**COMPETITIVENESS THROUGH PUBLIC-PRIVATE PARTNERSHIP:
SUCCESSES AND LESSONS LEARNED**

Origination of an ICT National Strategy:
A Joint Public - Private Endeavour to Foster the
Bulgarian ICT Sector

A COUNTRY PAPER
CONTRIBUTED BY

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Bulgarian ICT Sector Profile (Why ICT)

Bulgaria's stable macroeconomic environment and its government's dedication to prioritize the ICT sector together with the long-lasting traditions of the sector and most of all with the availability of talented human resources make Bulgaria an ideal place for ICT companies to flourish. The success stories of local branches of international firms, as well as the high-quality performance of the biggest local companies, prove the potential for a good positioning of Bulgaria on the world's ICT map.

A distinctive feature of Bulgarian ICT enterprises is the creativity and personal drive of high level business leaders toward staking out Bulgaria's ICT primacy. Unlike other ICT prioritizing countries, Bulgaria cannot offer "unlimited" human resources; however, it compensates with a critical mass of highly-qualified, well-educated professionals with remarkable background and professional experience.

Establishment of PPP (Business initiative = Maturity?)

Although the Bulgarian ICT sector has already built a positive image and won the trust of its partners, there is the recognition that a national brand image and a constant improvement are needed. ICT private sector initiated a process of joining the efforts and, together with the government, elaborated a *Strategy* and *Action Plan* for Increasing the Competitiveness of the Bulgarian ICT Sector. The implementatition of this concerted Strategy is expected to result in further strengthening the Bulgarian position in the world marketplace. The two basic competitive advantages on which the Strategy builds on are the talented human resources and the direct access to globalised markets, following both the NATO (2004) and EU (2007) accession.

The process was initiated in 2002 by the major ICT business associations through establishing an informal committee of proactive IT professionals and government officials. All these pioneers involved their organizations for the next stages of formalizing the Strategy and preparing for a national adoption by the Council of Ministers. The process of putting the Strategy together was organized in eight different stages:

- *May 2002* - BIBA, BAIT and BASSCOM together discuss a joint position for IT development in Bulgaria
- *September 2002* – Public discussion: How to affirm the IT industry as a priority and an emblem for Bulgaria? Governmental agencies actively involved
- *November 2002* – The international experience has been studied with the support of experts in each strategic direction and the working groups discuss what of the findings could be applicable to Bulgaria
- January *2003* – A working group specifies the document's content. A "brand audit" is organized for positioning the Bulgarian IT industry on the global market
- *March 2003* – First version of the "Strategy for Competitiveness in Global ICT Markets"
- *May-June 2003* -– International feedback and prioritization of the Action Plan
- *October 2003* – Working sessions with MPs and key ministries involved
- *March-May 2004* – Preparation for presentation to the Council of Ministers

Strategy content (Structured chaos?)

Direction 1: *Forming public-private partnerships to improve the state ICT policies and practices*
Defining the business' and government's roles:

The Government – Implement consecutive policy for technological development; regulator, consumer, engine and awareness builder; social role;

The Business associations – Active public-private dialogue on existing national strategies; assigning public procurement, outsourced government activities; forming public-private partnerships for long-term decreasing of costs; "Quick wins" in competitiveness.

Direction 2: *Improving the business environment*
Building trust in Internet, e-business and secure ICT use; Mobilizing the initiative of the business community; Investment promotion (Bulgarian and foreign) in the ICT industry; Export-oriented ICT industry; Support from national and international programs

Direction 3: *Upgrading the infrastructure*
Telecommunication infrastructure - Market liberalization, Clear regulation, Improving the connectivity, Developing the National R&D network, Developing the Network of the State Administration, Internet access; Providing content and knowledge management - access to knowledge for everyone   (including the disadvantaged); Integration of the information systems; Outsourcing of services

Direction 4: *Improving education*
Defining the needs , following the world trends; The role of ICT in development and welfare both at societal and political level; Improving education, training and certification; Experience and workforce development

Direction 5: *Mobilizing stakeholders and resources*
Institutionalization of IT policy implementation - High-ranking Public-Private coordination body, Implementing horizontal IT policy in the state administration, Cooperative actions of government and ICT associations; Regional development of IT ; Clear and methodological management of the processes.

Direction 6: *Branding, positioning and promotion*
Global branding and positioning, Communication campaign, Positioning of the Bulgarian IT industry in global IT relations, Program for increasing the recognition of the Bulgarian IT industry in the global IT relations

Strategy Status: Hopes and Fears

The current stage of the strategy's development is marked by the following:
- Main directions well detailed and accepted by all the stakeholders
- Action plan – tasks well defined and prioritized, for the accomplishment of some of them projects have been already started (mostly those, "hosted" by the Ministry of Transport and communication and with the support of ICT Development Agency)
- Stakeholders – identified, but not fully mobilized yet, motivated and synchronized.
- Adoption as a National strategy – expected in few months by the Council of Ministries

The public-private collaboration had various implementation scenarios depending on the phases of developing the National ICT Strategy.

PPP: Definition of the Strategy

Logically, during this First phase, most of the initiatives were informal and carried out by enthusiastic IT believers and professionals (both from private and public sector). As the chronology above shows, this informal group has organized very well sequenced activities and events targeting the formalization and institutionalization of the initiative. As the implementation advances, more operational responsibility is given to some governmental organizations and structures. However, the core group has kept the innovative spirit and recently has formed "Committee for Innovative Scenarios (CIS)", ensuring continuous improvement and evolution of the directions and priorities.

PPP: Implementation of the Strategy

The key element of implementing the Strategy and the Action plan as outlined in *Directions 1* and *5* is the constitution of a high-ranking Public-Private coordination body with special authorization for Implementing the IT policy and coordination of all the stakeholders' efforts (public and private). As far as this is related to political issues it is very unlikely such body to be defined and es tablished within next year. According to the business representatives this puts at risk the strategy's further implementation and all the stakeholders' commitment.

Stakeholders – evolving partners

The key Governmental players for the implementation of the Strategy are: Ministry of Transport and Communication (with the ICT Development Agency); Ministry of Economy (with the Bulgarian Trade and SMEs promotion Agency, the Bulgarian Investment Agency and others); Ministry of Education; Ministry of Finance; Ministry of State Administration.

In the meantime, several developments in the public sector favor the execution of the action planas for example:

1. Ministry of Transport and Communication – announced the program "*i*-Bulgaria", which in fact is implementation of key projects/tasks from the Action plan, "hosted" by the Ministry. This program includes: "Telectenters" project (massive computer literacy and connectivity), Academic network (broad band for research), ESI Center (high professional software engineering standards), i-Klass (e-learning), Virutal university, and recently – WiFi massive penetration

2. Ministry of Economy – the merger of the Bulgarian Trade Promotion Agency with the Agency for SMEs is expected to create a new situation in the area of business support and particularly in ICT sector development. All this activities follow the respective new Law on Encouragement of SMEs, which main objective is to create conditions for establishing a propitious and stable institutional and economic environment for setting up and developing competitive small and medium-sized enterprises. For the first time in Bulgaria the opportunity for the chambers of commerce and other NGOs is foreseen to participate directly in SMEs policy implementation.

PPP: ESI Center - Working example?

The foundation of the Regional Center of the European Software Institute (ESI) in Sofia has been ranked with the very high priority and importance by all the participants in the Strategy action plan prioritization. Why?

- ESI choice is recognition of Bulgaria as an ICT center, among competitive offers from other European countries
- ESI Center Bulgaria provides know-how in implementation of excellence levels in software engineering standards and furthering the use of IT among all sectors of business and society
- The Ceneter plays an essential role in the branding focus of Bulgarian and Eastern European IT industry as "Provider of innovative solutions, grounded in internationally recognised good practices in software engineering and management"

The establishment is also a pilot example of a successful and operational PPP for implementing the Action plan – the founders are the Ministry of Transport and Communications (ICT Developemnt Agency), Bulgarian Association of Software Companies BASSCOM and European Software Institute (Bilbao). Additional reinforcement has been ensured by the partnership with UNDP.

Why working – because for few months of activities (after march 2004) there are more than 40 specialists certified and 3 companies under the process of formal CMMI (maturity levels) certification. A global computer literacy certification is on the way and methodological assistance to implementation of state e-administration is foreseen. A PPP model ensures also **commitment** of all the parties to targeted self-sustainability.

Involvement v/s commitment

A PPP for ICT National Strategy means **involvement** of all the parties in defining the directions and the Action plan. However, the implementation requires **committed** partners. This requirement (borrowed in fact from the software engineering good practices) means that even adoption of the Strategy by the Council of Ministers will not guarantee the successful implementation. Coordination and synchronization of efforts mean that all the operational structures (including the business associations) must adapt their internal rules and structures according to the defined tasks and priorities. Typically this creates several contradictions of the type:

- budget and financial organizations as opposed to business organizations (a "standard" PPP internal problem?);
- collisions between "public" players – "conservative" budget with centralized monitoring against flexible and distributed project implementation;
- competition between business associations, especially in direction of PR activities (not always considered as "healthy")

Contradictions of such type have been experienced so far and only the open PP dialog saved the unity of the initiative so far. This is why the Strategy itself includes several actions in Direction 1 and 5 in order to ensure smooth implementation of the Action plan and motivation (which could be enforcement) of all the players.

Coordination and synchronization with other National strategies

A National Innovation Strategy has been approved by the Council of Ministers according to which a National Innovation Fund will start functioning by the beginning of 2005. This is for ensuring financial resources for *applied scientific research, innovation and technological development*, which are all extremely important for the SMEs sector. These are the main mechanisms through which companies create and maintain their competitive advantage. Moreover, this is an important factor for increasing labour productivity and remuneration levels in SMEs, which are lower in comparison to the large companies. The Government will further implement measures stimulating the overall level of research and technological development, including research directly aimed at the SMEs sector and providing the necessary technologies for development. The building of a national innovation system, the strengthening of the technological infrastructure and the stimulation of investment in SMEs are essential prerequisites to the strengthening of the economy.

Sustainability

The question here is: how synchronized these activities are? And do they follow the same strategic direction or demonstrate overexposed activity?

The additional threat comes from the expected next year elections – will the policy of each organization sustain or we start again from the beginning? The difference from the past (when only several strategies and initiatives existed on paper) is that several projects have actively started and investments have been done. A guarantee for such *sustainability* could be the adoption of the Strategy by the Parliament. Respective actions have been performed by the Strategy initiative committee and at least, awareness of all the parliamentary represented political forces has been achieved.