities about main shortcoming in EDP</td>
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<td>• Ongoing activities to connect peripheries</td>
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<td>• Increasing business interest</td>
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<td>• New approach to local S3 to be explored → BG as a pilot</td>
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<td>• EU framework and support measures</td>
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<td>• Consolidated relationships with some peripheries</td>
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<td>• EU Presidency 2018</td>
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Ongoing reforms

- Split of the Economic Policy Promotion directorate
- Implementation Agency for Operational Programme “Science and Education for Intelligent Growth”
- Promotion Agency for Research and Innovation (PARI), (Policy Support Facility)
- Meetings in the priority areas for the revision of S3
Main bottlenecks of S3 MLG

- Overlapping responsibilities and unclear processes
- Centralisation of the strategy
- Low involvement of local stakeholders in the decision making process of development strategies
- Fragmentation of the system
- No relevant role of the Ministry of Regional Development and Public Works in S3 management
- Lack of intermediary agencies
- Lack of a shared vision of development
- Lack of integrated policy instruments (RIO2017)
The role of decentralisation

Decentralisation

Reallocation of central authority

Territorial cohesion

Economic and sectorial development

Centripetal – centrifugal forces

6 planning regions (NE, SE, E, SW, NW, NC)
28 NUTS3 districts
264 LAU1 municipalities
5,278 NUTS5 settlements
Transition and S3 development

- Institutional building reforms $\rightarrow$ weak innovation governance
- Role of state and role of knowledge-intensive firms $\rightarrow$ vertical network
- Informal/formal constraints coexistence $\rightarrow$ lock in contexts
- Higher education and R&D system $\rightarrow$ limited connection
Determinants of future change in S3 approach

- **Intermediary institutions** (innovation and development agencies)
- **Role of towns**: S3 as a tool for overcoming financial constraints
- **FDI and role of foreign companies** to boost demand-driven innovations and internal capabilities
- **Territorial ecosystems** as alternative to regional administrative units
- **Policy mix**: regulations and measures that foster higher education, increase of absorptive capacity, and institutional change
Conclusions

• **Fragmentation:** S3 governance simply replicates the silos and division of Bulgarian innovation and research policy

• **Distance centre/periphery:** combination of both territorial administrative reforms and the revision of the S3 governance while enhancing the role of municipalities

Design, tools for stakeholders' engagement, and:
What about: **implementation of S3 policies?**
Thank you!

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