

NATIONAL CLUSTER POLICY IN BULGARIA: NATURE AND MAIN CHARACTERISTICS**Irena SLAVOVA¹**
Yovka BANKOVA²**JEL O38****Abstract**

The prospects for the companies and regions to benefit of cluster formations encourage governments in different countries to implement policies to support clusters. Clusters have become an integral part of EU policy and governmental policies in different countries; already a pillar of their economic and regional development.

The main objective of the paper is to analyze the national cluster policy in Bulgaria and on this basis the main characteristics of that policy to be outlined.

To achieve the objective the current research, presented in the paper, covers three interrelated elements that characterize national policy: first, strategic planning documents that define the role of clusters as a tool to achieve strategic objectives and priorities related to the national development; secondly, national programs supporting the creation and development of cluster formations to achieve strategic objectives; third, governmental authorities responsible for the execution of programs and for the implementation of cluster policy in Bulgaria.

The results of the research are interpreted in the context of the widely accepted in economic theory and practice perception for the crucial role of clusters to increase competitiveness, innovations and economic development, and from the point of view of the recorded experience of other EU member states. National cluster policy in Bulgaria is still underestimated and its performance is limited mainly to the implementation of financial mechanisms as the main result is the extremely high number of new "clusters" that exceeds significantly the numbers in many other developed countries experienced already in cluster development. So, we can conclude that the national policy should be improved, both in terms of direct commitment and responsibility of different governmental bodies / institutions in the development and implementation of cluster policy, as well as in aspect – a clear profile of the programs supporting the creation and development of clusters to be defined in Bulgaria.

Keywords:

Clusters, policies, strategies, programs, financial mechanisms.

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Introduction

Clusters are "as a rule developed spontaneously by the local business players, who wish to take advantage of the synergy of several factors existing in the geographical region: the presence of customers and suppliers, the access to skilled labour and know-how, the availability of specific natural resources and infrastructure, the low cost of transactions and communications owing to the geographical proximity, the existence of Universities, training centres and research institutes in the vicinity, as well as the presence of financial institutions and other private and public organizations" (European Commission, 2003, pp. 16-17). The initial development of clusters is based on the initiative of the members of the cluster without any support from the pursued special government policy aimed at their formation. But the proven positive effects of clusters for regional development arouse the interest of politicians, who try to collaborate with the members of the cluster. The governments at all levels support the initiatives for the creation and development of clusters through the adequate application of cluster policies (provided there do exist official cluster policies) or by means of other policies, which are not officially known as policies for the development of clusters, for instance innovation policy, industrial policy, regional policy, policy for the development of small and medium-sized enterprises, etc.

The government efforts for the development of clusters, however, do not always have a positive economic impact, and very often the financial mechanisms in support of cluster development used by the governments in a number of countries stir up the interest in the establishment of new cluster formations only in order to obtain project financing (most often financing from the European Funds). That sort of situation is observed also in Bulgaria, which raises the need for an analysis of the pursued cluster policy in this country.

The main aim of the present article is to carry out an analysis of the national cluster policy in Bulgaria and on that basis to outline its main features.

In order to achieve the research goal the following tasks have been set:

- clarification of the nature of cluster policy, its origins and development in Bulgaria;
- identification of the government authorities/national ministries, responsible for the implementation of the policy in the area of clusters;
- study of the political documents at the national level, determining cluster policy;
- analysis of national programmes connected with aiding cluster development and outlining their profile;

- deduction of inferences ensuing from the analysis and formulating proposals regarding the future development of cluster policy.

The article is structured in the following way: first, the nature of clusters is clarified, as well as their importance on the basis of the conducted brief bibliographical overview; second, the concept of cluster policy is defined; third, the main features of the national policy in the area of clusters are outlined: the period of emergence of cluster policy and its development; government documents, describing the role of clusters for attaining the strategic goals of development of this country; focus of the implemented programmes aiding cluster development (geographical scope, life cycle of the clusters; sectoral policy, target groups); public authorities responsible for the fulfillment of the programmes and the pursuance of cluster policy.

Finally, the main conclusions and suggestions for improving the policy in the area of clusters in Bulgaria are presented. They are based on the interpretation of the obtained results in the context of the widely held view in economic theory and practice of the determining role of clusters for boosting competitiveness, innovations and economic development, as well as the experience of the other EU member states in the area of cluster development.

1. Nature and importance of clusters

Modern cluster theory is based on the ideas of Alfred Marshall (XIX century), who, in *Principles of Economics* drew attention to the reasons and benefits of the localization of specialized types of production in particular regions (towns). Later on, during the XXth century other researchers also worked in this field – Perroux (Perroux, F., 1950); Boudeville (Boudeville, J.R., 1968).

Cluster theory continued its development dynamically also during the 1990s with the work of M. Porter and gradually turned into the basis of a new approach to economic development (Porter, M., 2003; Delgado, M., Porter, M.E., Stern, S., 2014; Delgado, M., Porter, M.E., Stern, S., 2010; Porter, M. E., Claas van der Linde, 1995).

A cluster, according to Porter, is a "geographical concentration of interconnected companies and associated institutions in a particular field, that are community bound and mutually complementing. The geographical scope of the cluster can be a region, country or even a separate town, around which it could be situated, or neighbouring countries ... Being more than individual industries, clusters encompass a series of related industries and other organizations of importance for competition. They cover, for instance, suppliers of specialized items, such as components, machines and services, as well as specialized infrastructure. Clusters often broaden their

scope to include the distribution channels or consumers and producers of supplementary products, or companies, connected through experience, technology or joint deliveries. Many clusters include governmental and other institutions, which provide specific preparation, training, information, research and technical support. Many clusters also include trading associations and other collective organizations of their members." (Porter M., 2000, p.18, Porter M., 2003, p. 199).

While in the various definitions of clusters (Rosenfeld, Stuart A., 1997; Feldman, M. P., Francis, J. & Bercovitz, J., 2005, etc.) the emphasis is placed on differing aspects, the concept of clusters usually consists of *three important dimensions*.

Firstly, it is widely accepted and indisputable to view clusters as a *geographic concentration of specialized companies*, advanced skills and competences of the workforce, as well as support for institutions, which increase the flows of knowledge and their dissemination, as a result of their proximity. This grouping of different strengths is often called a prospective strategy for maintaining competitiveness on a global scale.

Secondly, clusters include *a network of joint/cooperative enterprises* (businesses which have official, social and economic ties between them). They offer good functions for providing a set of specialized and personalized services to a particular group of companies, such as the provision of specialized infrastructure, specific support for the business by means of consulting services or training. In that sense, clusters are a form of "self-organization", which offers competitive advantages. It is believed that geographical closeness facilitates the transfer of the flows of knowledge and unplanned interactions, which are important elements of the innovation process.

In the third place, clusters are characterized by a certain dynamic social and organizational element, the so-called "*institutional attachment/fixing*" – various interconnected innovation actors are attracted, such as Universities, research institutes; non-governmental and governmental organizations, public authorities - in this way the intensive interaction and cooperation between them is facilitated. H. Rocha and R. Sternberg (Rocha, Sternberg, 2005) call the third dimension of clusters a network of cooperative organizations (it is not only companies that are connected, but also various governmental and non-governmental organizations, including educational institutions).

Governmental institutions can assist the development of a cluster in various ways. M. Porter emphasizes the fact that the importance of clusters implies new roles for the governments at the federal, state and local level. (Porter, M., 1998, p. 16). But in order to be effective, economic policy should take into account the specific needs of the different groups. As far as this idea is concerned, the economic policy of the

countries ought not to emphasize direct intervention, but rather the indirect/mediated creation of incentives.

Clusters, as we have already pointed out, are the object of a great number of studies, which prove the need for their development and outline their role in several areas. Clusters are regarded as the engines/driving forces of competition, innovations and regional development (Garanti, Zvirbule-Berzina, 2014); they provide the companies forming a particular cluster with easy access to important resources, reduction of transportation costs, access to consumers and labour (Marshall, 2009; Porter, 2000; P Krugman, 1993). Clusters are defined as a dominant factor nowadays (Dumais, et al, 2002), both for cutting transaction costs and access to specialized services (Scott, 1988), and for developing infrastructure and competitive business environment (Lin, et al, 2006), which leads to an increase in efficiency and productivity.

A number of authors focus their attention on the role of clusters for regional development. According to Stimson, R. J.; Stough, R. R.; Roberts, B. H. (Stimson, Stough, Roberts, 2006), today regional clusters are stimulators of regional economic development and are used in the development of the policies for regional development (Pachura, 2010). E. M. Porter, M. Delgado and S. Stern in their book *Clusters and Entrepreneurship* (Delgado, et al, 2010) prove that there is a positive correlation between strong regional clusters and business growth, the setting up of new enterprises and the survival of start-up companies.

The perspective of the potential advantages of the functioning of clusters for companies and regions, part of which were mentioned above, as well as many others (B. Y. 2011), encourages the governments of various countries and other public organizations to introduce policies for promoting cluster development.

2. Cluster policy in Bulgaria: main features

It is necessary to elucidate the existing difference between the empirical phenomenon of the cluster and the cluster policies and initiatives aimed at its creation or further development. In discussions the two terms are often used synonymously, which may create some confusion. When they are present/functioning active clusters leave traces, which can be statistically ascertained, for instance in terms of specialization or concentration of employment within a given sector. Cluster policy may be expressed in a strategy focused on clusters, the setting of political priorities and allocation of financial resources in order to promote innovations, regional development or other political objectives. In reality there are to be met all combinations of clusters and cluster policies: clusters created spontaneously without any political support; cluster policies, which sooner or later result in the availability/functioning of clusters,

but also cluster policies without statistically significant influence on the formation of clusters.

Cluster policies may be defined as specific government efforts to support clusters. They come in different forms and pursue various goals, such as industrial policies and policies for SMEs or policies for innovations and research. Cluster policies are in most cases supported and implemented by a specific cluster programme of the government or various initiatives. As a result of this, cluster initiatives are defined as "organized effort to increase the growth and competitiveness of clusters in a particular region, including cluster companies, government institutions and/or the research community" (Solvell, Lindqvist & Ketels, 2003, p.1).

2.1. Emergence of cluster policy

The main idea of clusters, as has been pointed out, dates many years back, but the term *clusters* acquired the broadest popularization with Michael Porter's 1990 book *The Competitive Advantage of Nations*.

After 1990 many countries of the European Union began to put into effect cluster-oriented measures for reinforcing the ability of the industry to make innovations and to increase national competitiveness. According to a survey of the European Cluster Observatory (Oxford Research, 2008) the policy on clusters in the different countries began to be accomplished in different periods – from 1990 - 1994; 1995 - 1999; 2000 - 2004 and from 2005 until now. Most countries started using the concept in the period from 1990 - 1994 and in the period 2000 - 2004. Given the fact that approximately half of the countries have carried out cluster policy for the first time in the period from 2000 till now, the policy in this area is still at an early stage in many countries, whereas in others it is in a stage of maturity.

According to a survey by S. Barsoumian, A. Severin, and T. Van Der Spek in several countries of the EU – Germany, Finland, Holland, Austria, Denmark and Spain – the policies on clusters were already made before 2000. During the period 2000-2005 the Czech Republic, France, Greece, Ireland, Luxembourg, Malta and Slovakia began building a policy based on clusters, while in Portugal and the new EU member states – Latvia, Lithuania, Estonia, Poland, Romania, Bulgaria, etc. that sort of process was observed after 2005 (Garanti, et al, 2014).

The development of a policy in the area of clusters in Bulgaria began a little late in comparison with the other European countries. The beginning is set in the middle of 2000, the first cluster being created in the second half of 2004. At that time The Council for Economic Growth with the Bulgarian government took a decision on the four key industrial sectors that are suitable for the creation of clusters. The first clus-

ter is Foundation *Bulgarian cluster for Information and Communication Technology* and is registered at the end of 2004 as a non-profit organization. Until the first half of 2005 two more clusters are registered, and at the end of 2006 the total number of clusters is fourteen. At the beginning of this process, the public authorities at the national and regional level give a strong impetus and support for the creation of clusters, but in the following years – until 2012 - 2013 – the creation of clusters can not be defined as intensive. The emergence of the greater part of the clusters in Bulgaria (at the present stage there being a total of 260 of those) is the result of the financial mechanisms for providing support to clusters in Bulgaria, accomplished under the PHARE programme and the Operational Programme (OP) *Development of the Competitiveness of the Bulgarian Economy* (2007 - 2013) and will continue with the forthcoming OP *Innovations and Competitiveness* (2014 - 2020).

2.2. Political documents at the national level

In Bulgaria, at the national level, there is understanding with regard to the potential in view of clusters as a driving force for more innovations and for raising competitiveness. In their report of 2010, the experts of Eurobank EFG claim that Bulgaria must adopt a new model of economic development with an emphasis on competitiveness and export, rather than on foreign investment, as it did until that time (Eurobank EFG, 2010). The idea of promoting cooperation between the business, Universities, research institutions and public authorities is present in a considerable number of strategies, programmes and schemes.

The developed strategic documents at the national level, which deal with the issues of raising national competitiveness and – indirectly – are also relevant to clusters, are as follows: *National Development Plan of Republic of Bulgaria* 2007 - 2013; *National Development Programme: Bulgaria 2020*; *National Strategy for Regional Development 2005 - 2015*; *National Strategic Plan for the Development of Agriculture and Rural Areas* (2007 - 2013); *Convergence Programme* (2009 - 2012); *Operational Programmes*. The strategic documents, which are the foundation of cluster policy in this country and have a direct bearing on the creation and the development of clusters in Bulgaria are: *National Innovation Strategy of Republic of Bulgaria* (2004); *National Cluster Strategy* 2007 - 2013 (developed in 2006); *National Strategy for the Promotion of SMEs* 2007 - 2013; *National Strategy for Investments* (2005 - 2010); *National Reform Program* (2011 - 2015); *OP Regional Development* 2007 - 2013.

Among the documents specified above the *National Strategy for the Development of Clusters* is the one that is directly orientated towards initiatives in connection

with clusters. Its principal goal is boosting the competitiveness of Bulgarian SMEs in key sectors by means of cluster-related activities. Regrettably, the priorities specified in the draft strategy (the only accessible version of the document) sound rather general and vague.

With regard to clusters, important strategic documents are the *National Strategy for the Promotion of SMEs 2007 - 2013* and the *Innovation Strategy of Republic of Bulgaria* (2004). In the former there is formulated the following priority area for the actions "development of clusters in order to improve the process of innovation in Bulgarian companies". Just like the *National Strategy for the Promotion of SMEs 2007 - 2013*, The Innovation Strategy aims at improving the ability of enterprises to overcome the competitive pressure of market forces in the EU. One of the measures for implementing The Innovation Strategy envisages, in particular, the creation of clusters in the country and the introduction of the good practices of the EU in this area. The action plan in this measure includes the creation of suitable conditions (such as environment) for the development of clusters, the creation of consultancy centres for supporting the new clusters, the dissemination of suitable information and organization of training courses, accelerated development of research institutions, as well as the launch of pilot cluster projects (*National Innovation Strategy*, p.14).

In 2014 Bulgaria adopted an *Innovation Strategy for Smart Specialization of Republic of Bulgaria for the Period 2014 - 2020*. In order to achieve the objectives set in the strategy it is declared that "There will be promoted the cooperation for research and technological development between business and the academic circles, as well as between enterprises, including clustering and participation in networks and platforms" (*Innovation Strategy for Smart Specialization of Republic of Bulgaria for the period 2014 - 2020*, p. 92), whereas as a future activity the strategy envisages "support for clusters and other forms of cooperation" (*Innovation Strategy for Smart Specialization of Republic of Bulgaria for the period 2014 - 2020*, p. 85). *The National Strategy for the Promotion of Small and Medium-sized Enterprises 2014 - 2020* and *OP Innovations and Competitiveness 2014 - 2020* also have direct bearing on the creation and development of clusters in Bulgaria.

2.3. National Ministries responsible for the implementation of cluster policy

The results of the conducted analysis show that in Bulgaria there have been built both a strategic framework, and the respective institutions and organizations, which work in the area of clusters and are responsible for their development. The institution in charge at the national level is the Ministry of Economy and Energy as the managing authority of *OP Development of the competitiveness of Bulgarian*

Economy 2007 - 2013. (At the current stage it is the Ministry of Economy, as the managing authority of *OP Innovations and Competitiveness 2014 - 2020*). The other institution closely connected with the development of clusters in Bulgaria is the *Executive Agency for Promoting the Development of Small and Medium-sized Enterprises in Bulgaria*, which is an intermediate unit on priority axes 1 and 2 of the same OP. Since 2012 – the year the Directorate-General *European Funds for Competitiveness*¹ was established, it has become the managing authority of Operational Programme *Development of the Competitiveness of Bulgarian Economy 2007 - 2013* and has performed the functions of a managing authority of Operational Programme *Innovations and Competitiveness* for the programming period 2014 - 2020.

The two funds – the National Innovation Fund and the National Research Fund – created at the national level – constitute a financial mechanism for promoting scientific and entrepreneurship activities (Innovation Strategy, 2004).

From the above it follows that the national institutions (ministries and agencies) are responsible for the cluster policy in the area of a more general level of governance – mainly the management of *OP Competitiveness*, in which measures are provided for aiding cluster development, as well. In some countries – above all the countries of Western Europe (Finland, Germany, Italy) – some of the ministries are directly involved and responsible for the policy pursued in the area of clusters (Oxford Research, 2008, p. 13).

2.4. National cluster programmes

The development of clusters in Bulgaria is accomplished primarily by means of two programmes: the PHARE programme and Operational Programme *Development of the Competitiveness of Bulgarian Economy* (for the new programming period it is *OP Innovations and Competitiveness*).

Within the framework of the PHARE programme – for the purpose of raising the competitiveness of Bulgarian economy and the preparation of Bulgaria for EU membership – for the first time in this country there has been developed a strategy for cluster development (the only one so far) and several pilot cluster projects are carried out: "Introduction of a cluster approach and establishment of a pilot cluster model" and "Initiatives for cluster development – phase II", the activities under which began in July 2005 and were completed at the end of April 2009. The number of the registered and functioning clusters until 2011 is 27 (according to information provided by MEET). During that period clusters are concentrated in regions that are leading in terms of their economy - Sofia, Varna, Plovdiv and Stara Zagora, whereas in terms of specialization - the majority are in the area of manufacture.

The second programme through which a considerably greater financial resource is provided for the development of clusters is Operational Programme *Development of the Competitiveness of Bulgarian Economy 2007 - 2013* (Subpriority 4 of priority axis 2) and that will continue with Operational Programme *Innovations and Competitiveness 2014 - 2020*. Both Programmes provide for measures in support of the creation and development of clusters. The possibilities for obtaining project financing under OP *Competitiveness* instigates the creation of a large number of emerging clusters in Bulgaria, a large part of the registered associations are in the area of services (in spheres such as sport, finance, consulting, etc.). The official databases as of 01 Apr 2015 (The Companies Register and BULSTAT) show that in Bulgaria there have been registered about 260 companies and associations bearing the name "cluster", 17 of which are inactive (closed down) (Association of Business Clusters in Bulgaria).

According to information supplied by the Association of Business Clusters in Bulgaria (see ABC), as at February 2015 more than 10% of the clusters in the European Union are registered in Bulgaria and their number exceeds the number of clusters in the other member states considerably (Romania has about 50 clusters; Austria – 30, Germany – 107, France – 102). There is confirmed the opinion of some experts that the financial mechanisms in support of cluster development bring about the artificial creation of such structures. A large part of the registered "clusters" do not correspond to the widely accepted in theory and practice M. Porter's definition of a cluster: "a geographic concentration of interconnected companies and institutions in the particular area, related by common technologies and skills" (Porter, M. E., 1998, p. 80).

The analysis of the focus in the national programmes connected with cluster development provides - to some extent - an explanation of the current situation.

Focus of the national programmes assisting cluster development

Geographical scope: The geographical scope of the financial schemes connected with cluster development under OP *Competitiveness of Bulgarian Economy* is national. The main centre of the established clusters is Sofia (approximately 150 clusters), but there are such clusters also in Plovdiv, Varna, Burgas and Ruse, comments the executive director of the Association of Business Clusters Mladen Mladenov (Investor, BG).

Cluster life cycle: In the realized financial schemes for the development of clusters (for the period 2007 - 2014) there is no focus on the life cycle of clusters. According to ABC the lack of differentiation is one of the reasons for the emergence of a multitude of "clusters". Petar Statev, founder of *ICT Cluster* and president of the MB of the Association of Business Clusters in Bulgaria expresses the opinion that "it is

unacceptable that there are used exactly the same scheme and rules to aid clusters differing in size, composition and degree of development" (Cluster Practices in Bulgaria, 2013, p. 18). In this regard ABC has prepared a system for the accreditation of clusters in Bulgaria, which stipulates that existing clusters are to be structured in three groups (newly created, developing and developed ones), as well as a proposal for the use of a differential approach in the allocation of financial resources, in line with the European practice.

Focus on sectoral policy: From the varying in nature registered clusters under OP *Competitiveness of Bulgarian Economy* (wrestling, culinary art, finance, PR activities, etc.) it becomes clear that cluster policy has no sectoral focus in contrast to the European programmes in other countries, focused on industrial policy, or research and technological policy, regional policy, SMEs (Oxford Research, 2008, p. 26).

Target groups: The scope of the target groups/beneficiaries under OP is defined too broadly. ABC has certain objections with regard to the lack of criteria for assessing the interrelatedness of the individuals, companies and their subjects of activity; which allows for the financing of "clusters", whose activity does not correspond with the goals of the programme. "It is necessary that in OP *Innovations and Competitiveness* and in the conditions of cluster competitions there must be a clear differentiation between clusters, which can provisionally be equalized to enterprises, and those which cannot be equalized to trade companies, such as clusters registered under The Law on the Non-profit Legal Entities (LNPLE) and the Law on Obligations and Contracts (LOC)" (ABC, 2015).

In the schemes for financing in the area of clusters executed up until now there is no emphasis on SMEs, scientific and technological development, interregional/international clusters. "In order to develop business clusters as innovation centres it is necessary to make sure that the research and development done in clusters is an eligible activity in the projects under OP *Innovations and Competitiveness* – points out ABC in Bulgaria" (ABC, 2015, p. 9).

The conducted study found that in Bulgaria there is no independent cluster development programme financed from the national budget, which was observed in the old EU member states. The financial mechanisms through which there are created an exceptionally large number of clusters utilize EU funds and the only form of support in the implemented programmes, connected with cluster development, is financial.

In spite of the proposals made by the ABC to the Ministry of Economy concerning the need for changes in the terms and requirements for the announcement of procedures under OP *Innovations and Competitiveness*, connected with the development of clusters, there can hardly be expected any kind of change in the pursuance of clus-

ter policy for the new programming period, based on the published information regarding the forthcoming scheme in 2016 (July – September) under OP *Innovations and Competitiveness* – procedure *Development of Clusters in Bulgaria*. This, too, lacks the differential approach from the point of view of the life cycle of clusters and its target group is mainly oriented towards emerging companies, which have operated on the Bulgarian market for a short period of time, or newly registered ones. "Eligible beneficiaries: legal entities or sole traders, registered under the terms of the Commercial Law or The Law on Cooperatives, which have been operative for less than 3 years before the date of promulgation of the procedure for the selection of projects (Eu consult.BG).

Whether there is going to be a change in cluster policy, or the financial mechanisms are going to lead to another "wave" of new cluster formations for the purpose of absorbing European funds remains to be seen in the future practices, as well as in the research of the authors in that area.

Conclusion

The results of the conducted study show that in Bulgaria there has been built a strategic framework and institutions, which work in the area of clusters and are in charge of their development. Cluster policy, which started with a certain delay in comparison with the other European countries, is embedded in a number of strategic planning documents, emphasizing the importance of clusters for raising the competitiveness, innovations and the economic development of the country.

The institution responsible at the national level is the Ministry of Economy in its capacity of managing authority of OP *Competitiveness of Bulgarian Economy* (at the current stage *OP Innovations and Competitiveness*). Unlike certain countries – mainly the countries of Western Europe (Finland, Germany, Italy) – in which several ministries are directly involved and responsible for the policy pursued in the area of clusters (Oxford Research, 2008, p. 13), in Bulgaria the government institutions (ministries and agencies) are responsible for the cluster policy in the field of a more general level of governance - primarily the management of OP *Competitiveness*, in which there are also provided measures for aiding cluster development.

The actual implementation of the policy boils down primarily to financial support under OP *Competitiveness of Bulgarian Economy*, whose main result is the extremely large number of emerging "clusters" in Bulgaria, a number considerably exceeding that of many developed countries which possess experience in cluster development. The lack of focus in the national programmes connected with/assisting cluster development shows that there are no clearly defined actions aimed at aiding

the development of clusters, which would contribute to raising the competitiveness of Bulgarian Economy, the innovations and regional development.

The conclusions drawn here show the need to improve cluster policy primarily in two aspects:

Firstly, the development and implementation of cluster policy must be the primary responsibility of the various ministries/public authorities connected with the development of innovations, science and research, the industrial and regional development.

The direct involvement and participation of the various ministries in the process of developing cluster policy is aimed mainly at improving the process of coordinating the policies pursued in the different sectors and setting specific government actions which would foster the development of clusters and increase economic benefits.

Secondly, the programmes assisting cluster development have to possess a clearly defined focus with regard to the life cycle of the cluster; sectoral policy; target groups, differentiation in respect of financing in accordance with the stage of development of the cluster, etc. In this way the financial resources (in Bulgaria it is first and foremost from the EF, in contrast to certain Western countries, in which the financing of cluster development is done from the national budgets) will be apportioned and expended on achieving the goals laid down in the strategic planning documents concerning the role of clusters for the development of Bulgarian Economy.

The European Commission has noted the growing number of artificially created clusters in a number of member states and expressed its position on the need to apply a market approach to the creation and support of clusters in the EU. "The market approach of the Commission is demonstrated also by the undertaken commitment to avoid the unsustainably large number of artificially created cluster initiatives. In other words, the purposeful policy on promoting the formation of clusters goes hand-in-hand with the preparedness to exclude noncompetitive clusters with grim prospects for the future from the circle of the potential beneficiaries of grants. In order to prevent the ineffective use of funds and even the blocking of newly created clusters, every new cluster initiative must be carefully developed and supported, not only with market foresight, but also with a solid analysis of regional competitive advantages, the available specific knowledge and specialization at the local level" (quoted from an opinion of the ABC).

End Notes

1. Established in pursuance of Council of Ministers Decree No 80 of 23 April 2012 for amending and supplementing the Statute of the Ministry of Economy and Energy.

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