



OECD Public Governance Reviews

Strengthening the Innovative Capacity of the Public Sector of Bulgaria



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Strengthening the Innovative Capacity of the Public Sector of Bulgaria

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Foreword

This report provides a diagnosis of the extent to which Bulgaria's public sector uses innovative approaches to strengthen its institutional and administrative capacity to deliver better policies and services to its citizens. A more responsive state administration can help increase public trust in Bulgarian public institutions.

This report was commissioned by the Council of Ministers' Administration of Bulgaria under the Technical Support Instrument funded by the European Commission with a view to gathering insights into how the country can strengthen the innovative capacity of its civil service. It draws upon international best practices and guidance, such as the principles found in the *OECD Declaration of Public Sector Innovation* [[OECD/LEGAL/0450](#)]. The Declaration was adopted by 38 OECD Members and 5 non-Members, and aims to set innovation as a core and strategic function of public sector organisations and in the day-to-day work of public servants.

This report examines key milestones, stakeholders, and several factors influencing public sector innovation efforts in Bulgaria's State Administration. It reviews Bulgaria's innovative capacity against best practices from OECD Member countries and provides policy recommendations for Bulgarian authorities and policymakers. The assessment builds on previous OECD work on public governance such as *Centre of government scan of Bulgaria: Strengthening strategic decision-making at the centre of government* (2022).

This report is distinct from the evaluation of Bulgaria conducted by the Public Governance Committee as part of the country's OECD accession process, which began on 25 January 2022. Nevertheless, the recommendations in this report are designed to align Bulgaria more closely with OECD standards and best practices and could provide technical support for actions related to accession.

The recommended improvements to Bulgaria's public sector innovative capacity offer an opportunity to address practical and structural challenges in adopting innovative approaches across the State Administration. This report has been peer-reviewed by members of the Network of the National Contact Points of the OECD Observatory of Public Sector Innovation.

This Innovative Capacity Assessment was approved and declassified by the OECD Public Governance Committee on 17 October 2024 and prepared for publication by the Secretariat.

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Table of contents

Foreword	3
Acknowledgements	4
Abbreviations and acronyms	7
Executive summary	8
1 Public sector innovation and trust in Bulgaria	11
1.1. Enhancing the State Administration's responsiveness through innovation could help foster public trust in Bulgaria	12
1.2. Innovation is becoming more critical to Bulgaria's public sector	16
1.3. Key actors for a dynamic innovation landscape	18
References	22
Notes	26
2 An assessment of the Bulgarian State Administration's innovative capacity	27
2.1. The OECD Innovative Capacity Framework and the assessment methodology	28
2.2. Overview of the Bulgarian State Administration's innovative capacity	31
2.3. Innovative capacity assessments comparison	37
References	43
Annex 2.A. Updated research methods for innovative capacity assessments	44
Annex 2.B. Econometric model	46
3 How Bulgaria's State Administration can improve its innovative capacity	48
3.1. Strategic steering of public sector innovation	49
3.2. Leadership, management, and support for public sector innovation	60
3.3. Funding, evaluation, and communication of public sector innovation	76
3.4. Skills and competencies to innovate at all levels	86
3.5. Workforce strategy and incentives for widespread public sector innovation	90
References	98
Annex 3.A. Innovative Capacity Survey – additional analyses	104
4 Towards a widespread innovative capacity in Bulgaria: From insights to action	112

FIGURES

Figure 1.1. Confidence in national government	13
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Figure 1.2. Public perceptions about complaints and innovative ideas.	15
Figure 2.1. OECD Innovative Capacity Framework	29
Figure 2.2. Bulgaria's public sector innovative capacity heatmap	33
Figure 2.3. Most important factors influencing innovation in Bulgaria	34
Figure 2.4. Comparative Innovative Capacity	37
Figure 2.5. Comparative motivation for innovation	38
Figure 2.6. Comparative drivers of innovation	39
Figure 2.7. Comparative participation in an innovation in the workplace	40
Figure 2.8. Comparative permission to innovate	41
Figure 2.9. Comparative innovation skills and competencies	42
Figure 3.1. Drivers of public sector innovation	53
Figure 3.2. Participation in an innovation in the public sector	61
Figure 3.3. Source of innovation ideas	62
Figure 3.4. Perception of innovative capacity	63
Figure 3.5. Challenges that innovators experienced	64
Figure 3.6. Organisational support for public sector innovation	66
Figure 3.7. How organisations fund innovation activities	78
Figure 3.8. Most significant projects by type of innovation facets	79
Figure 3.9. Motivation to innovate by type of innovation facets	80
Figure 3.10. How the most significant innovations are evaluated	82
Figure 3.11. External communication about public sector innovation	85
Figure 3.12. Adoption of innovation-related skills	87
Figure 3.13. Applied innovation skills and competencies	88
Figure 3.14. Permission to innovate	91
Figure 3.15. Competency framework approach	92
Figure 3.16. Motivation to innovate	94
Figure 3.17. Psychological safety	95
Figure 3.18. Rewards and incentives for innovation	96
Annex Figure 3.A.1. Participation in an innovation in the workplace – Individuals' variables	104
Annex Figure 3.A.2. Innovation skills and competencies – Policy sectors	105
Annex Figure 3.A.3. Innovation skills and competencies – Individuals' variables	106
Annex Figure 3.A.4. Permission to innovate – Hierarchical roles	107
Annex Figure 3.A.5. Permission to innovate – Individuals' variables	108
Annex Figure 3.A.6. Motivation to innovate – Policy sectors	109
Annex Figure 3.A.7. Motivation to innovate – Individuals' variables	110
Annex Figure 3.A.8. Psychological safety – Individuals' variables	111

TABLES

Table 1.1. OECD Framework on Drivers of Trust in Public Institutions, 2021	14
Table 1.2. Bulgaria's most relevant public sector innovation milestones	17
Table 1.3. Current PSI roles and examples from international practice	19
Table 2.1. Main findings: Bulgaria's innovative capacity	32
Table 3.1. Bulgaria's 2030 National Development Plan – Priority 10 Institutional Framework	52
Table 3.2. Ireland's Public Sector Innovation Strategy	55
Table 3.3. Examples of programmes to support public sector innovation	70
Table 3.4. Details of the Bulgarian Innovation Expert Network	72
Table 3.5. Bulgaria's Innovation Competition details	73
Table 3.6. Innovation networks	74
Table 4.1. Main challenges and key recommendations	114
Annex Table 2.A.1. Overview of ICF multi-level survey	45
Annex Table 2.B.1. Binary Logit: Innovation output (odds-ratio)	46

Abbreviations and acronyms

CoMA: Council of Ministers' Administration of the Republic of Bulgaria

CoG: Centre of Government

EC: European Commission

ICF: OECD Innovative Capacity Framework

NDP: Bulgaria's 2030 National Development Programme

OPSI: OECD Observatory of Public Sector Innovation

PAR: Public Administration Reform

PSI: Public Sector Innovation

Executive summary

Bulgaria's State Administration faces institutional challenges that hinder its ability to implement reforms to spur economic growth and improve living standards. This is further reinforced by low and declining levels of public trust, with only 19% of people expressing confidence in the national government in 2022. Addressing citizens' needs in innovative ways can improve the public's satisfaction and trust. The 2024 OECD Survey on Drivers of Trust in Public Institutions shows that increasing the ability of public agencies to adopt new ideas can enhance the government's responsiveness, ultimately helping to restore trust in public institutions.

Bulgaria has introduced public sector innovations to boost economic development, improve its research system, and digitalise public services. However, while these top-down efforts have contributed to an emerging innovative capacity, they remain fragmented and are not sufficient to address the country's challenges and accelerate social and economic convergence with more advanced economies.

The State Administration acknowledges the need for greater efforts to expand its innovative capacity. This report highlights opportunities for Bulgaria to promote innovation and create a supportive environment in the public sector.

Key findings

- A survey answered by over 3,700 public servants and heads of organisations in Bulgaria showed that a wide range of drivers influence innovative efforts in an unfocused way. The country lacks a strategic framework and central co-ordination in public sector innovation. This deficit of clear priorities and direction could hinder the achievement of the State Administration's main goals.
- Over 50% of public servants indicated involvement in innovation in the State Administration over the last two years, yet participation was predominantly executive and middle managers. This top-down approach could limit the scope and effectiveness of innovation efforts.
- Public servants engaged in innovative projects face limited opportunities for internal collaboration and resource constraints, especially due to limited access to digital expertise support and data, and limited digital skills across the Administration.
- Explicit institutional support for public sector innovation in Bulgaria exists but is underdeveloped. An innovation network and an annual innovation competition support the widespread adoption of new methods, create practical solutions, and diffuse innovations. However, they suffer from low awareness, limited participation, and a narrow range of activities.
- Bulgaria lacks dedicated funding for public sector innovation. Mechanisms such as spending reviews for public sector innovation are limited. As such, current innovations focus mainly on incremental approaches, thereby limiting investment in more transformative opportunities.

- The State Administration could benefit from consistent monitoring and evaluation of public sector innovation. Moreover, there is little communication about public sector innovation results, limiting the visibility of innovative efforts.
- There has been limited and sporadic training on public sector innovation, mainly focused on senior staff. Consequently, only 27% of public servants have the skills to manage and apply innovation processes.
- Public servants, and particularly less senior staff, reported generally low levels of permission to innovate. Only 32% of public servants perceive recognition for innovative work or autonomy to seek new working methods.
- Bulgaria lacks a workforce strategy, as its previous 2014-2020 Public Administration Development Strategy remains outdated. Formal mechanisms such as competency frameworks and performance management assessments do not integrate public sector innovation. As such, the main incentive for innovating is public servants' personal motivation.

What can the Government of Bulgaria do?

Strategic steering of public sector innovation

- Develop a vision of how public sector innovation can contribute to the 2030 National Development Programme; and create an action plan and a working group that put forward a co-ordinated approach for implementation.
- Develop the Council of Ministers' Administration's role in aligning public sector innovation capacity with government priorities; steering, co-ordinating, and monitoring cross-government innovation implementation; and providing high-level guidance for strategic innovation planning across the administration.

Leadership, management, and support for public sector innovation

- Foster a bottom-up approach to innovation by developing a public administration culture that values and supports innovative efforts. Provide civil servants with the resources, time, training, and internal communications to encourage innovative approaches at all levels of the State Administration, especially less senior staff.
- Consider initiatives to raise awareness of the public servant mobility programme, support innovative procurement, and offer financial incentives to enhance internal collaboration and resource allocation within the State Administration. These efforts should focus on enhancing digital and data skills, citizen engagement practices, and improving the setting of innovation priorities.
- Establish deliberate support for public sector innovation, including a programme to incubate and scale-up cross-government solutions. Upgrade and increase the scope of the current innovation network and competition. Use these mechanisms to provide dedicated guidance and training for innovation-complementary approaches such as behavioural science.

Funding, evaluation, and communication of public sector innovation

- Use spending reviews to identify policy options to reallocate funds to high-priority innovation areas. Consider setting up a central fund for public sector innovation to support more long-term transformative innovation that improves public outcomes.

- Enhance monitoring and evaluation practices by developing a framework for monitoring innovative efforts and enhancing capacity for evaluation through training and guidance.
- Increase awareness about innovation results by developing a communication plan, setting up a repository of successful cases, and carrying out a yearly public sector innovation event.

Skills and competencies to innovate at all levels

- Expand current State Administration training offer in innovation to encompass all levels and functions across the civil service. Establish “learning by doing” cross-government capacity-building programmes that combine skills for applied innovation, digital and data, and citizen participation, with different durations and scopes.

Workforce and incentive strategy for widespread public sector innovation

- Update the State Administration’s competency frameworks and performance management guidelines to explicitly include innovation-related incentives, competencies, and behaviours. Support and monitor the implementation of these measures across all human resource management areas and provide complementary training to ensure their effective adoption.
- Update the Administration’s strategic workforce plan and include innovation as central for recruitment and professional development, ultimately, improving the attractiveness of the administration as an employer. This plan should consider formal incentives and reward mechanisms, leadership training and mentorship to improve supportive risk-taking, and safe spaces to practice innovation competencies in the civil service.

1 Public sector innovation and trust in Bulgaria

This chapter describes why public sector innovation is necessary to generate trust in public institutions. It outlines the current milestones and actors for public sector innovation in the State Administration of Bulgaria.

The report is organised as follows: Chapter 1 covers the importance of innovation in building trust in Bulgaria's State Administration¹, crucial public sector actors, and milestones over recent years. Chapter 2 presents the OECD Innovative Capacity Framework (ICF), outlines the assessment methodology, summarises the main findings for Bulgaria and compares its innovative capacity with other countries. Chapter 3 thoroughly explores Bulgaria's State Administration's innovative capacity findings, outlining policy recommendations along key governance areas. Chapter 4 summarises the key challenges and recommendations for Bulgaria to enhance its public sector's innovative capacity to improve the State Administration's responsiveness and, as a result, foster greater public trust in public institutions.

The OECD Observatory of Public Sector Innovation (OPSI) defines innovation as something new or novel, implemented, and intended to positively impact a specific context, such as improved outcomes, satisfaction, or public trust. For instance, governments adopt innovative practices or develop innovative solutions to ensure services meet citizens' and businesses' needs, enhance efficiency in administrative processes, or enhance resilience through new methods such as strategic foresight. Public sector innovation can help meet several objectives: reach strategic goals (mission-orientation), prepare for future risks and challenges (anticipation), improve current operating systems (enhancement) and respond to citizens' needs as they evolve (adaption) (OECD, 2022^[1]).

1.1. Enhancing the State Administration's responsiveness through innovation could help foster public trust in Bulgaria

After four decades under a centrally planned economy, Bulgaria embarked on a path of structural reforms and regional leadership that catalysed its transition to a market-oriented and upper-middle-income economy (World Bank, 2019^[2]; OECD, 2021^[3]). Since the adoption of the 1991 Constitution, the country has made significant strides in socioeconomic development, democratic governance, and the establishment of a multi-level governance system with strengthened institutions at both the national and sub-national levels (OECD, 2021^[3]). Bulgaria's integration into the European Union (EU) in 2007 further accelerated economic and governance reforms, improving the country's legal and institutional framework, and strengthening the fight against corruption (Kovač and Bileišis, 2017^[4]; OECD, 2021^[5]). Based on a parliamentary representative republic with a multi-party system, the country is considered a semi-consolidated democracy despite remaining issues of political corruption, organised crime, and discrimination of ethnic minorities (OECD, 2021^[3]; OECD, 2023^[6]; Freedom House, n.d.^[7]).

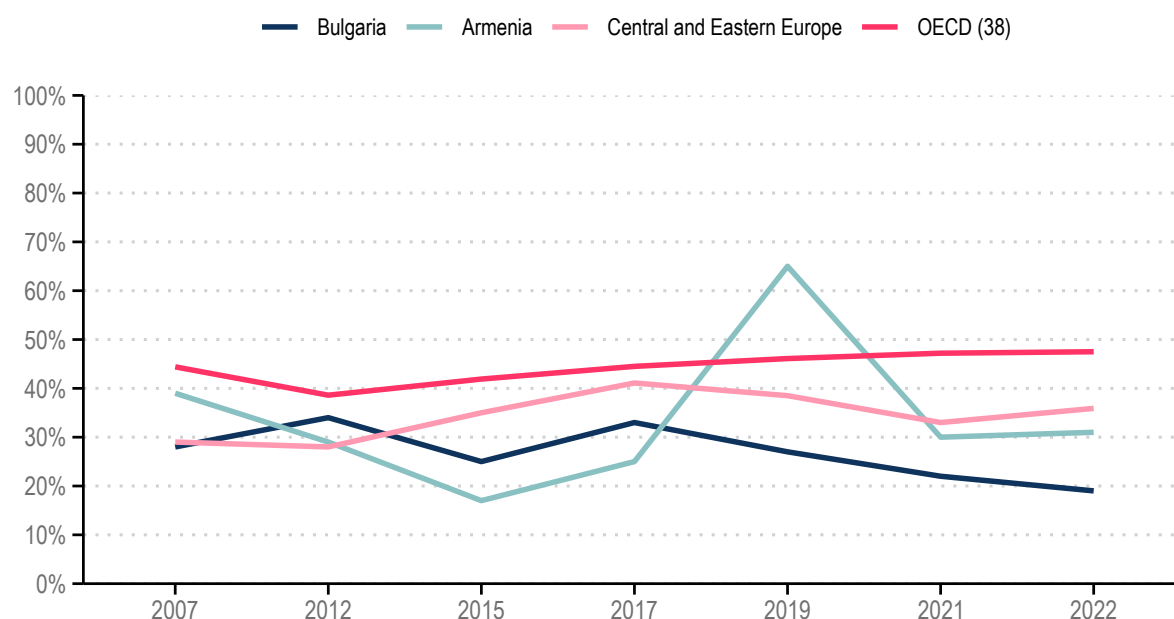
Developing citizen-centred services and an innovative civil service is key to increasing trust in Bulgaria's State administration. Amidst challenges of an ageing population, outdated infrastructure, and workforce skills shortcomings, Bulgaria's progress in closing the social and economic development gap with more advanced economies has continued but at a slow pace (OECD, 2023^[6]). The Bulgarian State Administration is under pressure to deliver ambitious reforms and policies to spur economic growth and improve living standards. This demands addressing institutional and governance weaknesses, including regulatory burden and corruption risks, within a politically unstable environment shaped by the current electoral cycle (IMF, 2024^[8]; World Bank, 2024^[9]; Bertelsmann Stiftung, 2022^[10]). In this increasingly complex and volatile policy context, public sector innovation is essential to stay ahead of the curve and continue to deliver solutions that meet the public's fast-changing needs. Thereby increasing government responsiveness and reinforcing trust in public institutions (OECD, 2017^[11]; OECD, 2022^[1]).

Bulgaria faces low and declining levels of public trust compared to both Central and Eastern European and OECD countries (Gallup World Poll, 2022^[12]). Evidence from the Gallup World Poll (2017-2022) highlights a downward trend in public confidence in the national government, with trust consistently falling since 2017 and reaching its lowest point in 2022, when only 19% of respondents expressed confidence in the national government (Figure 1.1) (Gallup World Poll, 2022^[12]). The trust gap compared to countries such as Armenia stands at 12 percentage points (p.p.) (whose innovative capacity is further

compared in Chapter 2), 17 p.p. compared to Central and Eastern Europe, and 28 p.p. compared to OECD countries (Gallup World Poll, 2022^[12]). Bulgarians hold a critical view of their government's ability to address critical national problems, demonstrate low trust in major institutions, and believe that political and administrative elites are chosen based on personal connections (BTI Transformation Index, 2020^[13]; BTI Transformation Index, 2024^[14]). Additionally, dissatisfaction with the State Administration's effectiveness has also grown. Evidence from European Values Study (2020) shows that the share of respondents who file complaints with institutions has increased to 49%, compared to 32% to 33% in 2006 and 2007 (BTI Transformation Index, 2024^[14]).


Figure 1.1. Confidence in national government

Share of respondents who indicate confidence in national government, 2007-22.



Note: Figure refers to the share of respondents who answered yes to “In this country, do you have confidence in each of the following, or not? National government; Local government; Civil service; Courts and Legal System; Parliament/Congress”. The only available answers were yes/no/don't know. Due to data availability, the years on the x-axis do not follow a regular interval pattern. Value for Bulgaria in 2007 corresponds to 2006 measurement.

Source: Gallup World Poll, 2007-22.

StatLink  <https://stat.link/idbw9f>

Government responsiveness is one of the strongest drivers of trust in public institutions in OECD countries. The 2024 OECD Survey on Drivers of Trust in Public Institutions (2024 OECD Trust Survey) assesses people's trust levels in various public institutions and their perceptions of government reliability, responsiveness, integrity, fairness, and openness in 30 OECD countries (see Table 1.1). While there is no data for Bulgaria in this OECD study, analysis of this data reveals which aspects of public governance are most strongly correlated with trust in public institutions. This information helps guide governments in selecting policy actions that are most likely to foster higher trust. In particular, confidence in the government's capacity to use the best available evidence in decision-making, and to adequately balance

the interests of current and future generations are likely to have the highest influence on trust in the national government (OECD, 2024^[15]). Moreover, ensuring that people feel they have a say in what the government does is also associated with a higher likelihood of people reporting high or moderately high trust in the national government (OECD, 2024^[15]).

Table 1.1. OECD Framework on Drivers of Trust in Public Institutions, 2021

Levels of trust in different public institutions		
Trust in national government, local government, civil service, parliament, police, political parties, courts, legal systems and intergovernmental organisations.		
Public Governance Drivers of Trust in Public Institutions		
Competencies	Responsiveness	<ul style="list-style-type: none"> • Provide efficient, quality, affordable, timely and citizen-centred public services that are coordinated across levels of government and satisfy users. • Develop an innovative and efficient civil service that responds to user needs.
	Reliability	<ul style="list-style-type: none"> • Anticipate needs and assess evolving challenges. • Minimise uncertainty in the economic, social, and political environment. • Effectively commit to future-oriented policies and co-operate with stakeholders on global challenges.
Values	Openness	<ul style="list-style-type: none"> • Provide open and accessible information so the public better understands what the government is doing. • Consult, listen, and respond to stakeholders, including through citizen participation and engagement opportunities that lead to tangible results. • Ensure there are equal opportunities to be part of and participate in the institutions of representative democracy.
	Integrity	<ul style="list-style-type: none"> • Align public institutions with ethical values, principles, and norms to safeguard the public interest. • Take decisions and use public resources ethically, promoting the public interest over private interests while combating corruption. • Ensure accountability mechanisms between public institutions at all levels of governance. • Promote a neutral civil service whose values and standards of conduct uphold and prioritise the public interest.
	Fairness	<ul style="list-style-type: none"> • Improve living conditions for all. • Provide consistent treatment of businesses and people regardless of their background and identity (e.g., gender, socio-economic status, racial/ethnic origin).
Cultural, Economic and Political Drivers of Trust in Public Institutions		
<ul style="list-style-type: none"> • Individual and group identities, traits, and preferences, including socio-economic status; interpersonal socialisation and networks. • Distrust of and disengagement from the system 		
Perception of government action on intergenerational and global challenges		
<ul style="list-style-type: none"> • Perceptions of government commitment to and effectiveness in addressing long-term challenges 		

Source: (Brezzi et al., 2021^[16]).

An innovative civil service that is able to anticipate and respond to people's needs is a significant driver of public trust in public institutions. The 2024 OECD Trust Survey shows that higher satisfaction with administrative services, legitimate use of personal data, protection of people's lives in a large-scale emergency, and fairness in dealing with people's application for services are associated with higher trust in the national government and civil service (OECD, 2024^[15]). Moreover, increasing the ability of public agencies to embrace new ideas was previously identified as positively affecting trust in the civil service, encompassing the national, regional and local civil service (see Box 1.1) (OECD, 2022^[17]). OECD countries such as Korea demonstrate success in this area through its Government Innovation Strategy, which emphasises enhancing government competence and institutional trust (OECD, 2022^[17]). This strategy includes initiatives to enhance public servants' innovation skills and actively involve citizens in service design and delivery.

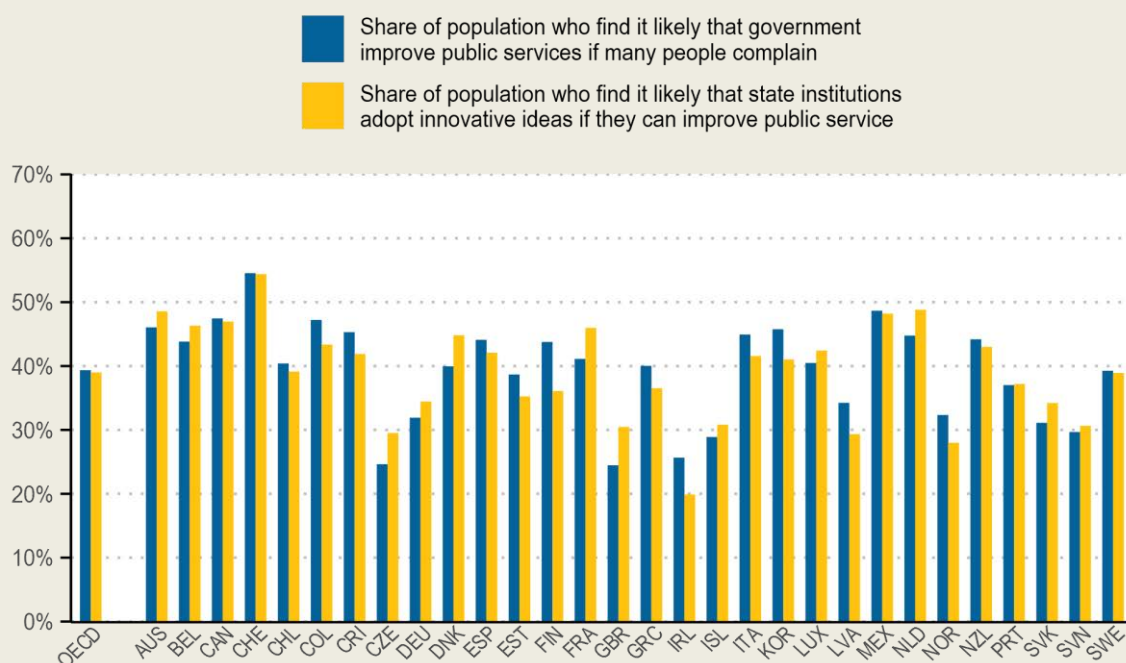
Box 1.1. OECD Trust Survey 2024 Results: How public institutions respond to complaints and innovative ideas.

Public institutions that are open to public feedback and adopt innovative ideas are more likely to succeed in implementing policies, programmes, and services that correspond to people's everyday needs.

The OECD Trust Surveys show that public institutions in OECD countries could do more to improve openness and responsiveness to their citizens. In 2023, only 39% of people, on average across OECD countries, felt that a public agency would be improved if many people complained, and an equal share of people believed a public institution would likely adopt an innovative idea to improve public service (OECD, 2024^[15]) (Figure 1.2). These percentages remained nearly unchanged from the 2022 OECD Trust Survey (OECD, 2022^[17]). Those confident about public agencies adopting innovation are more likely to place high or moderately high trust in the civil service (OECD, 2022^[17]) and local government (OECD, 2024^[15]).

Figure 1.2. Public perceptions about complaints and innovative ideas.

Share of people who find it likely that the government improves services if many people complain, or that public institutions would adopt innovative ideas if they could improve public services, 2023.



Note: The figure shows the average share of the population who respond that it is 'likely' (responses 6-10 on a 0-10 scale) to the questions "If many people complained about a public service that is working badly, how likely do you think it is that it would be improved?" and "If there was an innovative idea that could improve a public service, how likely do you think it is that it would be adopted by the responsible public institution?". OECD presents the unweighted average of "likely" responses across countries.

Source: (OECD, 2024^[15])

1.2. Innovation is becoming more critical to Bulgaria's public sector

Bulgaria's State Administration is beginning to drive and support public sector innovation, though the process is still in its early stages. Innovative policies and services are emerging, despite the State Administration's hierarchical and conservative culture (European Commission, 2018^[18]). These include programmes such as *the Startup Visa* for high-tech firms, the state-owned *Sofia Tech Park*, the electronic platform for digital education and learning *Digital Backpack*, the unified national administrative register *BULSTAT*, the *eProcurement* system, the new *life episodes* and *business events* approaches to service delivery, along with digitalised and simplified administrative procedures for citizen and businesses in *the e-Government Portal* (OECD, 2024^[19]). While most of these initiatives are from top-down directives, Bulgaria is laying the foundations for more widespread innovation in the Administration.

While innovation is mostly associated with Bulgaria's private sector, some strategic initiatives have laid the foundations for public sector innovation. These efforts have largely been driven by digitalisation efforts and the reduction of administrative burden. As shown in Table 1.2, the creation of the Ministry of e-Governance in 2022, along with the launch of the *2021-2027 Research, Innovation and Digitalisation for Smart Transformation Programme* and the Ministry of Innovation and Growth in 2021, underscores Bulgaria's commitment to integrate digitalisation and technological advancements into public sector processes. The main purpose being to promote efficiency, transparency, and citizen-centred services. Earlier steps include the adoption of the *Concept for the development of artificial intelligence in Bulgaria until 2030* and the updated *2019-2025 Strategy for Electronic Governance* in 2019, which emphasise a proactive perspective towards leveraging technologies to optimise governance and service delivery. Additionally, since 2014, Bulgaria's foundational frameworks, such as the *National Interoperability Framework* and the *Operational Programme for Good Governance*, demonstrate efforts to streamline public sector processes to enhance effectiveness, setting a foundation for innovation in Bulgaria's State Administration.

Table 1.2. Bulgaria's most relevant public sector innovation milestones

The table below summarises key milestones for public sector innovation in Bulgaria over the last years.

Year	Milestone	Relevance
2022	Creation of the Ministry of e-Governance	<ul style="list-style-type: none"> The Ministry of e-Governance replaced the State eGovernment Agency (SEGA) to prioritise electronic identification, interoperability, digitalisation of registries, and improve digital services for citizens and businesses (European Commission, n.d.^[20]).
2022	Launch of the 2021-2027 Research, Innovation and Digitalisation for Smart Transformation Programme (RIDSTP)	<ul style="list-style-type: none"> The RIDSTP was launched to develop scientific research and innovation to accelerate national economic development and to build a favourable digital environment, including the public sector's digitisation processes (European Commission, 2023^[21]).
2021	Launch of the 2021-2027 Innovation Strategy for Smart Specialisation (ISSS) of the Republic of Bulgaria	<ul style="list-style-type: none"> The ISSS is a strategic framework to leverage territorial capacities to promote sustainable development through research and innovation. It encompasses innovations aiming to drive societal and economic transformation based on data and knowledge while supporting Industry 4.0 and facilitating the green transition (OECD, n.d.^[22]).
2021	Creation of the Ministry of Innovation and Growth	<ul style="list-style-type: none"> The Ministry of Innovation and Growth was established to develop, organise, coordinate, and supervise the implementation of the State policy on innovation, technological and economic development, and national growth (European Commission, n.d.^[20]).
2021	Adoption of the updated 2019-2025 Strategy for the Development of Electronic Governance in the Republic of Bulgaria	<ul style="list-style-type: none"> The 2019-2023 strategy outlines priority measures and funding sources for strategy implementation, including the Registry Reform Concept to streamline registers in the public administration and enhance service quality (Republic of Bulgaria, 2019^[23]).
2020	Launch of the Concept for the development of artificial intelligence in Bulgaria until 2030	<ul style="list-style-type: none"> The Concept offers a comprehensive policy vision for developing and using AI in Bulgaria. It identifies areas where it can have the most impact, such as infrastructure and data availability, research and innovation capabilities, knowledge and skills, and building trust in society (Republic of Bulgaria, 2020^[24]).
2020	National Development Programme Bulgaria 2030	<ul style="list-style-type: none"> The National Development Programme is a top-tier strategic framework built around 13 national priorities to accelerate economic development, demographic growth, and reduce inequalities (Republic of Bulgaria, n.d.^[25]). Within the programme, Priority 10 – Institutional Framework focuses on enhancing the institutional framework to reduce regulatory burdens, improve policy quality and predictability, strengthen judicial independence, and combat corruption, thereby enhancing the business environment and international competitiveness (Republic of Bulgaria, n.d.^[25]). However, this priority does not mention public sector innovation explicitly.
2014	Creation of the National Interoperability Framework (BNIF)	<ul style="list-style-type: none"> The BNIF for Information Systems of Executive Authorities aims to facilitate public sector operations and to increase public sector efficiency in Bulgaria by improving the quality of services provided to Bulgarian and EU citizens (European Commission, n.d.^[20]).
2014	Establishment of Bulgaria's 2014-2020 Operational Programme Good Governance (OPGG)	<ul style="list-style-type: none"> The OPGG allocates nearly €336 million to modernise public administration and judiciary transparency. This programme aims to reduce administrative burdens, enhance transparency, and support e-government initiatives to enhance administrative processes and reduce costs in areas such as e-procurement, e-health, and e-customs (European Commission, n.d.^[26]).
2014	Public Administration Development Strategy 2014-2020	<ul style="list-style-type: none"> The Bulgarian State Administration Development Strategy 2014-2020 focuses on effective governance and the rule of law, governance in partnership with citizens and businesses, open and accountable governance, and professional and expert governance (OECD, 2022^[27]). To enhance efficiency, the strategy prioritised implementing quality management systems, including the European Common Assessment Framework (CAF) (Republic of Bulgaria, n.d.^[28]). The strategy mentions innovation in the public sector, primarily focusing on open data to boost innovation potential and optimise information resources without specific objectives (OECD, 2022^[27]).

Source: OECD.

Bulgaria lacks a strategic framework and direct investments in public sector innovation. Despite several initiatives supporting innovation – particularly in research and development and innovation (R&D&I) and digitalisation agendas–, there is no systematic approach to supporting public sector innovation. Public sector innovation is not explicitly mentioned in Bulgaria’s *National Development Programme Bulgaria 2030*, and the previous *Public Administration Development Strategy 2014-2020* only considered innovative practices in the context of open data. Interviewees from the public and private sectors recognise that to meet current priorities and keep pace with changing needs, Bulgaria should develop more strategic co-ordination and investment in public sector innovative practices from the central government (OECD, 2024^[19]). This shift could not only enhance administrative efficiency but also better position Bulgaria’s administration to meet the evolving needs of its citizens and businesses through a more adaptive and responsive governance strategy.

1.3. Key actors for a dynamic innovation landscape

Bulgaria’s public sector has no PSI roles and responsibilities. Most of current stakeholders do not have specific public sector innovation (PSI) agendas or initiatives. Building on international best practices, Bulgaria could create a more cohesive PSI landscape. Table 1.3 outlines the main actors’ current roles and international examples of roles that Bulgaria could take on to enhance innovative capacity.

For instance, the **Council of Ministers Administration (CoMA)** is the central body responsible for co-ordination and decision-making in the State Administration (OECD, 2022^[29]). Its Directorate for the Modernisation of the State manages efforts to enhance innovative capacity through a vision and action plan (OECD, 2024^[19]). Its prospective function could involve acting as a strategic coordinator and cross-government hub for innovation efforts, along with fostering a culture of innovation through specific cross-government projects (see more in Chapter 3) (OECD, 2021^[30]; OECD, 2024^[31]). One example from OECD countries is Colombia’s National Planning Department, which illustrates how central government bodies can support public sector innovation by advising on cross-government barriers and monitoring innovative capacity (Government of Colombia, n.d.^[32]).

The Administrative Reform Council and the Ministry of Finances can play critical roles. The Administrative Reform Council focuses on improving administrative processes and strategic guidelines (Table 1.3) and could also give PSI policy advice and initiate reforms in innovation procurement or workforce strategy (OECD, 2022^[27]). In France, the Interministerial Committee of Public Transformation defines and monitors action plans for transforming public services, demonstrating the potential of such bodies (Government of France, n.d.^[33]).

Similarly, the Ministry of Finances, which lacks financial mechanisms to support innovation (OECD, 2024^[19]), could become a financial enabler by aligning budgeting processes and developing funding mechanisms for innovation projects (OECD, 2017^[34]) (see more in Chapter 3). Ireland’s Department of Public Expenditure funds innovative public service projects is a good example of this approach (Government of Ireland, n.d.^[35]).

Other ministries and institutions could take on new roles to promote PSI. As described in Table 1.3, the Ministry of Regional Development could act as a regional and local innovation facilitator by leading projects and collaborating with local authorities (OECD, 2019^[36]; OECD, 2017^[34]), similar to France’s territorial innovation laboratories (Government of France, n.d.^[37]).

The Ministry of e-Governance could continue to enable digital innovation (Republic of Bulgaria, n.d.^[38]) through digital tools, interoperable processes, and capacity-building, much like Estonia’s key e-government digital solutions (Government of Estonia, 2024^[39]). **The Ministry of Innovation and Growth could further bridge private sector innovation** with public sector needs, promoting public-private

partnerships and mission-oriented innovation (OECD, 2022^[1]) such as Vinnova's programmes in Sweden (Government of Sweden, 2020^[40]).

The Institute of Public Administration could enhance its role as a capacity-building and knowledge hub, disseminating best practices and fostering a culture of continuous learning (Kaur and Buisman, 2022^[41]) (see more in Chapter 3). Finally, actors in the innovation ecosystem, such as research institutes, associations, and universities, can further collaborate with the public sector to apply cutting-edge technologies and methodologies (OECD, 2022^[1]). Finland's Innovation Fund SITRA exemplifies this approach through its partnership programmes (Government of Finland, n.d.^[42]).

Table 1.3. Current PSI roles and examples from international practice

The table below summarises key actors for Bulgaria's public sector innovation, what they do now and what they could do to enhance PSI based on international examples.

Actor	Current PSI roles	International examples of roles
Council of Ministers Administration	<ol style="list-style-type: none"> 1. The Council of Ministers Administration constitutes the primary body in Bulgaria's centre of government with responsibilities such as co-ordination, decision-making, and providing direct support to the Council of Ministers and the Prime Minister (OECD, 2022^[29]). 2. The Modernisation of the Administration Directorate proposes initiatives for administrative optimisation and transformation, while manage quality management systems (OECD, 2022^[29]). 3. Currently, it oversees efforts to enhance innovative capacity within the administration, focusing on developing a vision and action plan for public sector innovation, along with a competency framework with an innovation dimension (OECD, 2024^[19]). 	<ol style="list-style-type: none"> 4. Strategic co-ordination and cross-government hub: Centre of governments or units in central government can act as the central body to integrate and coordinate public sector innovation strategies and action plans across the administration, as well as setting the tone for a culture of innovation in the administration (OECD, 2021^[30]; OECD, 2024^[31]). 5. They can ensure alignment of innovation efforts with national priorities and incubating cross-government innovative practices and endorse their scaling-up (OECD, 2024^[43]). Moreover, Human Resource Management (HRM) functions can enable innovation through competency frameworks and performance assessments. 6. Examples: The National Planning Department of Colombia advises the President in public sector innovation efforts, identifying cross-government barriers and measuring innovative capacity (Government of Colombia, n.d.^[32]). Furthermore, the Latvian Innovation Laboratory, held within the State Chancellery, brings together public employees who co-create solutions to address long-standing horizontal issues (OECD, 2024^[43]).
Administrative Reform Council	<ol style="list-style-type: none"> 7. As a consultative body under the Council of Ministers Administration, the Administrative Reform Council reviews and proposes strategic guidelines for administrative development and optimisation under the chairmanship of the Deputy Prime Minister and representation from all ministries (OECD, 2022^[27]). 8. Its focus includes improving processes in the administration and proposing strategic guidelines and policies to transform administrative structures and lessen regulatory burden (OECD, 2022^[27]). However, the Council currently has no explicit initiatives or agenda on public sector innovation (OECD, 2024^[19]). 	<ol style="list-style-type: none"> 9. Policy advisory and reform initiator: Councils of modernisation and administrative reforms can develop and propose specific public sector innovation policies and regulatory frameworks affecting innovation such as procurement, workforce strategy, etc. (OECD, 2017^[34]; Kaur and Buisman, 2022^[41]). They can review and advise on strategic frameworks and action plans to ensure its alignment with broader government objectives (OECD, 2022^[27]). 10. Example: The French Government has an Interministerial Committee of Public Transformation, chaired by its Prime Minister which defines and monitors the programme and action plan for transforming public services (Government of France, n.d.^[33]).
Ministry of Finances	<ol style="list-style-type: none"> 11. The mission of the Ministry of Finances is to maintain the public finances of the country sustainable and transparent while assisting the Government in the building of an effective public sector and creating conditions for economic growth (Republic of Bulgaria, n.d.^[44]). 12. The Ministry currently does not have control or financial mechanisms to support public sector innovation (OECD, 2024^[19]), which has been highlighted by previous evidence as a main constraint to the provision of innovative policies and services (Yordanova, n.d.^[45]). 	<ol style="list-style-type: none"> 13. Financial enabler: Ministries of Finance and Central Budget Office can align budgeting processes by conducting spending reviews to ensure innovative initiatives are prioritised and allocated with corresponding resources (OECD, 2017^[34]). They can also develop financial incentives such as funds or grants to support specific innovation projects (OECD, 2017^[34]). 14. Example: Ireland's Department of Public Expenditure has a public service fund for innovative projects with a focus on cross-organisational digital transformation initiatives

		(Government of Ireland, n.d. ^[35]).
Ministry of Regional Development and Public Works	<p>15. Ministry of Regional Development and Public Works is responsible for carrying out the reforms for the country's development, territorial spatial planning, and establishment of technical infrastructure (Republic of Bulgaria, n.d.^[46]).</p> <p>16. While no current agenda for public sector innovation is in place, previous initiatives such as "Complex Challenges - Innovative Cities" (2014) were developed by the Ministry. Funded by the EC INTERREG IVC programme, the initiative supported innovative sustainable development with a focus on local and regional authorities (ARC Fund, 2013^[47]; Yordonova, 2022^[48]).</p>	<p>17. Regional and local innovation facilitator: Ministries of Territorial Development often lead regional innovation projects and collaborate with local authorities to implement innovative solutions, disseminate best practices, and convene regions and municipalities to scale best innovative practices (OECD, 2019^[36]; OECD, 2017^[34]).</p> <p>18. Example: The Government of France, through their Investment for the Future Programme, is supporting 12 territorial innovation laboratories run by the Secretaries General for Regional Affairs (SGAR), decentralised State services, regional or departmental councils or local authorities (Government of France, n.d.^[37]).</p>
The Ministry of e-Governance	<p>19. The Ministry of e-Governance performs activities related to issuing and introducing control-related policies, rules, regulations, and good practices in the field of electronic governance (Republic of Bulgaria, n.d.^[38]).</p> <p>20. Among the new Ministry's main priorities are electronic identification, interoperability, digitalisation of registries, and increasing the quality of eServices for citizens and businesses (European Commission, n.d.^[20]).</p> <p>21. Despite not having an explicit focus on public sector innovation, many of its current priorities are related to, and can be supported through innovative capacity.</p>	<p>22. Digital innovation enabler: Ministries of Electronic Governance can drive digital transformation with interoperability, data, and systems that enhance public sector efficiency and productivity across the innovation process (OECD, 2021^[49]). They can implement innovative digital tools and processes to drive service delivery and citizen engagement (OECD, 2021^[49]).</p> <p>23. Example: The Ministry of Economic Affairs and Communications leads e-governance initiatives in Estonia. They have implemented cutting-edge digital services, such as e-residency, digital IDs, and blockchain-based systems, setting the foundations for digital-based public sector innovation (Government of Estonia, 2024^[39]).</p>
Ministry of Innovation and Growth	<p>24. The Ministry of Innovation and Growth develops, organises, coordinates, and supervises the implementation of Bulgaria's State policy in innovation, technology, and economic development and growth. (European Commission, n.d.^[20]).</p> <p>25. Its focus is on building a competitive economy that will ensure the growth and development of Bulgaria's regions and promote and accelerate innovation and investment throughout the country and in all sectors of the economy (Republic of Bulgaria, n.d.^[50]).</p> <p>26. While the focus on innovation relates to the private sector, many of its current challenges require the public administration to foster more innovative delivery of public policy and services.</p>	<p>27. Cross-sectorial innovation enabler: Ministries of Economy, or Science and Innovation can bridge private sector innovation with public sector needs, fostering a collaborative environment (OECD, 2022^[1]). They can promote public-private partnerships to anticipate and prepare for future disruption and lead mission-oriented innovation initiatives on societal challenges such as climate change (OECD, 2022^[1]). Ministries in these areas can support the public sector by investing and adopting technological and scientific advancements and best practices from the private sector (OECD, 2022^[1]).</p> <p>28. Examples: Sweden's Vinnova enhances the country's competitive edge and capacity for innovation in Government by bringing cross-sectorial innovation through challenge-driven innovation, policy labs, and innovation management support (Government of Sweden, 2020^[40]). Furthermore, the Government of Chile, through their Ministry of Science and the Government Lab, have developed the prize-based programme, Public Challenges, to solve public institutions' problems that require R&D (Government of Chile, n.d.^[51]).</p>
Institute of Public Administration	<p>29. The Institute is an executive agency under the Council of Ministers Bulgaria and is the leading institution for the training of civil servants, including in the field of eGovernment, information and communication technologies and cybersecurity (Republic of Bulgaria, n.d.^[52]).</p> <p>30. Its current strategic aims are to update the training offered and strengthen research and analysis to support good governance and modernisation of the administration (Republic of Bulgaria, n.d.^[52]).</p> <p>31. The Institute is among the leading emerging actors in public sector innovation in Bulgaria. Its initiatives include an Innovation Network among the administration and a yearly competition of innovative ideas. Training in public sector innovation is also offered through the network and competition.</p>	<p>32. Capacity building and knowledge hub: Schools of Government can enhance the innovative capacity of civil servants through targeted training and development programmes (OECD, 2017^[34]; OECD, 2017^[53]).</p> <p>33. They can also disseminate PSI knowledge and best practices to foster a culture of continuous improvement and learning. Dedicated mechanisms such as innovation competitions, networks, and others can support this role (Kaur and Buisman, 2022^[41]).</p> <p>34. Examples: The Australia and New Zealand School of Government (ANZSOG) carries out several initiatives to foster public sector innovation for both leadership and professional levels. Initiatives include short and long capacity-building programmes, capabilities measurement and research, and others (ANZSOG, 2020^[54]).</p>
Other actors in the	35. Bulgaria's innovation landscape is currently mainly driven by private innovation with few initiatives dedicated to the	36. Collaborative innovators: Actors in the innovation space can contribute expertise and resources to public sector innovation

innovation space	public sector (OECD, 2024 ^[19]). However, actors such as the Commission for Personal Data Protection, Institute for Computer Science, Artificial Intelligence and Technology (INSAIT), The Big Data for Smart Society Institute (GATE), The National Association of Municipalities, Sofia University's Centre for Creativity and Innovation (NUCCI) among others, can also contribute with their capabilities and resources to develop innovative capacity in the State Administration.	<p>projects (OECD, 2020^[55]).</p> <p>37. They can form partnerships with government institutions to apply cutting-edge technologies and methodologies for public sector improvement. Actors in the space can act as mentors, while supporting incubation and acceleration for specific public sector innovation initiatives (OECD, 2022^[11]).</p> <p>38. Example: Finland's Innovation Fund SITRA leverages several partnership programmes, both nationally and internationally, for agile experimentation and scaling-up of solutions to improve well-being and economic growth in the country (Government of Finland, n.d.^[42]).</p>
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Source: OECD based on cited sources.

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Notes

¹ The term “State Administration” refers to Bulgaria's central administration set out in the Administration Act (OJ L 129, 19.5.2017), which defines governance functions among specific structures and bodies. As part of this central administration, the Council of Ministers’ Administration (CoMA) is the strategic centre for formulating and coordinating national policies. (European Commission, 2023^[56]). Ministries are the strategic bodies responsible for designing, planning, methodological provision, and monitoring sector policies (European Commission, 2023^[56]). State agencies are ancillary administrative structures for the development and implementation of policies outside the competences of the ministries (European Commission, 2023^[56]). Executive agencies are specialised administrative structures that provide administrative services (European Commission, 2023^[56]). State commissions are specialised administrative structures with regulatory and control functions in the implementation of certain sector policies (European Commission, 2023^[56]).

2

An assessment of the Bulgarian State Administration's innovative capacity

This chapter presents the OECD Innovative Capacity Framework (ICF), outlines the assessment methodology, summarises the main findings for Bulgaria and compares its innovative capacity with other countries.

This chapter introduces the OECD Innovative Capacity Framework (ICF), outlines the assessment methodology, summarises the main findings for Bulgaria, and compares its innovative capacity with that of other countries.

The OECD has been working on public sector innovation (PSI) capacity since 2017. Its work paved the way for the OECD Declaration on Public Sector Innovation in 2019 [\[OECD/LEGAL/0450\]](#), in which countries committed to investing in and systematically developing governments' innovative capacity to design policies, deliver services and address challenges in effective and impactful ways.

Since then, OECD Member countries have established processes to institutionalise and professionalise innovation. To support this work, the OECD refined its methodology for public sector innovative capacity assessments via country studies of differing scales and scopes, including Canada (OECD, 2018^[1]), Brazil (OECD, 2019^[2]), Denmark (OECD, 2021^[3]), Romania (OECD, 2023^[4]), and Latvia (OECD, 2023^[5]).

Based on the learning provided during previous assessments, the OECD Public Sector Innovative Capacity Framework (ICF) has now matured, enabling a robust analysis of factors influencing innovation on the individual, organisational and system levels described below. Together, these factors can help governments improve investments and address gaps and barriers to public sector innovation. Ultimately, increased public sector innovative capacity means that governments are better able to meet the needs of the public.

2.1. The OECD Innovative Capacity Framework and the assessment methodology

Innovative capacity refers to the public sector's systemic ability to work in innovative ways and improve outcomes such as trust in government, service satisfaction, and economic opportunities (Kaur and Buisman, 2022^[6]). Public sector innovation is influenced by various internal and external factors, such as political influences, institutional collaboration, accountability frameworks, audit practices, skills, leadership, performance management, monitoring and evaluation approaches, among others. The OECD's work on innovative capacity has systemically identified these factors.

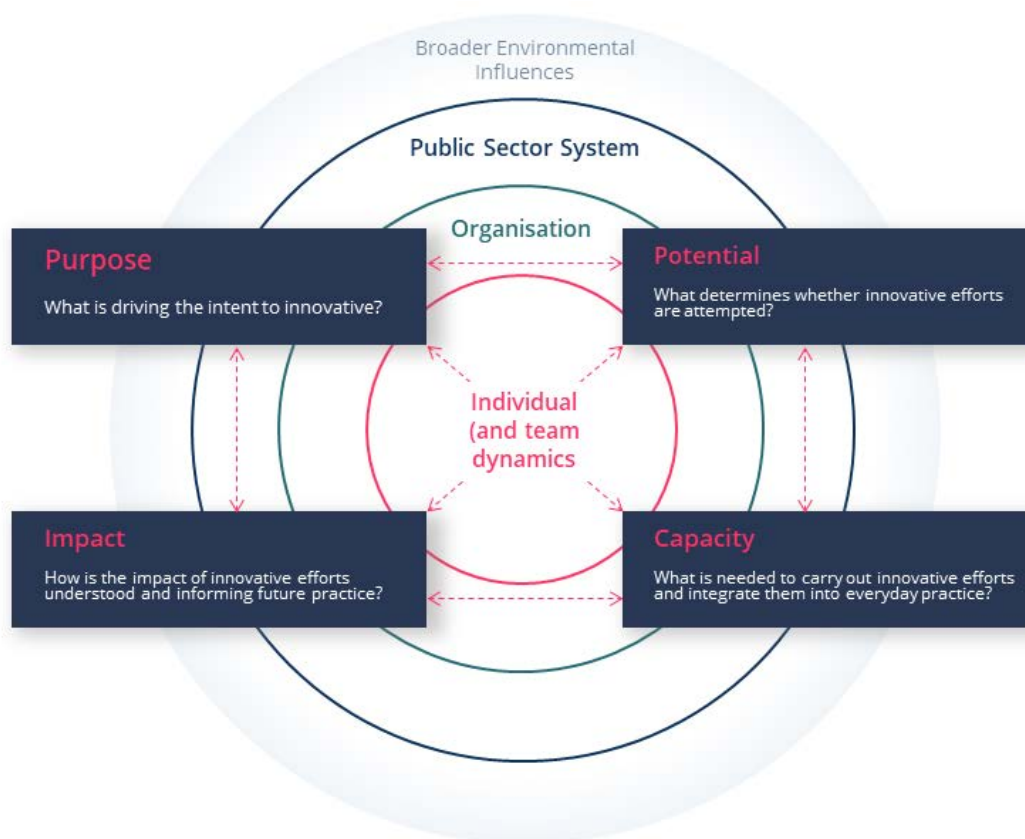
The OECD Innovative Capacity Framework (ICF) is a tool to help governments decide how to invest and foster innovation to accomplish goals and improve outcomes. The ICF examines public sector systems, acknowledging the context-specific nature of innovation while promoting comparability across different countries. The ICF's primary objective is to understand better the factors influencing innovation within the public sector and explore how they can be utilised to ensure that innovative practices and innovations are effective and sustained in achieving their intended objectives.

The Framework explores factors across four dimensions at the individual level (including team dynamics), organisational level (within the system), and whole system-level perspectives (including broader environmental influences) (see Figure 2.1). The overarching questions that underpin each of these dimensions are:

- **Purpose:** What is driving the intent to innovate?
- **Potential:** What determines whether innovative efforts are attempted?
- **Capacity:** What is needed to carry out innovative efforts and integrate them into everyday practice?
- **Impact:** How is the impact of innovative efforts understood and informing future practice?

Figure 2.1. OECD Innovative Capacity Framework

The Framework explores diverse factors across four dimensions: purpose, potential, capacity, and impact. The analysis encompasses three levels, including individual, organisations, and the public sector system.



Source: (Kaur and Buisman, 2022^[6])

Based on this framework, the methodology for OECD Innovative Capacity Assessments has evolved to encompass a mixture of qualitative and quantitative analysis methods (see Annex 2.A). In Bulgaria, a three-level survey was carried out along with standard desktop analysis, workshops, and interviews. The survey included a questionnaire for a central government representative, a questionnaire for heads of public sector organisations, and a questionnaire for all public servants (see details in Box 2.1).

Box 2.1. Research methods: Bulgaria's Innovative Capacity Assessments

This report uses quantitative and qualitative research methodologies, drawing on primary and secondary sources. Primary sources include interviews, workshops, and a survey, while secondary sources come from a literature review. The data collection and analysis by research method are described as follows:

- **Desktop review:** A desktop literature review analysis was carried out in Bulgarian and English, encompassing government publications, academic literature, and other grey sources.
- **Qualitative analysis:** A qualitative analysis of information from workshops and semi-structured interviews was carried out in Bulgarian and English.
 - 4 Workshops targeted public servants, part of Bulgaria's Innovation Network, technical-level professionals and middle managers, and executive directors of public organisations for both fact-finding and findings validation activities.
 - 25 semi-structured interviews targeted representatives from the State Administration, academia, civil society, and the private sector.
- **Statistical analysis:** Descriptive and predictive analyses used data from the OECD's Bulgaria Innovative Capacity Survey. The survey was collected in Bulgarian in April 2024 and later translated into English using artificial intelligence. The survey encompassed a three-level survey, including 3,483 completed responses:
 - Level 1 (L1): Survey to a central government representative - 1 completed response.
 - Level 2 (L2): Survey to heads of public sector organisations - 116 completed responses.
 - Level 3 (L3): Survey to all public servants - 3,633 completed responses.

Source: OECD.

The public sector innovation survey data collected in Bulgaria was analysed based on different groups, including categories in staff levels, governance levels and policy sectors, to showcase the differences in innovation enablers and barriers of the aforementioned. Box 2.2 describes the overall data analysis and gives guidance on how to interpret survey data presented in the rest of the report.

Box 2.2. Analysis of the OECD Innovative Capacity Survey of Bulgaria

This table summarises the level of analysis included in Bulgaria's innovative capacity survey. The results are shown with three primary data points:

- **Bulgaria:** Representing the average among survey respondents.
- **Innovators:** Representing the average among survey respondents who indicated having been involved in the design or implementation of an innovation in the last two years, according to the definition: "something new or novel to context, implemented, and aimed at achieving impact."
- **Not-Innovators:** Representing the average amongst those who have indicated that they have not been involved in the design or implementation of innovations over the last two years.

The survey results are also often presented with a distinction between staff levels, governance levels, and policy sectors.

Staff levels	Governance levels	Policy sectors
<ul style="list-style-type: none"> • Administrative/Secretarial • Professional • Middle management • Executive or senior management 	<ul style="list-style-type: none"> • Ministry • State agency, Executive agency, or Administration of a State Commission • Regional • Local or Municipal Administration 	<ul style="list-style-type: none"> • General public services • Defence • Economic affairs • Education • Environmental protection • Housing and community amenities • Health • Public order and safety • Recreation, culture, and religion • Social protection • Other policy sectors

Moreover, when relevant, individuals' characteristics variables, such as tenure, age, and gender, have been included in analyses.

The note section below each graph details the survey-level data sources and questions.

Source: OECD.

2.2. Overview of the Bulgarian State Administration's innovative capacity

This section reviews the assessment of the Bulgarian State Administration's innovative capacity using the OECD Innovative Capacity Framework. Key findings are presented in Table 2.1, detailing factors that drive the intent to innovate (purpose), the enabling environment determining the existence of these innovative efforts (potential), the necessary capacity for implementing and embedding innovative practices (capacity), and the understanding of their impact on Bulgaria's Administration (impact). Chapter 3 expands on those findings and offers relevant recommendations and best practices from OECD countries and beyond.

These insights rely primarily on descriptive statistics and data triangulated from various sources (see Box 2.1). Additionally, this section draws on predictive analysis, looking at the innovative capacity factors that causally affect Bulgaria's innovative outputs (see Box 2.3).

Table 2.1. Main findings: Bulgaria's innovative capacity

This table summarises key findings on Bulgaria's innovative capacity assessment across purpose, potential, capacity, and impact at the individual, organisational, and system levels.

Dimension/level	Individual	Organisational	System
Purpose: What is driving or impeding the intent to innovate?	<ul style="list-style-type: none"> • Innovation practice is driven from the top and is fragmented. • Personal motivation is the primary incentive to innovate. • Low levels of extrinsic motivation. 	<ul style="list-style-type: none"> • Some organisations drive innovation, but there is a lack of clear prioritisation and government direction. • Most organisations lack a strategic planning approach to drive innovation efforts. 	<ul style="list-style-type: none"> • Public sector innovation is not connected with government priority agendas. • Lack of a unified strategic framework and central co-ordination to drive government-wide efforts.
Potential: What determines whether innovative efforts are attempted?	<ul style="list-style-type: none"> • Perceived permission to innovate (autonomy, supervisor encouragement, etc.) is limited among administrative and professional staff. 	<ul style="list-style-type: none"> • Lack of psychological safety and leadership risk avoidance limit innovation. • Collaboration and resource constraints include budget, technology availability, and data practices. 	<ul style="list-style-type: none"> • Lack of adequate and dedicated funding mechanisms for innovation.
Capacity: What is lacking to carry out innovative efforts and integrate them into everyday practice?	<ul style="list-style-type: none"> • Low levels of extrinsic motivation across the civil service. • Absence of guidance or toolkits for implementing and managing innovation. 	<ul style="list-style-type: none"> • Skills and competencies shortfall among all levels of the administration. • Lack of diverse types of innovations tackling current and future challenges. 	<ul style="list-style-type: none"> • Workforce strategy gap at both organisational and system level. • Low scale and scope of system-level institutional support for innovation.
Impact: What limits the understanding of innovative efforts and obstructs informing future practice?	<ul style="list-style-type: none"> • Individual performance assessments that include innovation are uncommon. 	<ul style="list-style-type: none"> • Limited learning mechanisms for continuous improvement. 	<ul style="list-style-type: none"> • Absence of public sector innovation monitoring and an evaluation function. • Communication about innovation is generally insufficient.

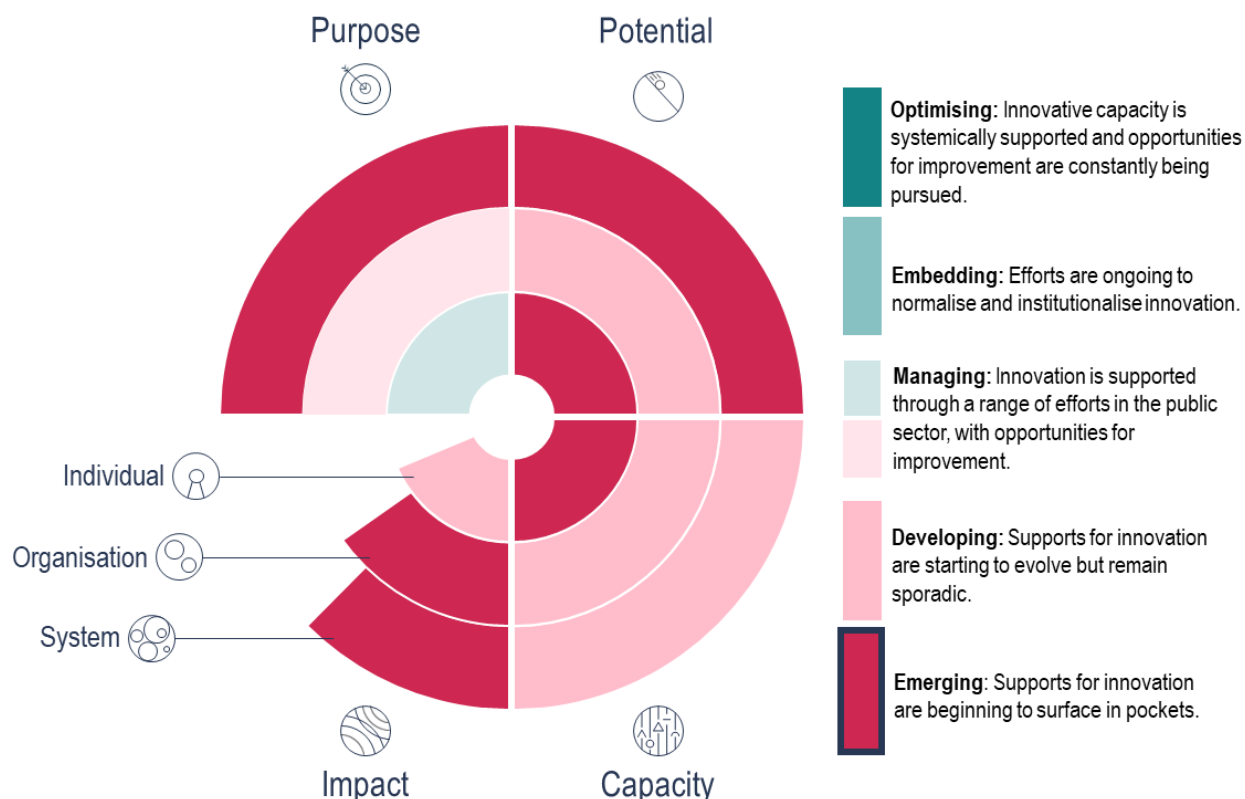
Source: (OECD, 2024^[7]).

Bulgaria's State Administration is at an emerging stage of fostering public sector innovation. As shown in Figure 2.2, each dimension of the Innovative Capacity Framework is scored from emerging to optimising:

- **Purpose is at a developing stage:** Public sector innovation exists but is primarily driven by senior leadership and individual motivations rather than systemic needs. Public sector innovation is not connected with government priority agendas (OECD, 2024^[7]).
- **Potential is at an emerging stage:** Limited collaboration, low perception of permission to innovate, and constrained resources and funding hinder the potential for innovation in the public sector (OECD, 2024^[7]).
- **Capacity is at a developing stage:** There is a lack of motivation to innovate. Skills and competencies are generally absent across the administration. Institutional support for public sector innovation exists but has a limited scope and is underdeveloped (OECD, 2024^[7]).
- **Impact is at an emerging stage:** Public sector innovation results are occasionally assessed, but gaps in monitoring and evaluation prevent a comprehensive understanding of effectiveness (OECD, 2024^[7]).

Figure 2.2. Bulgaria's public sector innovative capacity heatmap

The figure below visualises Bulgaria's public sector innovative capacity across the dimensions of purpose, potential, capacity, and impact at individual, organisational, and system levels based on the assessment results. The colours show how advanced innovative capacity is across these dimensions and levels, from least advanced, dark red, to most advanced, dark green, and lighter colours in between.



Note: The figure was created based on the innovative capacity assessment criteria based on (Kaur and Buisman, 2022^[6]) – Annex A. Bulgaria's emerging innovative capacity corresponds to an average value of 1.7 (Purpose 2.5; Potential 1.3; Potential 1.7; Impact 1.3).

Source: OECD

The OECD used the survey data collected to analyse the causal determinants of public sector innovation through an econometric analysis (see Box 2.3). Issues related to leadership risk-taking behaviour, government silos and audits were shown to negatively impact innovation in Bulgaria. At the same time, the availability of funding, skills, technology, collaboration, citizen centricity, and other factors positively impacted innovation. The sections below outline these factors across the ICF's four dimensions.

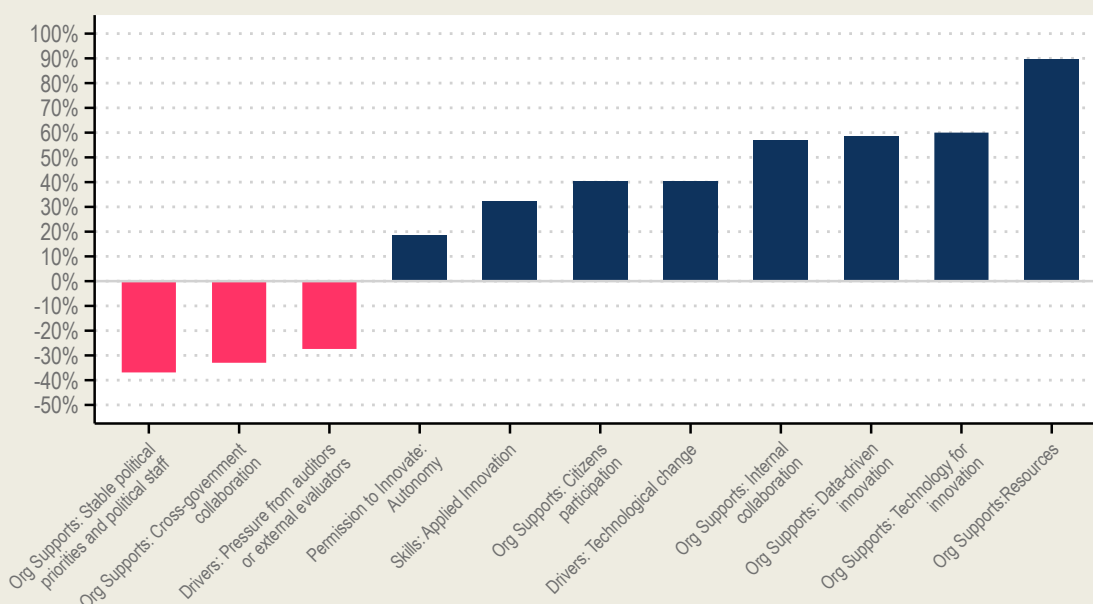
Box 2.3. Exploring causal relationships between innovative capacity factors and outputs

With the updated assessment survey methodology (Annex 2.A), it is possible to explore how innovative capacity factors affect innovation outputs. This analysis can support informing strategic decisions, efficient resource allocation, and the prioritisation of initiatives that have the highest impact on fostering innovation based on empirical evidence. This type of research is still uncommon in the public sector and should be considered exploratory.

Using a logit regression estimation, the OECD examined which ICF's factors significantly influenced the act of innovating in Bulgaria while controlling for individual (age and gender) and institutional (tenure and policy sector) characteristics. The econometric model uses the binary variable "having participated in an innovation" as the dependent variable, and independent variables such as perceptions of skills, organisational support, motivation, permission to innovate, risk appetite, and drivers of innovation (See regression in Annex 2.B). Figure 2.3 illustrates the most relevant factors, with red bars indicating negative effects and blue bars indicating positive effects, all of which are statistically significant at a 99% confidence level.

Figure 2.3. Most important factors influencing innovation in Bulgaria

The figure below shows the percentage point change in the odds of participating in an innovation in response to improvements in variables significant at a 99% confidence level.



Note: The figure shows the most robust determinants of self-reported participation in an innovation in the public sector in a logistic estimation that controls for individuals' variables, organisation, and policy sectors' fixed effects. All variables are odds-ratios and statistically significant at 99%. Red bars indicate negative effects, and blue bars indicate positive effects. The results should be taken as exploratory rather than purely causal since the relationship between dependent and independent variables can be bidirectional. For example, drivers like innovation skills or motivation can initially affect innovation. Simultaneously, engaging in innovation activities can enhance skills and motivation. There may also be underlying correlations and interactive effects among variables that make the isolation of a singular determinant (causal relationship) challenging. In the same way, highly motivated civil servants could be better trained and equipped with more skills, or vice versa. Source: OECD Bulgaria's Innovative Capacity Survey, 2024.

Factors influencing innovation negatively:

Public servants in Bulgaria who consider their organisation to have more stable political priorities and political staff, and cross-government collaboration have 37% and 33% lower odds, respectively, of participating in innovation. Moreover, public servants who perceive innovation in their organisation is driven by pressure from auditors and external evaluators have 27% lower odds of engaging in innovation.

These findings may seem a bit counterintuitive, but Bulgaria's stable and conservative political leadership may focus on maintaining existing processes and priorities, limiting innovation (Berry, 2023^[8]; OECD, 2023^[9]). Additionally, in a highly siloed administrative context, it is more difficult to launch projects, and there is a higher fear of losing control, a discouraging factor (Torfin, 2016^[10]; OECD, 2022^[11]). Lastly, public servants may find it difficult or too risky to innovate under the current compliance and accountability frameworks (Lamoreaux, Myers and Mason, 2024^[12]; Raudla, Taro and Agu, 2016^[13]).

Factors influencing innovation positively:

Public servants in Bulgaria significantly increase their odds of participating in innovation if they perceive organisational support in the form of resource commitment to developing new ideas (90%), the use of technology to promote innovation (60%), using data to innovate (58%), enabling internal collaboration (57%), and citizen involvement in policy and service design (40%). Additionally, those who perceive public sector innovation as driven by technological change (40%), possess skills for applying innovation (32%), or have job autonomy (19%) also experience higher odds of engaging in innovative projects.

Note: See econometric analysis in Annex 2.B.

Source: OECD.

2.2.1. Purpose: What is driving the intent to innovate?

In Bulgaria, public sector innovation is driven by the top. Innovative initiatives exist, but most of them are primarily results of top-down requests and are not developed through a methodical innovation process (OECD, 2024^[7]). As shown by the Innovative Capacity Survey carried out in the country, there is an overreliance of personal motivation as the primary incentive for innovation. As such, Bulgarian public servants generally rely on intrinsic motivation (internal factors such as personal satisfaction or sense of accomplishment), with extrinsic motivation (external factors such as rewards or recognition) playing a secondary role in encouraging innovation (OECD, 2024^[7]).

Organisations in general lack a strategic approach to public sector innovation. While some sector-specific strategies consider a public sector innovation dimension, most organisations lack a strategic approach (OECD, 2024^[7]). The study of causal determinants of innovation factors in the country (see Box 2.3) showed that current audit frameworks and practices may not support driving opportunities for innovation but rather discourage them (OECD, 2024^[7]).

Public sector innovation is not connected with government priority agendas (OECD, 2024^[7]; OECD, 2022^[14]). Bulgaria's focus on adapting to and harnessing technological change is relevant to drive innovation, but this should be aligned with other relevant government strategies and public sector reform (see Box 2.3) (OECD, 2024^[7]). There is no public sector innovation strategic framework or support from the central government, undermining sustained innovation efforts, leading to fragmented initiatives, and missing opportunities for systemic improvements (OECD, 2024^[7]).

2.2.2. Potential: What determines whether innovative efforts are attempted?

There is a low level of permission to innovate among administrative and professional staff. Perceiving autonomy to innovate (e.g., freedom to explore new ideas) is a key determinant of innovation in Bulgaria (see Box 2.3). However, most administrative and professional staff do not perceive this (OECD, 2024^[7]). A low portion of public servants perceive psychological safety – the feeling that one can take risks, speak up, and disagree – when innovating (OECD, 2024^[7]). Furthermore, leadership risk-averse behaviours hinder the likelihood of innovating due to preferences for preserving existing processes (see Box 2.3).

Limited collaboration and resource constraints inhibit innovation. Bulgarian public institutions encounter numerous challenges in innovation, primarily due to limited collaboration and resource constraints (technology, skills, time, data, and human resources) (OECD, 2024^[7]), both founded as crucial determinants (see Box 2.3). Moreover, enhancing organisational support for meaningful citizen participation can further accelerate the uptake of innovation (see Box 2.3) (OECD, 2024^[7]).

Lack of adequate and dedicated organisational funding for innovation. This results in strategic misalignment, limited innovation scope, and inconsistent potential across the administration (OECD, 2024^[7]). Highlighted as a causal determinant (see Box 2.3), this funding gap hinders the system and organisations' abilities to consistently engage in and sustain innovative efforts (OECD, 2024^[7]).

2.2.3. Capacity: What is needed to carry out innovative efforts and integrate them into everyday practice?

There are competencies and skills gaps among all levels of the administration. Applied innovation skills – a crucial determinant of innovation (see Box 2.3) – exist, but they are not widely adopted among public servants (OECD, 2024^[7]; OECD, 2022^[14]). Specific competencies such as prototyping and iterating, innovative procurement, open innovation, and technology design are almost inexistent among public servants (OECD, 2024^[7]). Moreover, Bulgaria lacks a workforce strategy that enhances motivation, and skills and competencies to boost innovation efforts (OECD, 2024^[7]).

Organisations innovate mostly to improve current systems rather than for more transformative projects. Innovative practices in Bulgaria consistently aim at improving current operating systems and responding to evolving citizens' needs (OECD, 2024^[7]). However, organisations could develop a more diverse and risk-balanced project management portfolio to consistently use innovation for reaching strategic goals and preparing for future risks (OECD, 2024^[7]).

System-level institutional supports for public sector innovation are underdeveloped. In Bulgaria, initiatives such as an innovation network, an innovation competition, and capacity-building programmes exist, but they have limited participation and a narrow range of activities (OECD, 2024^[7]). A programme to support the Administration in incubating and scaling concrete cross-government solutions, and further hands-on training programmes are required (OECD, 2024^[7]).

2.2.4. Impact: How is the impact of innovative efforts understood and informing future practice?

There are limited practices for understanding the impact of innovative efforts. Individual performance assessments rarely recognise innovative behaviours (OECD, 2024^[7]). Learning mechanisms and cycles (e.g., post-implementation reviews) are absent, limiting continuous improvement and effective adaptation to changing conditions in the Bulgarian State Administration (OECD, 2024^[7]).

Monitoring, evaluation, and communication of innovation results are missing. The absence of a dedicated public sector innovation monitoring function limits innovation awareness, and the lack of

innovation evaluations obstructs understanding of their effectiveness and efficiency (OECD, 2024^[7]). Communication about innovation, both internally and externally, is generally insufficient (OECD, 2024^[7]).

2.3. Innovative capacity assessments comparison

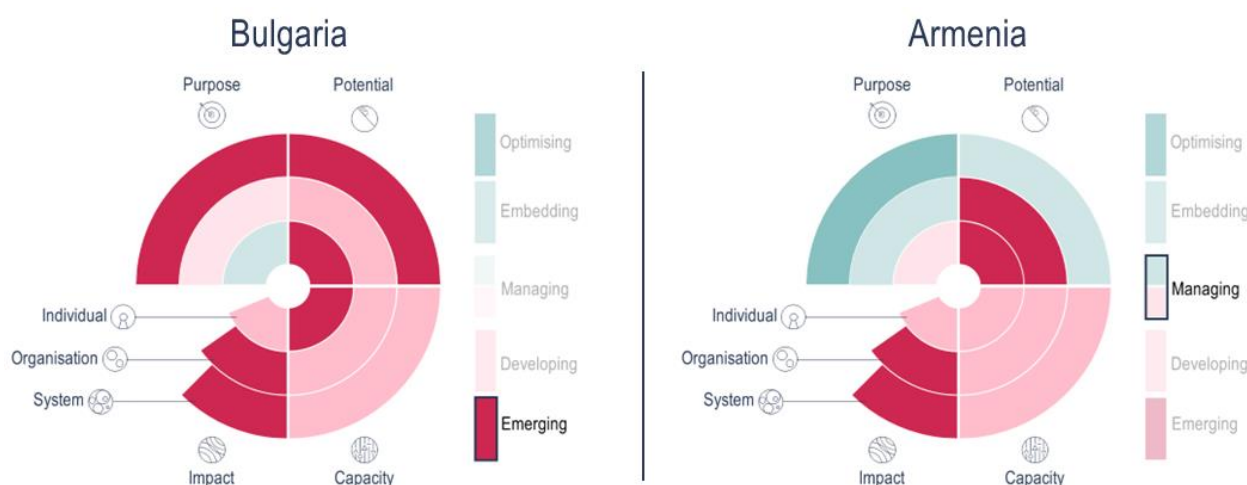
This section compares the innovative capacity assessment of Bulgaria and Armenia. Although other countries' assessments also used the OECD Innovative Capacity Framework (ICF), Bulgaria's and Armenia's assessments are more comparable due to nearly identical research methods and data collection used. The updated research methods approach will also allow comparison of future country assessments (see Annex 2.A).

Both Bulgaria and Armenia are in the early stages of building public sector innovation (Figure 2.4). In both countries, innovation largely depends on public servants' personal motivation rather than formal incentives. In Bulgaria, innovation is not yet connected to the government's priorities (OECD, 2024^[7]), while Armenia has a government-led approach anchored in its Public Administration Reform (PAR) (OECD, 2024^[15]). The potential to innovate in both countries faces significant barriers in translating innovative ideas into action, primarily due to low levels of permission to innovate and limited collaboration mechanisms (OECD, 2024^[15]; OECD, 2024^[7]).

Dedicated programmes to support PSI exist in both countries but are underdeveloped (OECD, 2024^[15]; OECD, 2024^[7]). Armenia, however, is pushing forward with reforms and innovation initiatives led by the central government (OECD, 2024^[15]). At the capacity level, Bulgaria's skills in innovation are not largely adopted (OECD, 2024^[7]), while Armenia shows a slightly broader uptake across civil servants, with specialised teams and flagship projects (OECD, 2024^[15]). Both countries also have limited practices in monitoring and evaluating the impact of innovations, which limits the ability to effectively spread innovation approaches across their public sectors (OECD, 2024^[15]; OECD, 2024^[7]).

Figure 2.4. Comparative Innovative Capacity

The figure below represents a comparative visual of Bulgaria's emerging innovative capacity and Armenia's managing innovative capacity.

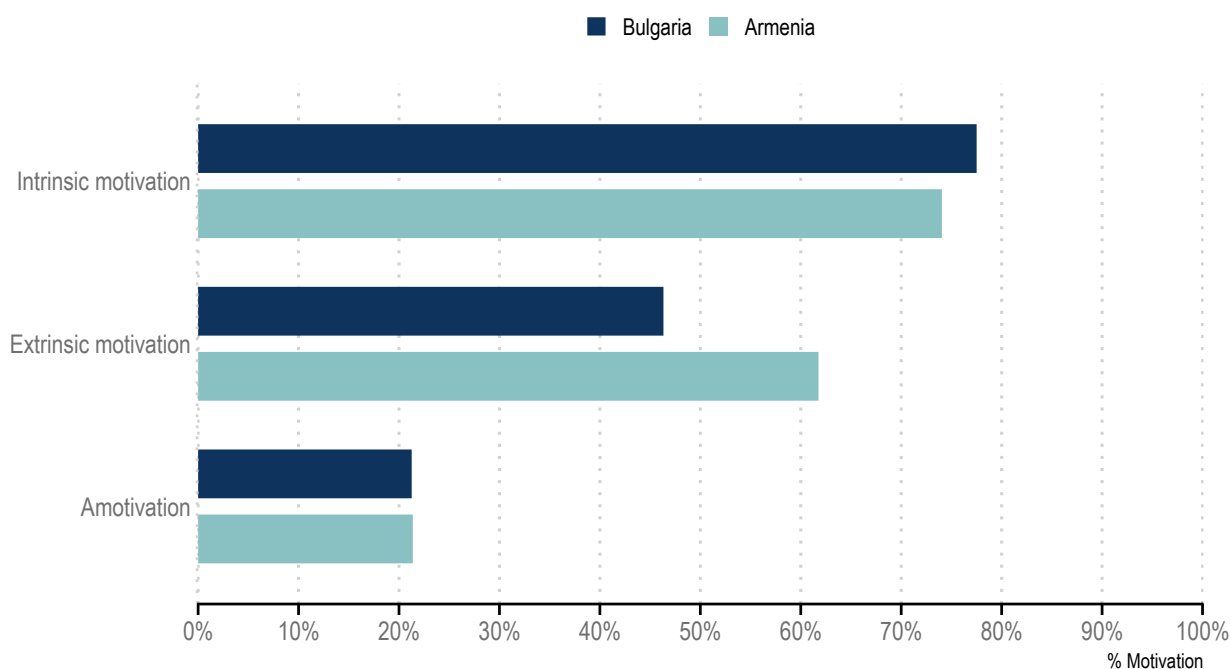


Note: Figures created based on the innovative capacity assessment criteria based on (Kaur and Buisman, 2022^[6]) – Annex A.
Source: OECD.

The government-driven approach to innovation is stronger in Armenia than in Bulgaria. Both Bulgaria and Armenia rely on public servants' intrinsic motivation as a key driver of public servants' intent to innovate, while extrinsic rewards play a minimal role (Figure 2.5) (OECD, 2024^[15]; OECD, 2024^[7]). In Bulgaria, innovation is primarily top-down, with fragmented efforts. Innovation is influenced by a wide range of drivers but is not connected to government priorities (Figure 2.6) (OECD, 2024^[7]). In Armenia, innovation is also driven by personal fulfilment, but also through some extrinsic incentives such as salary increases and promotions (OECD, 2024^[15]). Armenia also shows a more strategic and structured approach to innovation, with a focus on government strategies, technological change, and public sector reform (Figure 2.6). This is supported by its 2021-2026 Public Administration Reform Strategy that drives innovation across the public sector (OECD, 2024^[15]).

Figure 2.5. Comparative motivation for innovation

Share of public servants by perceived motivation to innovate in their organisation, 2024.



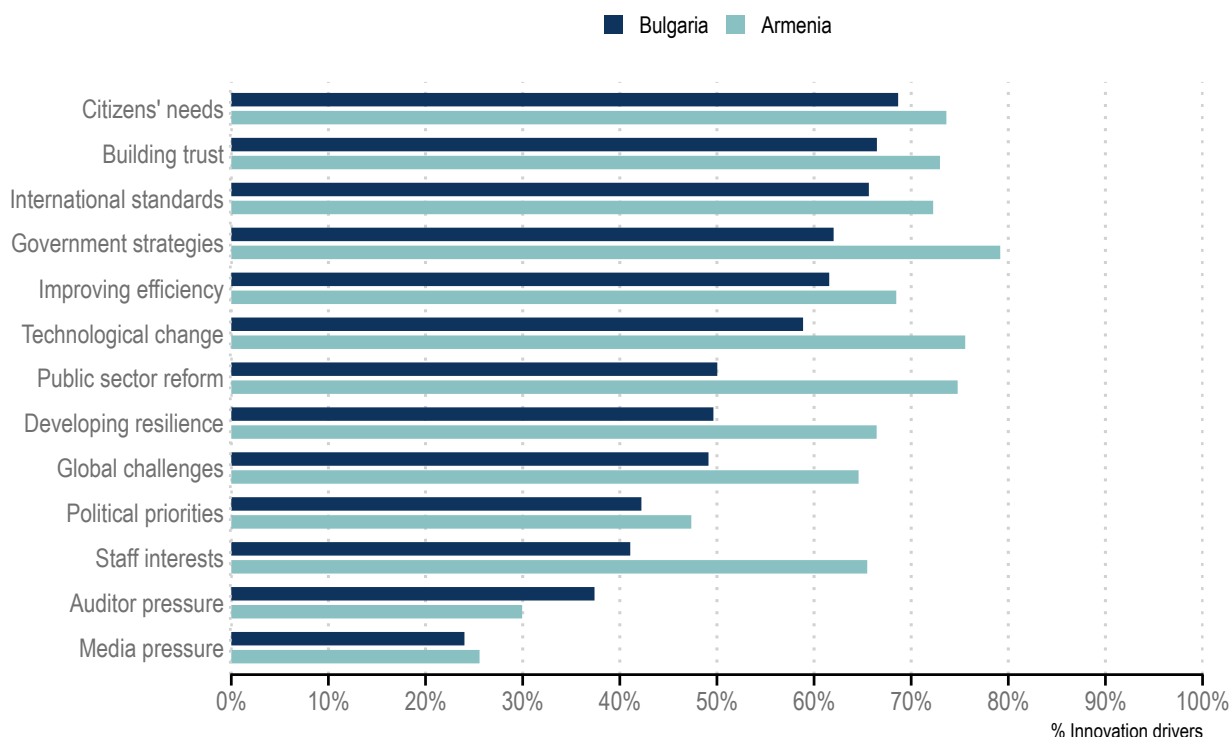
Note: N= Bulgaria: 3,633; Armenia: 2,503. Respondents: Public Servants (L3). Figure presents the share of respondents who "Agree" or "Strongly agree" with the following statements. The respondents are asked to answer the question: Motivation: Please indicate to what extent each of the following items corresponds to the reasons why you are presently involved in your work. Please rank each statement from 1 "Strongly disagree" to 5 "Strongly agree". [Ranking].

Source: OECD Bulgaria's Innovative Capacity Survey, 2024; OECD Armenia's Innovative Capacity Survey, 2024.

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Figure 2.6. Comparative drivers of innovation

Share of public servants by perceived drivers of innovation in their organisation, 2024.



Note: N= Bulgaria: 3,749; Armenia: 2,578. Respondents: Head of Organisations (L2) and Public Servants (L3). Figure presents the share of respondents who perceive the statements to be "Important" or "Very important", "Agree" or "Strongly agree". The respondents are asked to answer the question: In my perception, innovation in my organisation is driven by: Please rank statements from 1 "Not important" to 5 "Very important" or 1 "Strongly disagree" to 5 "Strongly agree". [Ranking].

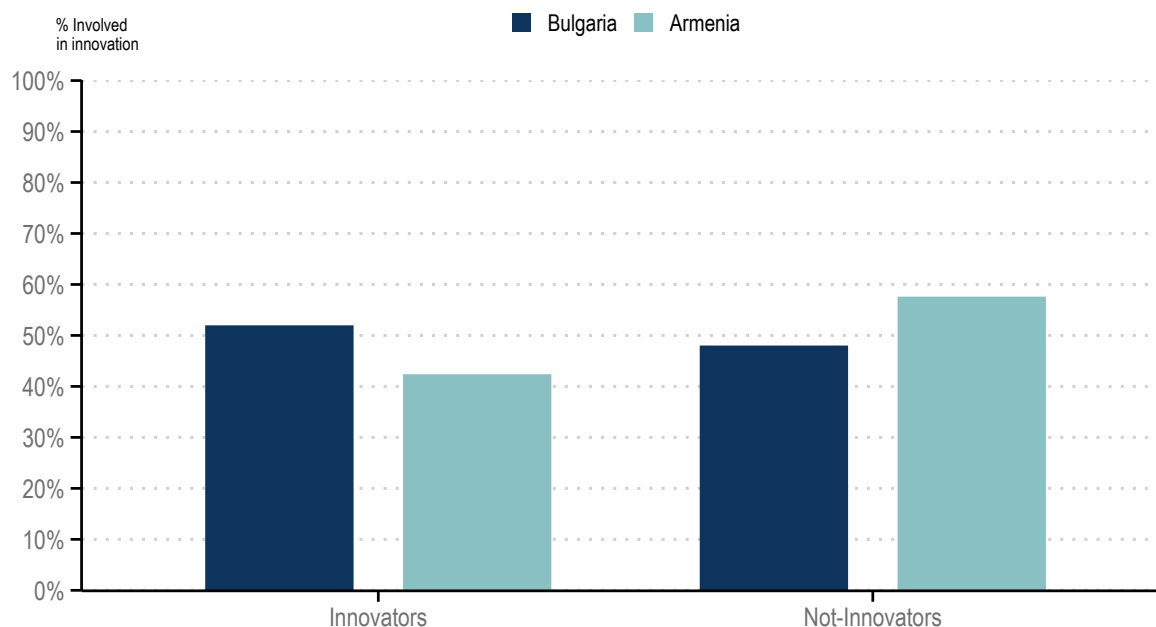
Source: OECD Bulgaria's Innovative Capacity Survey, 2024; OECD Armenia's Innovative Capacity Survey, 2024.

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While the uptake of innovation is similar in both countries (Figure 2.7), Bulgaria and Armenia's potential for public sector innovation differ in scope. In Bulgaria, low levels of permission to innovate (Figure 2.8), a lack of psychological safety, and leadership's risk-averse behaviour are generalised challenges across the Administration (OECD, 2024^[71]). Limited collaboration, resource constraints, and a lack of dedicated funding further hinder innovation efforts (OECD, 2024^[71]). In contrast, Armenia's permission to innovate is comparatively more perceived by public servants (Figure 2.8), and barriers to innovation such as a lack of safe experimentation spaces, risk avoidance, and limited collaborative culture are less predominant (OECD, 2024^[15]). Armenia's PAR strategy also offers a coordinating role in reform efforts (OECD, 2024^[15]), unlike Bulgaria's fragmented approach.

Figure 2.7. Comparative participation in an innovation in the workplace

Share of public servants involved in designing and/or implementing an innovation in their workplace during the last two years, 2024.



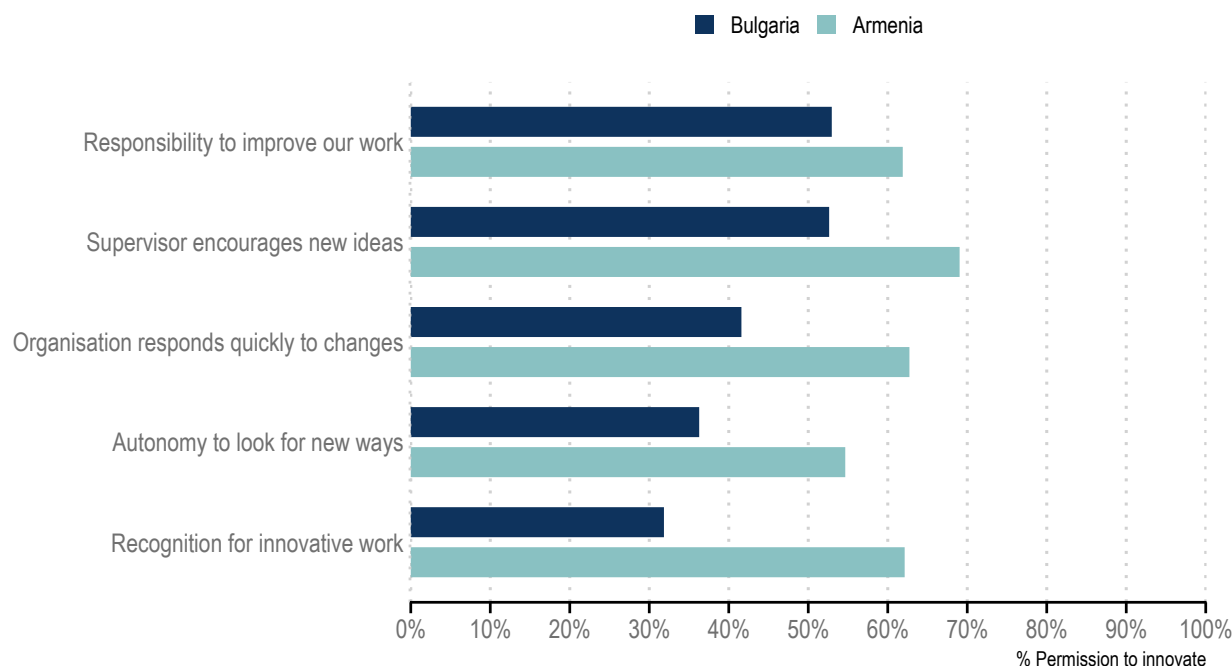
Note: N= Bulgaria: 2,801; Armenia: 2,503. Respondents: Public Servants (L3). Figure presents the share of respondents who have participated in innovation during the last two-year period. The respondents are asked to answer the question: The OECD defines innovation as something new or novel to context, implemented, and aimed at achieving impact. The focus of innovations could include services, products, processes, working methods and operating procedures, policy development, communication. Based on this definition, have you been involved in designing and/or implementing an innovation in your workplace during the last two-year period? [Single choice].

Source: OECD Bulgaria's Innovative Capacity Survey, 2024; OECD Armenia's Innovative Capacity Survey, 2024.

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Figure 2.8. Comparative permission to innovate

Share of public servants by perceived permission to innovate dimension in their organisation, 2024.



Note: N= Bulgaria: 3,633, Armenia: 2,503. Respondents: Public Servants (L3). Figure presents the share of respondents who “Agree” or “Strongly agree” with the following statements. The respondents are asked to answer the question: Licence to innovate: To what extent do you agree with the following statements? Please rank each statement from 1 “Strongly disagree” to 5 “Strongly agree”. [Ranking].

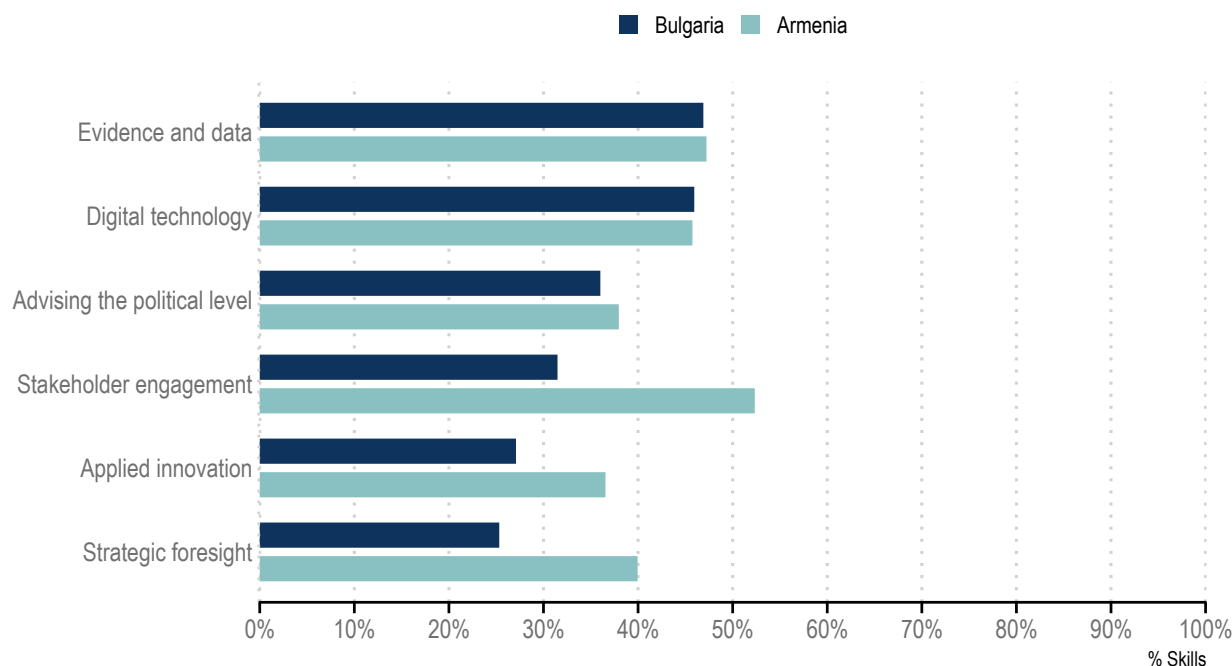
Source: OECD Bulgaria’s Innovative Capacity Survey, 2024; OECD Armenia’s Innovative Capacity Survey, 2024.

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Bulgaria and Armenia both face similar challenges in building and integrating innovative capacity into everyday practices. In Bulgaria, gaps in innovation skills (Figure 2.9) and limited strategic workforce development hinders transformative innovation (OECD, 2024^[7]). Capacity-building initiatives exist but are sporadic and have a narrow reach (OECD, 2024^[7]). In Armenia, the adoption of innovation skills is higher (Figure 2.9) but also constrained by limited capacity-building opportunities (OECD, 2024^[15]). The country also has limited practices for recruiting and developing talent with innovative skills (OECD, 2024^[15]). Both countries require stronger organisational practices, such as budgeting and portfolio management, to support a mix of risk-balanced innovation efforts, including incremental and transformative initiatives (OECD, 2024^[15]; OECD, 2024^[7]).


Figure 2.9. Comparative innovation skills and competencies

Share of public servants by perceived adoption of skills and competencies, 2024.



Note: N= Bulgaria: 3,633; Armenia: 2,503. Respondents: Public Servants (L3). Figure presents the share of respondents who assess their skills to be "High" or "Very high". The respondents are asked to answer the question: Overall, how would you assess your own skills in the following areas? Please rank statements from 1 "Very low" to 5 "Very high". [Ranking].

Source: OECD Bulgaria's Innovative Capacity Survey, 2024; OECD Armenia's Innovative Capacity Survey, 2024.

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As many other OECD countries, Bulgaria and Armenia have limited practices in understanding and leveraging the impact of their innovative efforts. In Bulgaria, there are few practices for assessing innovation, with limited recognition of innovative behaviours in performance assessments and a lack of learning mechanisms such as post-implementation reviews (OECD, 2024^[7]). Monitoring and communication of innovation results are minimal, hindering continuous improvement (OECD, 2024^[7]). Similarly, in Armenia, performance assessments are often seen as punitive, and the lack of monitoring and evaluation across policies makes it difficult to gauge the impact of innovation (OECD, 2024^[15]). While Armenia is developing guidelines for monitoring, further capacity-building is needed (OECD, 2024^[15]). Both countries need better systems for learning, sharing best practices, and evaluating innovation to inform future improvements (OECD, 2024^[15]; OECD, 2024^[7]).

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Annex 2.A. Updated research methods for innovative capacity assessments

Earlier versions of the ICF methodology was early tested in country studies of Canada (OECD, 2018^[16]), Brazil (OECD, 2019^[2]) and elsewhere, but the updated approach was refined in the assessments carried out in Latvia (OECD, 2023^[5]) and Romania (OECD, 2023^[4]) (Kaur and Buisman, 2022^[6]). This updated framework is now being used in the current assessment and Armenia (forthcoming). The methodology uncovers individual, organisational and system level data with the aim to equip governments to design evidence-based public sector innovation supports and to work with system's levers to increase the quantity and quality of innovation in the public sector.

Based on initial country assessment indicated above, the research methodology has been refined to ensure a more in-depth exploration of factors influencing innovation capacities at different levels. The research methods used include a literature reviews, multi-level surveys (see Annex Table 2.A.1), fact-finding workshops, interviews/bilateral discussions, and validation workshops.

The results of innovative capacity assessments can help build a business case for investments in key areas of innovative capacity support. For example, they can reveal:

- Best practices that should be scaled and spread across the public sector;
- Key system-level issues that significantly impact innovation outcomes (e.g., audit, recruitment, procurement);
- Skills and motivation gaps impacting the capacity of public servants to innovate;
- Areas with the biggest innovation needs based on strategic aims; and
- Barriers preventing explicit innovation institutional supports (e.g., labs, networks) from achieving optimal impact.

These assessments can help countries:

- Make strategic investments in PSI to optimise resource efficiency and impact;
- Build the business case for explicit innovation supports (labs, funds, networks, sandboxes, etc.); and
- Understand how innovation can help deliver key strategic and political agendas.

Annex Table 2.A.1. Overview of ICF multi-level survey

	1: Central Lead for PSI	2: Head of organisation	3: Head of work unit	4: All public servants	5: Municipal level public servants	6: Ad-hoc levels e.g., Civil Society, Citizens, etc.
Information gathered	Institutional structures for PSI (Labs, funds etc.), formal innovative capacity building programmes.	Organisation and system level factors influencing PSI.	Organisation and system level factors, detailed examples of PSI and factors that influenced them.	Individual level perceptions and experiences of PSI, individual skills, perceptions of organisational skills gaps, detailed examples of PSI and factors that influenced them.	Organisational and system level factors enabling / hindering innovation, comparison from one municipality to the next (depending on needs and access either module 2/3 or 4 level survey).	Organisational or individual level perceptions and experiences of PSI.
Why?	Baseline for understanding of explicit innovation supports, dashboard, country-to-country comparison, incentive to improve on country-to-country comparison.	Organisation-to-organisation comparison, uncovering organisational factors behind innovation successes and failures and incentives for organisational level improvement.	Topical, thematic work area level comparison, targeted capacity building, understanding of PSI cases and optimal conditions that can be replicated.	Individual capacity needs and optimal conditions for PSI; workplace factors influencing innovation and capacity to design/deliver evidence-based capacity building, understanding of individual drivers/motivations/perceptions that can be addressed.	Identification of best practice in municipalities, understanding of optimal conditions in those municipalities.	Understanding specific aspects of PSI such as citizen or civil society participation, evaluating citizen perceptions or outcomes related to PSI efforts or specific initiatives.

Note: The deployment of the survey modules is dependent on the assessment. The modules outlined above can be mixed into specific public sector innovation assessments, depending on the scope of the study and the country's interest. Module 1 is compulsory in all assessments. Modules 2 or 3 can be selected depending on the scope of the study and considering feasibility in the specific country administrative setting. Module 4 can provide an essential view of individual-level drivers of innovation and innovation needs, but depending on the administrative contexts, it may be difficult to implement, although representative samples of public servants can provide significant insights. Module 5 and 6 are optional and dependent on the scale and scope of the assessment. In some settings, bodies outside the government (third sector, private companies, etc.) are also surveyed to understand public sector innovation dynamics and outcomes.

Source: OECD.

Annex 2.B. Econometric model

Annex Table 2.B.1. Binary Logit: Innovation output (odds-ratio)

The table below shows the percentage point change in the odds of participating in an innovation (estimate) in response to variable changes.

Variables	Estimate
(Intercept)	-0.62
Skills: Advising the Political Level	0.14**
Skills: Applied Innovation	0.32***
Skills: Evidence and Data	-0.03
Skills: Foresight	0.04
Skills: Stakeholder Engagement	-0.13**
Skills: Digital Technology	0.04
Organisational support: Resources	0.90***
Organisational support: Stakeholder participation	-0.15
Organisational support: Collaboration internally	0.57***
Organisational support: Cross-government collaboration	-0.33***
Organisational support: External collaboration	0.07
Organisational support: Risk management	0.19
Organisational support: Technology for innovation	0.60***
Organisational support: Failure and learning	-0.05
Organisational support: Applied innovation skills	0.15
Organisational support: Strategic role of innovation	-0.05
Organisational support: Innovate by audit processes	0.03
Organisational support: Innovation culture	-0.02
Organisational support: Data-driven innovation	0.58***
Organisational support: Innovation procurement	-0.03
Organisational support: Stable staffing and management structures	-0.19
Organisational support: Stable political priorities and political staff	-0.37***
Organisational support: Citizens participation	0.40***
Organisational support: Flexible legislative and regulatory frameworks	-0.26**
Motivation: Intrinsic Motivation	0.05
Motivation: Extrinsic Motivation	0.01
Motivation: Amotivation	0.02
Permission to innovate: Autonomy	0.19***

Permission to innovate: Organisational Control	0.17**
Risk Appetite: Risk taking	-0.01
Risk Appetite: Failure support	-0.06
Drivers: Political priorities	-0.01
Drivers: Government strategies	-0.22*
Drivers: Global challenges	0.34**
Drivers: International standards	-0.02
Drivers: Citizens needs	0.04
Drivers: Building trust and public sentiment	-0.11
Drivers: Public sector reform agendas	0.07
Drivers: Technological change	0.40***
Drivers: Improving efficiency and/or reducing costs	0.09
Drivers: Interests of staff	0.01
Drivers: Developing resilience and preparing for future risks	-0.04
Drivers: Pressure from media	-0.12
Drivers: Pressure from auditors or external evaluators	-0.27***
Controls	Yes
R ²	0.2025
N	2716
AIC	3,156.50

Note: * $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$

Source: OECD

3

How Bulgaria's State Administration can improve its innovative capacity

This chapter thoroughly explores Bulgaria's State Administration's innovative capacity findings, outlining policy recommendations along key governance areas. The analysis covers strategic steering of public sector innovation; leadership, management, and support for public sector innovation; funding, evaluation, and communication of public sector innovation; skills and competencies to innovate at all levels; workforce strategy and incentives to widespread public sector innovation. Each section provides international best practices to improve the support of innovative capacity.

This chapter explores Bulgaria's State Administration's innovative capacity findings in detail, outlining policy recommendations along key governance areas. The analysis covers innovation strategic steering, institutional supports for innovation, funding and portfolio management, skills and competencies, and innovation talent management. Each section provides international best practices to improve the support of innovative capacity.

3.1. Strategic steering of public sector innovation

Key recommendations

Connect public sector innovation with government priority agendas:

- Develop a vision of how public sector innovation can contribute to the government's national priorities and to the 2030 National Development Programme.
- Articulate an action plan and convene a working group that puts forward a coordinated approach for implementation, defining clear objectives, measurable outcomes, indicators, and timelines for implementation.

Reinforce the strategic steering of public sector innovation from the centre of government:

- Reinforce the Council of Ministers' Administration's role in aligning investments in public sector innovation capacities with government priorities, steering, coordinating, and monitoring cross-government innovation efforts.
- Provide high-level guidance for strategic public sector innovation planning across the administration by providing template, tools and capacity-building to steer and monitor progress.

3.1.1. Connect public sector innovation with government priority agendas.

Innovation in Bulgaria is not connected to the government's priority agendas and lacks a unified strategic framework. Public sector innovation strategic frameworks are essential to mandate and guide sustained innovation demand, ensuring that organisational and individual activities align with priorities and opportunities (Kaur and Buisman, 2022^[1]). PSI strategies can be particularly important for legalistic and hierarchical environments (Kaur and Buisman, 2022^[1]). However, such strategies require additional support mechanisms to be effective, such as central teams that drive strategic aims and foster leadership support and programmes that explicitly support innovation (e.g., incubators and training programmes).

Different cross-government strategies in Bulgaria contribute to PSI but lack prioritisation. Some agendas in the country –such as digitalisation and research and development– support the need for new and improved methods, processes, and technologies to enhance efficiency, effectiveness, and adaptability in serving the public (see Chapter 1). However, this demand is driven by many factors and no clear prioritisation (see Figure 3.1) and often results in unimplemented initiatives (OECD, 2024^[2]). Without an overarching vision, these efforts risk being sporadic and fragmented (Kaur and Buisman, 2022^[1]), potentially undermining their effectiveness and impact, along with impeding the systematic development of innovative practices within the State Administration.

Bulgaria's *2030 National Development Programme* (NDP) for improving its institutional framework is among the most important central strategic documents, and it does not explicitly include public sector innovation (Republic of Bulgaria, n.d.^[3]). Led by the Administration of the Council of Ministers, the priority *10 Institutional Framework*, part of the programme, aims to reduce regulatory burdens, improve the quality,

predictability and sustainability of executive policies and the regulatory environment, and reduce the risk of corruption to improve the business environment and the economy's international competitiveness (Republic of Bulgaria, n.d.^[3]).

The 2030 NDP also includes initiatives to strengthen the capacity for user-centred digital services, citizen participation, improving public services and performance management and accountability (**A wide range of drivers currently influences innovation within Bulgaria's public sector without clear prioritisation and direction from the government.** Public sector innovation goals are different for every country and can be driven by drivers such as increasing efficiency and productivity, responding to citizen needs, reducing red tape, improving services, achieving societal goals, and embracing experimentation and new technologies . OECD innovative capacity studies have shown that in countries without deliberate strategies, public sector innovation is frequently narrowed only to Public Sector Reform (PSR) efforts . While this approach can support systematic improvements, it may not lead to systemic, anticipatory, or transformational change in public administration .

On average ("Bulgaria" in the figure), public servants in Bulgaria perceive drivers such as media pressures (24%), audits (37%), staff interest (41%), and political priorities (42%) as having the least importance on carrying out innovations. Conversely, drivers such as citizens' needs (69%), building trust (66%), international standards (66%), and government strategies (62%) were identified as the most influential (Figure 3.1).

The drivers of innovation for those who have innovated ("Innovators" in the figure) and those who have not innovated ("Not-Innovators") differ greatly (Figure 3.1). Innovators place comparatively more emphasis on factors such as technological change (27 percentage points (p.p.) difference compared to non-innovators), developing resilience (23 p.p.), staff interest (21 p.p.), and improving efficiency (21 p.p.).

Table 3.1) (Republic of Bulgaria, n.d.^[3]). These initiatives create indirect demand for innovation, but they focus more on improving current systems rather than fostering more sustained and impactful changes. Additionally, interviews revealed that many of the programme's initiatives remain uncoordinated and fragmented since the administration has limited mechanisms to support the implementation and monitoring of yearly action plans (OECD, 2024^[2]).

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Table 3.1. Bulgaria's 2030 National Development Plan – Priority 10 Institutional Framework

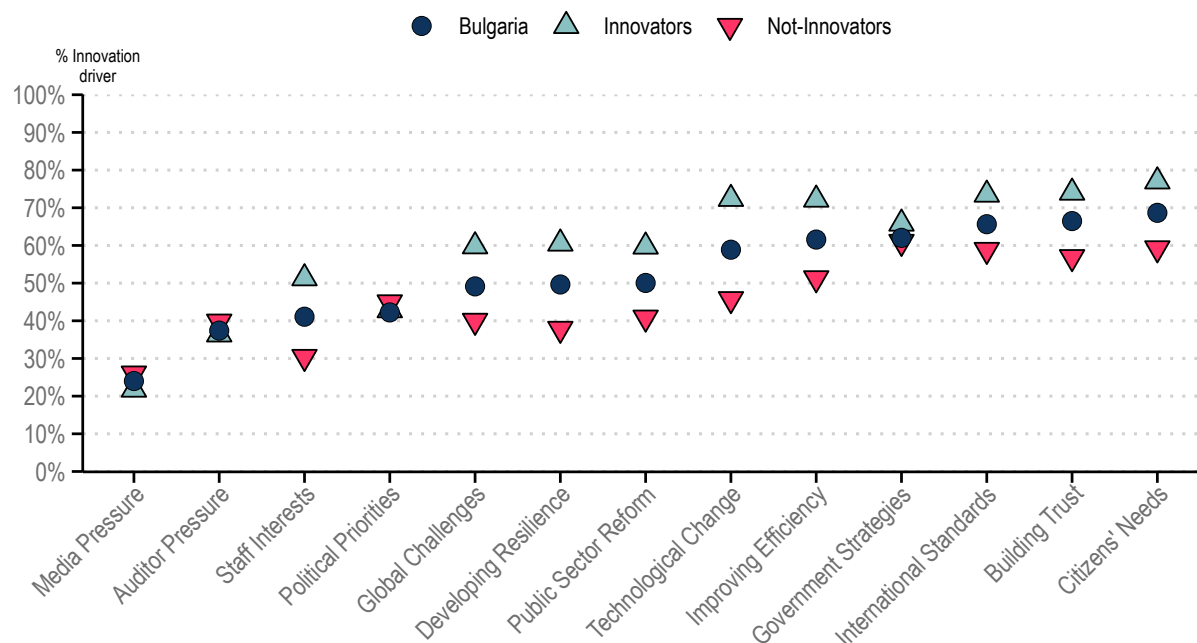
The table below shows the sub-priorities, descriptions, and initiatives of Bulgaria's 2030 National Development Plan – Priority 10 Institutional Framework.

Sub-priority	Description	Initiatives
10.1. Good governance in the public sector	Develop and use tools to improve the existing governance system, effectiveness, and sustainability of solutions. Focus on the quality of management decisions, monitoring their implementation and incentivising the involvement of society.	<ul style="list-style-type: none"> • Build a stable and tight strategic and institutional framework at all administrative levels. • Establish mechanisms for targeting, monitoring, and evaluating goals at all levels. • Provide digital tools for open governance. • Implement transformation measures according to new realities and new expectations in society.
10.2. Regulatory policy in favour of economic development	Correct regulation and the promotion of new regulatory approaches to boost economic growth, improve the efficiency of the public sector, and increase trust between citizens, businesses, and institutions.	<ul style="list-style-type: none"> • Reduce administrative burdens for businesses combined with e-government tools. • Reduce the frequency of checks by the administration.
10.3. E-Government	Transform towards an e-Government based on digital technologies and the use and protection of data. Support the transition from an institutionally-centred approach in government to citizen- and business-centred governance.	<ul style="list-style-type: none"> • Develop and implement a national smart data management framework. • Digitalise key systems and develop the necessary competences among key positions. • Implement a national electronic identification scheme. • Apply the highest standards of cybersecurity. • Integrate public service providers into the e-Government. • Digitalise the Bulgarian justice system.
10.4. Development of the legal environment	Improve existing instruments for participation in decision-making processes, the framework of free expression, accountability of institutions and opportunities for civic and institutional education.	<ul style="list-style-type: none"> • Propose a common legislative framework for regulations. • Strengthen the role of the case-law of the European Court of Human Rights (ECHR). • Provide legal certainty for challenging administrative decisions and address non-compliance. • Establish a new common framework for administrative sanctions and enforcement. • Increase transparency in private media ownership. • Introduce new tools for civic participation and civic education.
10.5. Public sector integrity	Establish a common framework of conduct for public sector employees, protect whistleblowers of non-professional conduct of public sector employees, and improve the selection of public administration employees.	<ul style="list-style-type: none"> • Create a common Integrity Framework that includes standards, tools, good practices. • Apply transparent procedures for the appointment of both magistrates and judicial officials. • Ensure the independence of the judiciary and reduce the regulatory and administrative burden during the security proceedings.
10.6. Judiciary	Strengthen the independence of the judiciary to increase trust of society and business, and respect for the principle of the rule of law. Build an adequate justice process based on transparency, efficiency, equal workload of courts, ethical regulation, and the fight against corruption.	<ul style="list-style-type: none"> • Increase transparency in judiciary processes. • Improve effectiveness of the judiciary system. • Build a model for assessing the workload of courts. • Enhance citizens' participation in the justice process. • Reform the penitentiary system. • Complete the reform of the child-friendly justice.

Source: OECD based on (Republic of Bulgaria, n.d.^[4]).

Figure 3.1. Drivers of public sector innovation

Share of public servants who perceive the driver is influencing innovation in their organisation, 2024.



Note: N=2,917 to 3,749. Respondents: Head of Organisations (L2) and Public Servants (L3). Figure presents the share of respondents who perceive the driver of innovations to be "Important" or "Very important", "Agree" or "Strongly agree". The respondents are asked to answer the question: In my perception, innovation in my organisation is driven by: Please rank statements from 1 "Not important" to 5 "Very important" or 1 "Strongly disagree" to 5 "Strongly agree".

Source: OECD Bulgaria's Innovative Capacity Survey, 2024.

StatLink  <https://stat.link/n0wuky>

An OECD analysis exploring the causal determinants of innovation in Bulgaria found that only technological change and auditor pressures significantly drive innovation (see Box 2.3.). Public servants who perceive their organisation as technologically driven have 40% higher odds of participating in innovation, reflecting Bulgaria's emphasis on digital transformation (see Chapter 1). While harnessing technological change will continue to be important for driving innovation in public organisations, this should be aligned with other relevant drivers, such as government strategies, public sector reform, and political priorities.

Conversely, pressures from auditors and external evaluators reduce the likelihood of innovation by 27%, suggesting a punitive rather than supportive audit environment that exacerbates a risk-averse culture (Lamoreaux, Myers and Mason, 2024^[5]; Raudla, Taro and Agu, 2016^[6]). No other significant drivers were identified, shedding light on the lack of relevant government-led approach and involvement in fostering public sector innovation.

These findings highlight the necessity for a strategic framework for PSI that clearly defines and stimulates demand for innovation connected to the current *National Development Programme* and the Government's priorities. The latter should integrate other important driving factors –citizens' needs, trust in government and international standards– into its guiding approach.

Strategic frameworks and dedicated strategies in other countries support more systematic and cohesive public sector innovation efforts across government. Some strategies adopted or in development by OECD members include PSI-specific dimensions, such as in Latvia (forthcoming),

[Romania](#), and [Ireland](#). Ireland's Department of Public Expenditure and Reform created a strategy for embedding innovation in the Irish Public Service (Government of Ireland, n.d.^[7]). The strategy contains four priority areas: citizen-centric innovation, culture of innovation, scale-up innovation, and transformative innovation. This targeted strategic framework for PSI is framed under a broader transformation strategy for public service, the *Better Public Services* strategy, aimed at delivering to the public and building trust (Box 3.1). PSI strategies can foster both top-down and bottom-up approaches, as shown in Denmark (Box 3.2), ensuring innovation responds not just to political priorities but also to a widespread culture of innovation.

Bulgaria needs to connect public sector innovation with government priority agendas through a vision and action plan. Without a clear alignment on the priorities driving innovation, resources risk being spread too thin, diminishing the impact of efforts, and leading to conflicting or redundant initiatives (Kaur and Buisman, 2022^[1]), especially in Bulgaria's legalistic government culture (Bertelsmann Stiftung, 2022^[8]).

An innovation vision and action plan are essential to address the current lack of PSI strategic framework. The innovation vision should be connected to Bulgaria's national priorities and the 2030 National Development Programme by identifying and focusing on areas that hold the highest potential for impact. This could ensure that innovation efforts are targeted, thereby avoiding the pitfalls of resource dilution.

The action plan should define clear objectives, measurable outcomes, indicators, and timelines for implementation. This plan should serve as a guide for ministries and other public organisations, enabling them to contribute to innovation within a unified approach (Kaur and Buisman, 2022^[1]). Through this plan, Bulgaria should also foster stronger collaboration between public organisations, and with non-governmental actors. CoMA could convene a cross-government working group to support monitoring of the action plan implementation and encouraging diverse perspectives, reduce initiatives' redundancy, and facilitate resource pooling for public sector innovation. Additionally, the framework should consider a strong focus on shifting the administrative culture towards one that values experimentation, risk-taking, and flexibility, promoting a mindset where innovation is seen as integral to the public sector's mission (OECD, 2017^[9]). Moreover, as part of this plan, existing audit and compliance frameworks should be revised, ensuring they create an environment that balances accountability and flexibility for innovation.

Box 3.1. Ireland's Public Sector Innovation Strategy

Framed under the broader transformation strategy for public service *Better Public Services*, Ireland's Department of Public Expenditure and Reform created a strategy for embedding innovation in the Irish Public Service to deliver better to the public and building trust. The strategy was launched with leadership endorsement from the Minister of Public Expenditure and Reform, along with the Secretary General of the Department of Public Expenditure and Reform, under the vision of "harness[ing] the power of innovation to deliver world-class public services in Ireland" (Government of Ireland, n.d.[7]).

The strategic document contains four priority areas: citizen-centric innovation, culture of innovation, scale-up innovation, and transformative innovation (Government of Ireland, n.d.[7]). Each of these priorities is associated with specific goals that include actions, rationale, and criteria for success. Table 3.2 summarises the strategy's priorities, goals, and actions.

Table 3.2. Ireland's Public Sector Innovation Strategy

This table below provides a summary of the priorities, goals, and actions of Ireland's Public Sector Innovation Strategy.

Priority	Goals	Actions
1. Citizen-centric innovation: Put citizens and users at the centre of innovation to enhance their experience of public services.	<ul style="list-style-type: none"> Listen and engage with citizens and users. Design and deliver integrated and easy to use services. 	<ul style="list-style-type: none"> Encourage public services to capture feedback from customers. Explore and test new ways of engaging with the public. Support the Public Service ICT strategy, the forthcoming National Digital Strategy and the roll-out of unique identifiers and common datasets.
2. Culture of innovation: Create a culture where all staff are inspired, empowered, and enabled to innovate.	<ul style="list-style-type: none"> Lead with vision, empower staff and challenge the norm. Equip staff with the skills, mindset, and tools to innovate. 	<ul style="list-style-type: none"> Include innovation in public services strategies and business plans. Continue to offer ongoing professional development to leaders. Formalize innovation as a core competency of leadership roles. Develop a public sector innovation fund and innovation recognition ceremonies.
3. Scale-up innovation: Work across sectors and organisations to optimize efficiency by scaling innovations across the public sector.	<ul style="list-style-type: none"> Connect and collaborate across the ecosystem to scale successful innovations. Capture and share insights, knowledge and lessons learned. 	<ul style="list-style-type: none"> Encourage public servants and public services to collaborate. Collaborate with the wider ecosystem (industry, research, international etc.) using mechanisms such as innovation sprints and hackathons. Scale innovations across the public sector through greater levels of engagement. Leverage the knowledge from public services who have implemented successful innovations.
4. Transformative innovation: Drive innovation across the Public Sector by pioneering change and long-term transformation.	<ul style="list-style-type: none"> Develop strategic insights for future trends and requirements. Support and promote policy for innovation, digital transformation, and new ways of working. 	<ul style="list-style-type: none"> Set up a foresight function to help inform and guide future innovations. Establish an Innovation Board for the public sector with a mix of public servants and others from outside the public sector. Establish a challenge-based Innovation Policy Office which works in tandem with the Innovation Board. Support the govtech action plan.

Source: OECD based on cited sources.

Box 3.2. Denmark's drivers of public sector innovation

Evidence from the OECD Public Sector Innovation Scan of Denmark shows how top-down and bottom-up approaches can be complementary for driving innovation in government (OECD, 2021^[10]). In Denmark, innovation initiatives are primarily driven by bottom-up approaches such as staff interest. Nevertheless, supply factors such as technological advancements and top-down influences from major societal challenges also play crucial complementary roles.

Denmark's analysis of public sector innovation drivers was categorised into demand, supply, top-down, and bottom-up factors:

- **Demand driven:** Denmark's high citizen expectations of the welfare state and frontline interactions between public servants and citizens are driving demand for innovation through continuous improvements.
- **Supply driven:** The supply side more widely impacts innovation, with technology emerging as a more significant driver compared to demand factors. An example of this includes Denmark's early adoption of AI initiatives in sectors such as climate and energy, exploring how new tools and technology can be leveraged in innovative ways.
- **Top-down:** Top-down influences also shape Danish government innovation, often in response to ambitious political targets or tackling pressing societal issues such as climate change and COVID-19. The analysis reveals that ambitious objectives drive innovation initiatives. While the desired outcomes from innovation may be known, the public sector still searches for the most effective interventions and explores how they will be received in practice.
- **Bottom-up:** The Danish scan emphasises that innovation is largely influenced by the public service and driven by frontline workers and employees across all levels who identify and leverage opportunities and have the capacity and culture to execute innovation.

Source: (OECD, 2021^[10]).

3.1.2. Reinforce the strategic steering of public sector innovation from the centre of government

Innovation should be integrated rather than fragmented across different government agendas to bring about significant changes. Integration promotes consistent and impactful innovative efforts, along with a more innovation-driven culture within the public sector (Kaur and Buisman, 2022^[11]). However, innovation requires deliberate stewardship to ensure innovation mandates, direction and approaches are sustained and distributed across the public sector (Kaur and Buisman, 2022^[11]). OECD country studies show that distributed systems, such as those in Canada or Finland, benefit from centralised mechanisms for co-ordination, alignment, and monitoring to ensure cohesive and effective innovative efforts (OECD, 2022^[11]; OECD, 2018^[12]).

In Bulgaria, some sector-specific government strategies encourage innovation, but they lack clear innovation priorities and guidance, and they fail to coordinate efforts across the administration. Most strategies in the Bulgarian administration are driven by digitalisation and reduction of administrative burden (see Chapter 1) but most of them do not include developing innovative capacity as a strategic function or priority (e.g., the *Digital Transformation of Bulgaria for the period 2020-2030* or the *National Strategy for Preventing and Combatting Corruption 2021-2027*). While this reflects Bulgaria's aim to promote innovation, evidence indicates that these policies have rarely led to concrete improvements in

governance and institutional frameworks in the country (Bertelsmann Stiftung, 2022^[8]). Research participants noted a lack of collaboration in the development of strategies, insufficient resources for strategy implementation, and an absence of enforcement mechanisms to ensure strategies are implemented effectively, such as through monitoring and evaluation (OECD, 2024^[2]).

Most public organisations in Bulgaria lack a strategic approach to public sector innovation. Several pieces of evidence have pointed out Bulgaria's deficiencies in strategic planning in the State Administration, with informal mechanisms playing a vital role in intra-government co-ordination (OECD, 2022^[13]; Bertelsmann Stiftung, 2022^[8]). As pointed out by research participants, most public organisations in Bulgaria do not have a strategic approach to planning public sector innovation (OECD, 2024^[2]). However, most organisations admit they would follow a national or sector-specific strategy if such a document existed (OECD, 2024^[2]). Nevertheless, some organisations have effectively incorporated innovation efforts into their strategic aims. For example, the Ministry of Defence (MoD), through its National Programme for Development of Capabilities of the Armed Forces 2032, has included innovation initiatives related to recruitment, procurement, experimentation, and digitalisation (see Box 3.3).

Executives from various public organisations identified the need for further vision and guidance from the centre of government to ensure that innovation efforts are cohesive and aligned with national goals (OECD, 2024^[2]). This centralisation could help harmonise approaches to innovation across all sectors, leading to more effective and coherent PSI strategic planning.

Box 3.3. Bulgaria's Ministry of Defence's modernisation plan

In 2018, the Council of Ministers of Bulgaria approved a national plan to gradually increase defence spending to a minimum of 2% of GDP by 2024. Two main strategic documents were produced through a process which used strategic foresight methods: the Programme for Development of Capabilities of the Armed Forces 2032 and the Plan for Development of the Armed Forces 2026.

Based on these documents, the Ministry of Defence defined the modernisation and rearmament process for the Bulgarian defence sector in line with NATO and the European Defence Agency's programme of innovation, with all investment projects prioritised and linked to expected financial resources until 2032 (Republic of Bulgaria, 2021^[14]).

The State Administration is focusing the modernisation of the defence sector within key areas, such as recruitment, procurement, experimentation, digital transformation, resilience, and integrity. Specific initiatives involve an investment fund, a new career and recruitment model for public servants, the digitalisation of their administrative processes, collaboration with the scientific community, and updating their regulatory frameworks for combating corruption (Republic of Bulgaria, 2023^[15]).

Source: OECD based on cited sources.

Bulgaria's centre of government has a limited financial and human resources to steer impactful public sector innovation efforts. Within the Council of Ministers' Administration (CoMA), the Modernisation of the Administration Directorate supports the general management of the state administration and proposes initiatives for the optimisation, creation, and transformation of administrative structures (OECD, 2021^[10]) (see Chapter 1). The Directorate also acts as a secretariat for the Council for Administrative Reform. Its mandate includes proposing initiatives and measures for the development of innovation processes, transparency and public access to information, quality management systems, recruitment procedures, and impact assessments (Republic of Bulgaria, 2009^[16]). The Directorate, along with the support of the Institute of Public Administration, has been playing an orchestrating role in assessing and aligning current public sector innovation efforts. However, its limited financial and human

resources prevent CoMA from effectively aligning, steering, and monitoring current and prospective PSI efforts and its implementation (OECD, 2024^[2]).

Best practices in OECD countries for aligning and stewarding public sector innovation efforts are exemplified by countries such as [Colombia](#), [France](#), and [Latvia](#), where innovation units, placed or guided by the central government, help harmonise innovation approaches across the public sector. As shown in Box 3.4, Colombia's National Planning Department advise the President in public sector innovation efforts, identifying cross-government barriers and measuring innovative capacity (Government of Colombia, n.d.^[17]). In another example, the Interministerial Direction for Public Transformation in France, located in the Prime Minister's Office, ensures the implementation of the public transformation programme defined by the Government. Additionally, The Latvian Innovation Laboratory, hosted in the State Chancellery, brings together public employees who co-create solutions to address long-standing horizontal issues (OECD, 2024^[18]).

Reinforce CoMA's key position as the main actor steering aligned public sector innovation needs related to government priorities. Led by the Council of Ministers' Administration, the potential PSI vision and action plan should clearly outline the State Administration's innovation priorities across specific ministries and organisations. However, to ensure its effectiveness, the CoMA should ensure financial and human resources are available to provide guidance and support and ensure alignment and coherence across organisations' specific PSI-plans (OECD, 2024^[18]).

Guidance and support should require that CoMA lead the development of templates and tools to help organisations create their own action plans that align with the overarching strategic framework. They should offer training and workshops to build capacity within these organisations, ensuring they understand and can effectively implement their innovation strategies, and provide continuous advice to address challenges and refine action plans as needed.

CoMA's role in the alignment and coherence of PSI could include (1) developing specific mechanisms such as monitoring the implementation of action plans across different organisations, (2) facilitating periodic meetings and digital tools where organisations can report progress, share best practices, and discuss challenges, and (3) adjusting the strategic framework according to its governance model based on the organisations' feedback and changing priorities.

Box 3.4. Countries steering public sector innovation from the centre of government

Colombia's National Planning Department

The Department advise the President of Colombia on public sector innovation issues, identifying cross-government barriers and measuring innovative capacity (Government of Colombia, n.d.^[17]). Within the framework of the 2022-2026 National Development Plan, the Department steers public sector innovation by promoting experimental approaches to address the needs and challenges of citizens, incentivising the use of data for decision-making and management, and managing the National Public Sector Innovation Committee (Government of Colombia, n.d.^[17]).

France's Inter-Ministerial Directorate for Public Transformation (DITP)

Under the authority of the Prime Minister, the Directorate leads the Public Transformation Programme as defined by the Interministerial Committee for Public Transformation (CITP) (Government of France, n.d.^[19]). The Directorate ensures the implementation of the government's priority policies, coordinates administrative actions to simplify procedures, and improves service quality for users. In collaboration with inter-ministerial partners, The Directorate also supports innovation, skills development, organisational transformation, managerial practices, and public management. Additionally, the DITP accelerates high-impact government projects with the assistance of its in-house consultants, experts, and the Fund for the Transformation of Public Action (FTAP) (Government of France, 2023^[20]).

Latvia's Innovation Laboratory

Held in State Chancellery, the Latvian Innovation Laboratory brings together public employees at the centre of the administration for the development of a new approach to policymaking, the reduction of unnecessary bureaucracy, and the modernisation of human resources systems in the public administration (OECD, 2024^[18]). Steered by the centre of government, the Laboratory works in sprints or fixed-term agile project sessions designing policy solutions for horizontal challenges, coordinating participants from various institutions of public administration as well as experts and potential policy users in the policy design process (OECD, 2023^[21]).

Source: OECD.

3.2. Leadership, management, and support for public sector innovation

Key recommendations

Ensure a widespread and integrated approach to public sector innovation:

- Foster a bottom-up approach to innovation by developing a public administration culture that values and supports innovation.
- Provide civil servants with the resources, time, training, and internal communications to encourage innovative approaches at all levels of the State Administration, especially less senior staff.

Tackle the lack of collaboration and limited resources for public sector innovation:

- CoMA should consider implementing initiatives such as improving awareness of the public servants' mobility programme, simplifying innovative procurement procedures, and providing financial incentives to enhance internal collaboration and resource allocation in the State Administration.
- Target these initiatives with the focus of increasing digital and data skills as part of adopting innovative working methods within the Administration. Improve practices for setting organisations' innovative priorities and for engaging citizens in innovative projects.

Build government-wide support to promote and encourage public sector innovation:

- Establish deliberate support for public sector innovation, including a programme to incubate and scale solutions.
- Upgrade the current innovation network and competition with formal mandates and financial resources to increase their scope and promote innovation more widely. Use these mechanisms to provide dedicated guidance and training for innovation-complementary approaches such as behavioural science and strategic foresight.

3.2.1. Ensure a widespread and integrated approach to public sector innovation

Innovation is driven by senior staff and fragmented across the administration. On average (BGR, Bulgaria), 52% of public servants indicated having participated in the design and/or implementation of an innovation in their workplace during the last two years (Figure 3.2). However, when analysed across civil service roles (ADM to EXE), participating in innovation is more likely to happen at the top level among executives (EXE) (74%) and mid-level managers (MID) (65%) rather than mainstreamed across all roles of the Administration. This confirms the predominantly top-down approach to innovation outlined in the previous chapters. This approach can limit the scope and effectiveness of innovation, as ideas and contributions from a broader range of public servants are not fully considered (OECD, 2020^[22]).

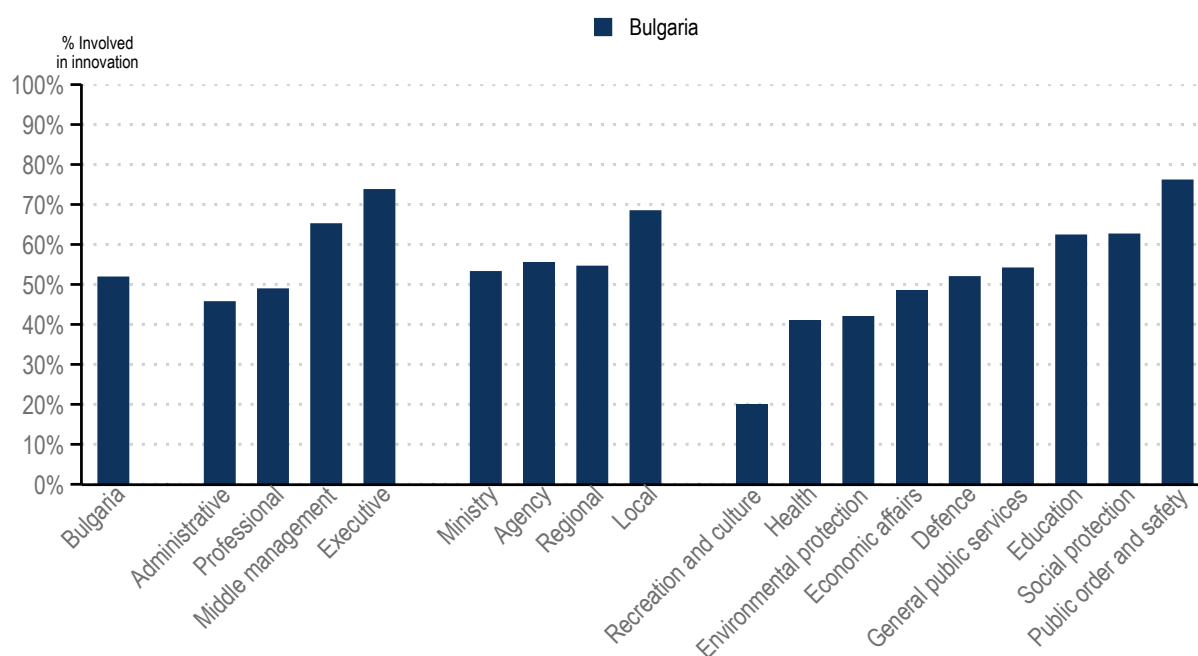
Innovation is more prevalent in sectors that most closely affect the lives of citizens actively drive change, whereas sectors lacking this driver experience less innovation. Figure 3.2 shows analysis across governance levels (MIN to LOC) and policy sectors (REC to ORD). At the governance level, public servants from local governments participate more in innovation (68%) than public servants from ministries (53%), agencies (55%), or regional administrations (55%).

Moreover, policy sectors, such as public order and safety (ORD) (76%), social protection (SOC) (63%) and education (EDU) (62%), are also more likely to have public servants involved in innovation. These sectors

typically deal with dynamic citizen needs that necessitate continuous adaptation and improvement, driving a higher need for innovative approaches. In contrast, sectors such as recreation, culture, and religion (REC) are less involved in innovation. This suggests that while there is significant momentum in specific areas, there is also a critical need for systemic changes to ensure that innovation is not confined to specific roles, levels, or sectors so that it can become a widespread practice across all areas of the public sector (OECD, 2021^[10]). Notably, only slight differences were observed across gender, age, and tenure (Annex 3.A).


Figure 3.2. Participation in an innovation in the public sector

Share of public servants involved in designing and/or implementing an innovation in their workplace during the last two years, 2024.



Note: N=1,924 to 2,801. Respondents: Public Servants (L3). Figure presents the share of respondents who have participated in innovation during the last two-year period. The respondents are asked to answer the question: The OECD defines innovation as something new or novel to context, implemented, and aimed at achieving impact. The focus of innovations could include services, products, processes, working methods and operating procedures, policy development, communication. Based on this definition, have you been involved in designing and/or implementing an innovation in your workplace during the last two-year period? [Single choice]. See analysis by individuals' variables in Annex 3.A.

Source: OECD Bulgaria's Innovative Capacity Survey, 2024.

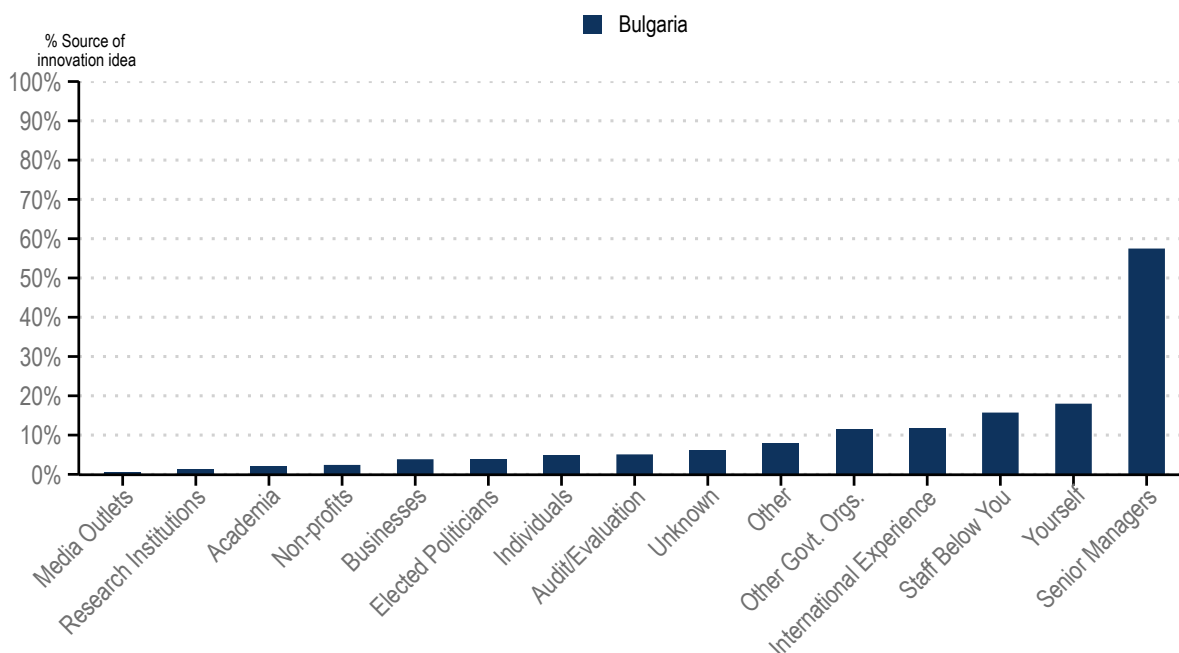
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Innovation ideas in the public sector predominantly originate from senior managers or internal government sources. As presented in Figure 3.3, when asked about the origins of innovation ideas they have been involved with, public servants reported that sources such as media outlets (0%), research institutions (1%), academia (2%), non-profits (2%), and businesses (4%) were less frequently used for innovative projects. To a similar degree, ideas do not often originate from elected politicians (4%), individuals (5%), or audit evaluations (5%). Conversely, most innovation ideas were sourced from senior managers (57%), individuals themselves (18%), staff below them (16%), international experiences (12%), and other governments (11%). While confirming the top-down approach, this distribution reveals an absence of cross-sectorial innovation, limiting the integration of the private sector, civil society, and

academia, which could lead to more disruptive innovations (Demircioglu, 2024^[23]). This suggests a need for a more inclusive approach to innovation that promotes involvement from all societal sectors.


Figure 3.3. Source of innovation ideas

Share of public servants by the source of the idea for their most significant innovation project, 2024.



Note: N=1,456. Respondents: Public Servants (L3). Figure presents the share of public servants by the source of the idea of their most significant innovation project. The respondents are asked to answer the question: Where did the idea for this most important innovation come from? [Multiple choice].

Source: OECD Bulgaria's Innovative Capacity Survey, 2024.

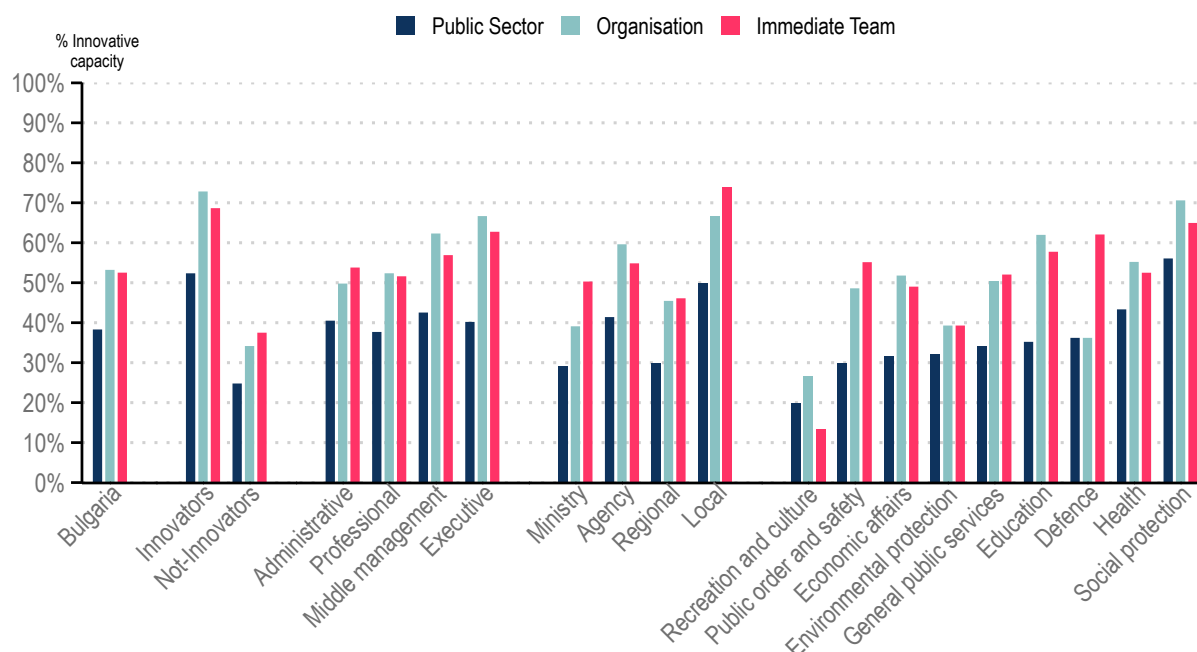
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There is a lack of awareness among public servants about innovation efforts outside their organisations, which reinforces a fragmented approach. As illustrated in Figure 3.4, on average (BGR, Bulgaria), public servants believe that innovation is concentrated within their organisations (53%) and specific teams (53%) rather than the broader public sector (38%). This perception is dominant among innovators compared to not-innovators who tend to see their organisation and teams' efforts but are unaware of more general developments within the public sector. This is also the case with more senior staff since those in less senior positions often view their own groups as less innovative. This is not surprising as less senior staff have less access or experience with innovative projects, as previously shown in Figure 3.2.

Figure 3.4 also shows that state agencies and local governments, along with sectors such as social protection, health, and defence, are perceived to be the most innovative groups. This points to a significant experience gap regarding innovation, varying markedly between different government levels. Moreover, the higher perceived innovative capacity across certain policy areas can lead to the uneven distribution of resources and support, which could further exacerbate fragmentation (OECD, 2017^[9]).


Figure 3.4. Perception of innovative capacity

Share of public servants who perceive the public sector, their organisation and immediate teams as innovative, 2024.



Note: N= 2,572 to 3,749. Respondents: Head of Organisations (L2) and Public Servants (L3). Figure presents the share of respondents who "Agree" or "Strongly agree" with the statements. The respondents are asked to answer the question: To what extent do you agree with the following statements: the public sector is innovative, the organisation I work in is innovative, my immediate colleagues are innovative. Please rank each statement from 1 "Strongly disagree" to 5 "Strongly agree". [Ranking].

Source: OECD Bulgaria's Innovative Capacity Survey, 2024.

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To create a culture of innovation within the public sector, there needs to be deliberate support for fostering an environment that encourages change (Kaur and Buisman, 2022^[11]). A relevant example of this is the Government of Canada, which implemented several strategies to create a culture of measurement, evaluation, and innovation through its Impact and Innovation Unit at the Privy Council Office (OECD, 2017^[24]). Among their main initiatives, *Impact Canada Challenges* supports public organisations in shifting from paying for expenditures or activities to rewarding the achievement of innovative public sector outcomes (Government of Canada, n.d.^[25]). Similarly, Canada's applied behavioural science and advanced policy research team informs policy development, programme interventions and strategic communications in climate action, health, housing, trust and misinformation (Government of Canada, n.d.^[25]). Moreover, ministers and senior bureaucrats have been mandated to experiment with these supports and methods for creating a widespread innovation culture (OECD, 2018^[26]).

To maximise the benefits of innovation, Bulgaria can create deliberate mechanisms to encourage and facilitate innovative practices across all levels of the public sector (OECD, 2021^[10]). The State Administration could strengthen widespread innovation efforts by fostering a culture that values and supports innovation. This implies providing resources, training and official communication that encourage innovation at all governance levels and roles, especially among less senior staff. Moreover, the Administration should consider developing specific cross-government institutional supports (more detailed in the section below) that make innovation efforts more participatory and collaborative within the public sector and beyond, including the private sector, academia, and civil society.

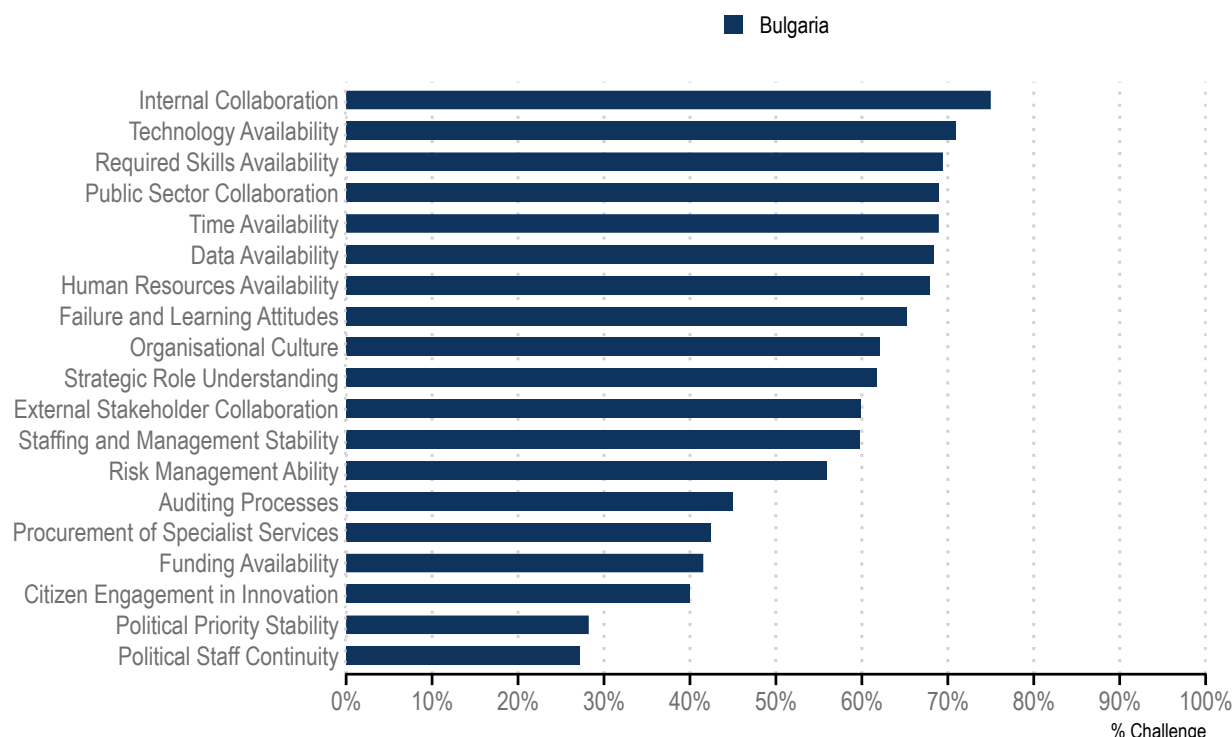
3.2.2. Tackle limited collaboration and resources for public sector innovation

Public servants in Bulgaria face a broad spectrum of challenges that impede sustained innovation efforts, in particular the difficulty of collaboration and resource constraints. As illustrated in Figure 3.5, the most common obstacles for public servants innovating in Bulgaria include the difficulty of collaboration (internal collaboration 75%, public sector collaboration 69%) and availability of all types of resources (technology availability 71%, required skills availability 69%, time availability 69%, data availability 68%, and human resources availability 68%). Moreover, organisational dynamics, including attitudes to failure and learning (65%) and organisational culture (62%), have also been highlighted as relevant challenges for innovating in the State Administration.

This gap is supported by previous evidence, such as the *OECD's Public Administration Reform Assessment of Bulgaria* (OECD, 2022^[27]) and *the Institute of Public Administration's Assessment on Learning Organisations* (Republic of Bulgaria, 2021^[28]). Both reports identified collaboration and resources as the key challenges preventing innovative practices from flourishing in the public sector. The Bulgarian administration lacks adequate procedures for experimenting with new ideas, and resources to implement changes are limited (Republic of Bulgaria, 2021^[28]). Many public institutions have become insular, focusing primarily on routine tasks without considering the broader context (Republic of Bulgaria, 2021^[28]). Interviewees cited a lack of both in-person and digital collaborative practices, as well as limited trust among teams and within organisational dynamics, as reasons for the restricted collaboration (OECD, 2024^[2]).

Figure 3.5. Challenges that innovators experienced

Share of public servants involved in an innovation who experienced specific challenges in their organisations, 2024.



Note: 1,063 to 1,456. Respondents: Public Servants (L3). Figure presents the share of respondents who "Agree" or "Strongly agree" with the following statements. The respondents are asked to answer the question: In your opinion what were the main challenges for this most significant innovation in the public sector? Please rank statement from 1 "Strongly disagree" to 5 "Strongly agree". [Ranking].

Source: OECD Bulgaria's Innovative Capacity Survey, 2024.

While technology and data are becoming more available in the State Administration, Bulgaria still faces challenges related to digital expertise support, data access, and uneven digital skills in the civil service. Through its 2019-2025 Strategy for the Development of Electronic Governance, Bulgaria has made progress in digitalising its public administration and public services aligned to *EU Principles of E-government* (Republic of Bulgaria, n.d.^[29]). The Administration has invested in e-government platforms to streamline processes and interoperability, making technology more available to foster innovations such as the *e-Government Portal* – the single-entry point for providing e-government services (European Commission, 2024^[30]). However, innovators declared difficulties in having access to digital expertise support and data for developing innovations as these resources are not widely available and often require complex administrative procedures (e.g., innovation procurement mechanism) (OECD, 2024^[2]). Public servants also mentioned that digital skills and competencies are heavily uneven across teams in the Administration, which further limits the possibility of collaboration across public organisations (OECD, 2024^[2]) (see more about digital skills in section 3.4.).

Collaboration and technology are crucial determinants for innovation in Bulgarian public organisations. As presented in Figure 3.6 below, public servants participating in innovative projects cited cross-government collaboration (79%), internal collaboration (74%), the use of technology to promote innovation (73%) and the understanding of the strategic role of innovation (72%) as the most influential organisational support for accomplishing their innovation efforts. Providing stable staffing and management (70%) and collaborating with external stakeholders (70%) are also relevant organisational factors.

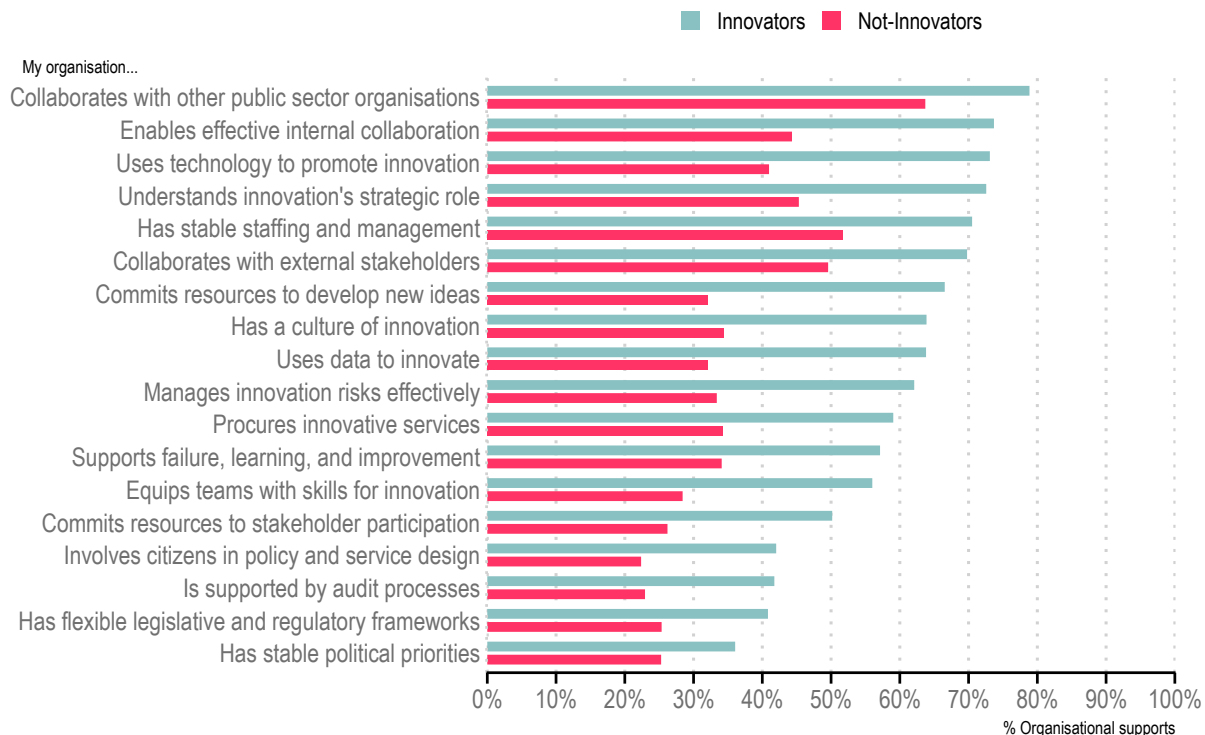
The key differences between those involved in such projects (“Innovators”) and those who are not (“Not Innovators”) lie in perceptions of organisational support for resources to develop new ideas (34 p.p. difference), uses of technology to promote innovation (32 p.p.), and uses of data to innovate (32 p.p.). Innovators are more influenced by organisational support related to available resources and the use of technology and data.

An OECD econometric analysis of organisational support in Bulgaria confirmed this previous finding. The analysis found that the availability of resources, uses of technology and data to innovate, and practices for internal collaboration and citizen participation are driving innovation in Bulgaria (see Box 2.3.). Organisations that commit resources (e.g., budget, staff, time, expert support) to new ideas see a 90% higher likelihood of innovation involvement, highlighting the importance of strategic resource allocation. Public servants who use technology and data-driven approaches have 60% and 58% higher odds of innovating, respectively, supporting Bulgaria's focus on tech investment and data governance. Internal collaboration practices increase the odds of innovating by 57%, while citizen participation practices raise them by 40%, highlighting the importance of cross-department teamwork and inclusive, participatory innovation.

Nevertheless, this econometric analysis also found that stable political priorities and cross-government collaboration are hindering innovation (see Box 2.3.) (OECD, 2024^[2]). Public servants who perceive their organisations as having stable political priorities have 37% lower odds of engaging in innovation, likely due to a risk-averse and conservative leadership style that focuses on maintaining existing processes and priorities (Berry, 2023^[31]; OECD, 2023^[32]). Similarly, those involved in cross-government collaboration experience a 33% decrease in the odds of innovating, possibly due to bureaucratic silos, the complexity of partnerships, and concerns over losing control over projects (Torring, 2016^[33]; OECD, 2022^[34]).

Figure 3.6. Organisational support for public sector innovation

Share of public servants by perceived support for innovation in their organisation, 2024.



Note: 2,917 to 3,749. Respondents: Head of Organisations (L2) and Public Servants (L3). Figure presents the share of respondents who "Agree" or "Strongly agree" with the following statements. The respondents are asked to answer the question: Enablers and Barriers to Innovation. To what extent do you agree with the following statements. Please rank statement from 1 "Strongly disagree" to 5 "Strongly agree". [Ranking].

Source: OECD's Bulgaria Innovative Capacity Survey.

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The feasibility of collaboration and citizen participation practices varies across the State Administration (OECD, 2024_[2]). Innovators in the Bulgarian State Administration declared that collaboration is easier when there is broader government alignment, as seen with digitalisation, cybersecurity, and AI. However, it becomes more challenging in areas without clear mandates, such as public sector innovation, where it depends on individual leaders' discretion (OECD, 2024_[2]). While citizen participation is also recognised as vital, participatory design and testing are still in their early stages and are only sporadically adopted within the Administration (OECD, 2024_[2]).

In Bulgaria, citizens and stakeholders can participate in innovative public decision-making processes through public consultations or through permanent consultative bodies (OECD, 2024_[35]). There are also several consultative bodies to the executive branch (e.g. with the participation of civil society organisations (CSOs), organisations of employees, organisation of employers, the National Association of Municipalities of the Republic of Bulgaria, academia, think-tanks, etc.) (OECD, 2024_[35]). There are few instances of more innovative forms of citizen participation, such as citizens' assemblies, but good practices exist at the local level (OECD, 2024_[35]).

Collaboration through public-private partnerships (PPPs) and innovation procurement exist, but complex character of such a procedures and limited risk financing hinder their full potential. Interviews with non-government actors highlighted that the public sector innovation space suffers from limited engagement of the public sector with the private sector, academia, and civil society, whose

advancements in innovative practices could benefit the public sector (OECD, 2024^[2]). In Bulgaria, formal mechanisms such as public-private partnerships and procurement of innovation are formalised through the Concession Law and the Public Procurement Act (World Bank, 2023^[36]). However, interviewees pointed out that the Administration does not fully take advantage of these mechanisms due to complex character of innovative procurement—which requires specific knowledge and skills—, lack of funds for exploring and testing new ideas, and the fear of accountability for potential failures (OECD, 2024^[2]).

Some of the best practices for intra-government collaboration include public servants' mobility programmes in [Canada](#), collaboration guidelines in [New Zealand](#) and tools repositories for collaboration in innovative projects in [Chile](#). Moreover, international examples of cross-sectorial collaboration include open innovation guidelines in the [US](#) and a GovTech programme in [Poland](#). Best practices funding and resources include innovation funds in [Estonia](#), [France](#) and [Ireland](#), [EU](#)'s guidance on procurement of innovation, and [Germany](#)'s toolkit for innovation procurement.

Initiatives such as improving the mobility programme, assistance to contracting authorities for innovation procurement, and an innovation fund can be implemented to enhance internal collaboration and resource allocation in Bulgaria's State Administration. CoMA could improve awareness of the current public servants' mobility programmes to facilitate the exchange of expertise and best practices among organisations and departments, encouraging cross-sector innovation and support overcoming silos within the Administration (Kaur and Buisman, 2022^[1]). This should be complemented with initiatives for enhancing internal collaboration that promote teamwork and trust among public servants. Mechanisms such as regular cross-functional projects and team-building exercises can support improving interpersonal relationships among public servants (Kettley and Hirsh, 2000^[37]). CoMa, along with the Ministry of e-Governance, could support the implementation and adoption of digital collaboration tools required to facilitate communication and project management in the State Administration. This could consider upskilling programmes that takes into account regional disparities in digital adoption.

Second, the Public Procurement Agency, should conduct a thorough review of current mechanism for innovation procurement with the aim of incentivising the use of outcome-driven innovative solutions. A review by the Ministry of Finances, along with CoMA, of current resources for innovative activities is also necessary to ensure that innovation is part of annual budget (more details in section 3.3). Moreover, other initiatives can be considered such as dedicated funds for innovation projects to stimulate technology use, data-driven practices and internal collaboration. These funds should be easily accessible and designed to provide not only financial but technical support to a wide range of initiatives, from small experimental or pilot projects to large-scale implementations.

Box 3.5. Innovative citizen participation processes at the local level

Sofia Municipality

The “Vision for Sofia” is an initiative of Sofia Municipality to create a shared and long-term strategy for the development of the capital and suburban areas until 2050. The project had the ambition to analyse the current state of Sofia and propose specific steps, measures, and goals for future sustainable development of the city. After numerous analyses and discussions with stakeholders, the Vision team has formulated 24 long-term goals, nearly 250 steps and 385 specific measures, which have the ambition to draw up a plan for making Sofia a better city to live in.

Municipality of Dobrich

In the Municipality of Dobrich, a virtual reception desk was created as part of the official Facebook page of the municipality, which is actively used by citizens. By launching a specially created publication, a kind of “virtual reception room” is available in the comments under which the citizens of Dobrich have the opportunity to ask questions, share their opinions and suggestions. The received questions are answered within 7 days in the same publication. Signals that require more in-depth analysis and verification are registered in the document circulation system and responses are prepared for them within a month. With the use of digital platforms, the distance between the local government and the citizens is shortened and a timely and quick dialogue takes place.

Municipality of Bansko

The Municipality of Bansko introduced a mobile application “Myself, the Mayor”. The platform is attractive, modern, and pleasant to use, and at the same time motivates people to be more active in reporting and alerting the municipal officials about various problems. The objective of this app was to build a continuous dialogue with citizens.

Municipality of Kardzhali

The Municipality of Kardzhali is experimenting with digital platforms to conduct consultations through their website, which increases transparency of participants and the outcomes of their participation. Through the Municipality’s platform, citizens can participate in debates, suggest ideas, vote on proposals, and give inputs to draft legislations. The platform uses CONSUL an open-source software which is considered as a good practice in terms of digital participation.

Source: (OECD, 2024^[35]).

3.2.3. Develop cross-government institutional support for public sector innovation

Institutional support plays a crucial role in accelerating innovative practices and initiatives, and promoting cross-government collaboration (Kaur and Buisman, 2022^[1]). While individual innovation can be spontaneous, organisations often struggle to foster, identify, and capture this innovation (OECD, 2017^[9]). Traditional public sector structures hinder cross-organisational collaboration, making institutional support crucial for accelerating cross-government innovation (OECD, 2017^[9]).

Over the past decade, there has been a significant increase in public sector teams, units, labs, and institutions supporting innovation across OECD countries (OECD, 2017^[9]; Kaur and Buisman, 2022^[1]). Some examples of these supports include teams facilitating the development of incubators to support the progress of early-stage ideas (e.g., [US 10x](#) venture studio), labs or accelerators to support the rapid scaling of practices and initiatives (e.g., [Austria’s GovLab](#)), sandboxes to experiment with new products or services

under the control of a regulatory agency (e.g., [Germany](#)'s sandbox strategy), and testbeds to evaluate and test public sector innovations in a real-world setting (e.g., [Sweden](#) testbeds for health, transport, and others). See Box 3.6 for more details on explicit support mechanisms.

Bulgaria needs structured programmes and teams to facilitate innovation and create explicit support for public sector innovation. Interviewees and surveys pointed out the lack of dedicated mechanisms and teams to support the incubation of cross-government initiatives, advise on specific innovation issues such as procurement, and guide innovation development for specific policy sectors (OECD, 2024^[2]). That being said, the State Administration has two cross-government initiatives on public sector innovation, which include an innovation network and an innovation competition.

Innovation networks serve as platforms for exchanging knowledge, expertise, and tools, aiming to promote innovation within a safe space for public servants to discuss challenges, failures, and opportunities (OECD, 2024^[38]). At the same time, innovation competitions can support recognising, stimulating, enhancing, and diffusing innovations (OECD, 2024^[39]). In Bulgaria, these initiatives led by the Institute of Public Administration (IPA) and CoMA include a 70-member innovation network (see Box 3.7) and an annual innovation competition process (see Box 3.8). These efforts aim to raise public sector innovative capacity by introducing new methods, creating practical solutions, and diffusing innovations. However, these supports suffer from low awareness, limited participation, and a narrow range of activities. What's more, the absence of a formal mandate and a dedicated budget restricts their broader impact on the Administration's capacity to innovate.

Best practices on PSI explicit support programmes among OECD member countries include [Austria](#), [Portugal](#), and the [US](#), which have innovation labs, venture programmes for incubating and developing solutions related to government priorities or cross-governmental issues. Similarly, countries such as [Chile](#), and the [UK](#) have significant support programmes to foster innovation through competitions and government-led networks. See Box 3.6 for more details on explicit support programmes and Box 3.9 for international comparability of innovation networks.

Complementary approaches to innovation, such as behavioural sciences and strategic foresight, lack comprehensive support across the government. Approaches such as behavioural sciences and strategic foresight can help governments tackle complex challenges and enhance policy effectiveness (Kaur and Buisman, 2022^[11]). By incorporating behavioural insights, governments can create policies and interventions that are more likely to be accepted and adopted by citizens, thereby increasing their impact (Varazzani, C., et al., 2023^[40]). Strategic foresight enables governments to anticipate and prepare for future trends, risks, and opportunities (Tönurist, P. and A. Hanson, 2020^[41]).

Interviews with Bulgarian public servants highlighted the absence of support to adopt new methods for policymaking and service delivery (OECD, 2024^[2]). There are no explicit support programmes or teams within the public sector that support the use of behavioural science to enhance the quality of public services or to reduce administrative burdens. Similarly, the administration does not have a team that supports the uptake of strategic foresight methods to guide the development or enhancement of anticipatory approaches to public policies and services (OECD, 2024^[2]). Finally, there are no guidelines or toolkits available for public servants on how to work with innovative or experimental approaches (OECD, 2024^[2]).

Examples such as [France](#)'s Behavioural Science team have shown how behavioural approaches can enhance policy development through solutions addressing behavioural barriers. Moreover, [Spain](#)'s National Office of Foresight and Strategy unit have embedded strategic foresight functions through the continuous analysis of empirical evidence and the study of megatrends.

Box 3.6. Programmes to support public sector innovation

Explicit institutional support mechanisms and programmes provide structured environments, tools, resources, and recognition that enable public servants, organisations, and other stakeholders to experiment, collaborate, and implement new ideas aimed at solving public challenges (Kaur and Buisman, 2022^[11]). These support mechanisms come and mix various forms, including innovation labs, accelerators, incubators, and more. They are designed to offer targeted assistance to different stages of innovation, from ideation to development, scaling, and implementation (OECD, 2017^[9]). Table 3.3 outlines diverse explicit support mechanisms for public sector innovation, along with examples from different countries that showcase their application in practice.

Table 3.3. Examples of programmes to support public sector innovation

The table shows diverse types of programmes for developing explicit support for public sector innovation.

Support	Description	Examples
Innovation contests or competitions	Open opportunities for innovators to propose ideas or projects in development, often with financial prizes and mentoring support for winners. Encourages structured experimentation and problem-solving (Tech Prize, 2024 ^[42]).	German Policy Lab Idea Contest: Hosted by the German Federal Ministry of Labour and Social Affairs, this contest awards financial support to innovative projects aimed at improving the common good, with proposals from public servants, municipal authorities, trade unions, and more (Government of Germany, n.d. ^[43]). UK Civil Service Data Challenge: Public servants propose innovative uses of data for government, with winners receiving technical support and leadership backing to implement their ideas (UK Government, n.d. ^[44]).
Innovation labs	Dedicated spaces or teams that work developing cross-sectorial or specific solutions using human-centered experimentation, testing, and learning (Kaur and Buisman, 2022 ^[11]).	Latvian State Chancellery Innovation Lab: Focuses on solving complex public administration problems such as affordable housing and cross-sectoral policies, leveraging design sprints (Government of Latvia, n.d. ^[45]). Austria's GovLab: Acts as a central innovation hub for public sector challenges such digitalization and knowledge management, utilising experimental approaches (Government of Austria, 2018 ^[46]). Portugal's LabX: Generate and diffuse innovations in public services using citizen participation and human-centered design (Government of Portugal, n.d. ^[47]).
Innovation accelerator	Time-limited programmes for specific innovations projects providing mentorship, training, and resources to develop technological and digital solutions (NESTA, n.d. ^[48]).	UK's Global Innovation Policy Accelerator: Development programme building a worldwide network of collaborative senior innovation policy 'entrepreneurs', introducing the latest thinking through practical projects, and using international collaboration to accelerate system-wide change (OECD, 2016 ^[49]). Canada's IDEaS (Innovation for Defence Excellence and Security): Supports companies in developing defense solutions through phased funding and mentoring, focusing on complex national security challenges. (Government of Canada, 2024 ^[50])
Innovation incubators	Provide resources, space, and support to develop innovative solutions from early stages (Cote, 2023 ^[51]).	France's Beta.gouv.fr: A digital service incubator matching civil servants with external consultants for public service innovation projects, usually lasting six months with expert support (Government of France, n.d. ^[52]). US's 10x Investments: The US Federal Government's venture studio offers incremental funding for incubating innovative ideas from public servants, focusing on research, discovery, development, and scaling of solutions (US Government, 2023 ^[53]).
Innovation sandboxes	Controlled environments where new products or services can be tested under regulatory oversight before widespread implementation (OECD, 2020 ^[54]).	Germany's Sandbox Strategy: Enable experimentation with new technologies, such as fintech or digital health solutions, while adhering to safety and compliance rules, helping bridge the gap between innovation and regulation (Government of Germany, n.d. ^[55]).
Innovation testbeds	Real-world environments for testing and evaluating innovative public sector solutions (NESTA, n.d. ^[56]).	Sweden's Health and Transport Testbeds: Allow safe experimentation and data collection in operational settings focusing on sectors such as health and transport, helping innovations to be adapted before full-scale implementation (Government of Sweden, n.d. ^[57]).

Innovation design sprints	Time-constrained, interdisciplinary, and collaborative problem-solving methodological process using rapid prototyping and user testing to develop solutions (Vetan, 2021 ^[58]).	Estonian Innosprint Model: A five-day programme that brings together interdisciplinary teams to define a problem and create a user-tested solution. It is led by a problem owner and incorporates user research, rapid prototyping, and testing, with the goal of producing a roadmap for implementation by the end of the sprint (Government of Estonia, n.d. ^[59]).
Innovation networks	Collaborative groups involving government, and other groups to enhance development and diffusion of innovations and adoption of innovative practices (OECD, 2024 ^[38]).	Chile's Public Innovators Network: A community of over 27,000 public and private actors aimed at strengthening public sector innovation capacities. Managed by the Chilean Government Laboratory, it provides a continuous space for learning and collaboration among public servants to develop a culture of innovation in government processes (Government of Chile, n.d. ^[60]).
Innovation awards	Recognition programmes to incentivise and reward innovative approaches, innovative solutions, or other criteria in the public sector (OECD, 2024 ^[39]).	UK Civil Service Awards: An annual cross-government programme that recognises innovative public servants and teams across various categories, including skills, innovation, and delivery excellence. Aligned with the UK government's Modernization and Reform Strategy, the awards aim to create a more skilled, innovative, and ambitious civil service (UK Government, 2024 ^[61]).

Source: OECD based on cited sources.

The State Administration could increase cross-government innovation by establishing an innovation lab, enhancing its current network and competition, and supporting the uptake of innovative approaches. First, CoMa should consider implementing a structured programme to support the development of innovative projects, such as cross-government innovation units or labs. This programme should have a dedicated team and funding to support the incubation of early-stage ideas, experimentation with innovative solutions, and accelerating the scaling of innovative practices (OECD, 2017^[9]). The programme should promote the use of technology for innovation and mechanisms for greater citizen participation in the innovation process, ensuring innovative solutions are effective and inclusive (OECD, 2024^[2]).

Second, the State Administration should strengthen the existing innovation networks and competitions by increasing awareness, participation, and the range of activities offered (OECD, 2024^[62]; OECD, 2024^[39]). Formalisation of these initiatives with a clear mandate and dedicated budget is crucial to maximise their impact on public sector innovative capacity. Finally, to better integrate innovative approaches such as behavioural sciences and strategic foresight, the administration should provide dedicated guidance and training through the current innovation network and training mechanisms (Varazzani, C., et al., 2023^[40]; Tönurist, P. and A. Hanson, 2020^[41]).

Box 3.7. Bulgaria's Innovation Expert Network

Innovation networks within government are collaborative social structures involving a spectrum of stakeholders, including primary governmental bodies and, in some cases, the private sector, academic institutions, and civil society organisations (OECD, 2024^[62]). Innovation networks can support governments in developing capabilities to implement novel solutions that enhance governance effectiveness (Sørensen and Torfing, 2017^[63]; Cinar et al., 2024^[64]).

Founded in 2022, the Bulgarian Innovation Expert Network is led by the Institute of Public Administration (IPA) (Republic of Bulgaria, n.d.^[65]). The network seeks to strengthen the knowledge of and skills in public sector innovation through the adoption of new approaches and the creation of actionable solutions (Table 3.4). The network grew out of a call for essays in public sector innovation in which several innovative public servants participated (OECD, 2024^[2]). However, the initiative suffers from low awareness, limited engagement with leadership and a narrow range of activities.

The initiative could be developed more systematically by opening its membership to all public servants, convening a targeted and diverse executive-level group, diversifying the network's activities, and strengthening communication practices (OECD, 2024^[62]). A formal mandate and further investments are necessary to have a wider impact on the innovative capacity of the government (OECD, 2024^[62]).

Table 3.4. Details of the Bulgarian Innovation Expert Network

The table below shows Bulgaria's Innovation Network details, including purpose and origin, membership, activities, mandate and governing body, and resources and funding.

Purpose and origin	Membership	Activities	Mandate and governing body	Resources and funding
<ul style="list-style-type: none"> - Strengthen knowledge and skills in public sector innovation through an active network of experts in public administration. - Initiated through a top-down approach as part of the 2022 Innovation in the Public Sector Forum led by IPA. 	<ul style="list-style-type: none"> - Closed membership to civil servants only. The criteria for joining were to write an essay on public sector innovation or participate in an innovation competition. - Currently, there are 75 members. 	<ul style="list-style-type: none"> - Forums and events. - Innovation Competition. 	<ul style="list-style-type: none"> - No mandate. - Steered by IPA - No Terms of Reference or mission chart. 	<ul style="list-style-type: none"> - 2 <50% FTE for co-ordination and community management. - No dedicated budget. - Government website and library.

Source: OECD based on cited sources.

Box 3.8. Bulgaria's Innovation Competition

Innovation competitions and awards are used by governments to recognise, stimulate, enhance or diffuse innovations in the public sector (OECD, 2017^[9]; Rosenblatt, 2011^[66]). The Institute of Public Administration (IPA) in Bulgaria has had an innovation competition since 2023.

The competition's primary goal is to stimulate and develop new ideas that optimise work processes (Table 3.5). This initiative is not widely known among public servants (previous calls only received 18 ideas in 2023 and 10 in 2024). Nevertheless, the competition is driving concrete innovative projects. Since the contest began, one idea has been fully implemented, one is in the process of implementation, and a third is being discussed due to resource constraints. In 2024, two shortlisted ideas will be supported (OECD, 2024^[2]).

IPA and CoMa could enhance the competition by expanding the support available for winners and promoting it more extensively throughout the Administration (OECD, n.d.^[67]). Additional mechanisms such as innovation awards and a case study library could also be considered as adjacent initiatives for strengthening the competition (OECD, n.d.^[67]).

Table 3.5. Bulgaria's Innovation Competition details

The table below shows Bulgaria's Innovation Competition details, including objectives, eligibility, evaluation criteria, and benefits for participants.

Objective	Eligibility	Evaluation criteria	Benefits for participants
Develop new innovations which optimise work processes within the public administration.	Innovative ideas, not implemented projects.	1. Maturity: How stable and consistent the idea is.	Applicants with shortlisted ideas are invited to an event organised by the IPA. The event provides methodological support from speakers and mentors – with a particular focus on design thinking – to shape the concept into a prototype or project that the respective administration can fund and implement later.
Provide civil servants with skills and support necessary to implement innovations.	Open to all civil servants.	2. Impact: The degree of impact on the daily work environment that the new solution is expected to achieve. 3. Short-term results: Measure the amount of "quick wins" that can be achieved through the project. 3. Degree of feasibility: The extent to which the project can be rapidly implemented. 4. Planned timelines: Foreseeable timeframes for implementation. 5. Capacity: short- or/and long-term purposes and its impact.	

Source: OECD.

Box 3.9. International comparability of innovation networks

Understanding the institutional dimensions of innovation networks, such as purpose, membership, activities, mandate, and resources, is essential for enhancing their effectiveness in driving innovative capacity (OECD, 2024^[62]). A comparison of five government-led innovation networks (Table 3.6) from Belgium, Chile, Ireland, Portugal, and Romania highlights the following trends:

- **Purpose:** The primary aim of networks is to promote a culture of innovation or strengthen innovative capacity through sharing best practices within a safe community. Networks may focus on innovation methodologies, service design, or facilitation, with both top-down and bottom-up approaches.
- **Membership:** Membership structures vary across countries. While most networks have open membership, some are invitation-only. Target groups can range from cross-sectorial participants to specific roles within the public sector, resulting in membership sizes from dozens to thousands.
- **Activities:** Activities range from practical project simulations to traditional conferences and masterclasses. Common activities include workshops, training sessions, and peer exchanges, with some networks also offering mentoring and awards. Community platforms and newsletters are typical.
- **Mandate and governing body:** Networks typically have formal mandates established as government programs, usually managed by agencies or departments responsible for innovation. Some involve advisory bodies for guidance and collaborate with partners within and outside the government.
- **Resources and funding:** Resource allocation varies, reflected in team sizes and budgets. Some networks have large, dedicated teams and significant budgets, while others rely on part-time roles and support from members. Most networks provide online community spaces, from dedicated websites to government intranets.

Table 3.6. Innovation networks

The table below shows five government-led innovation networks, including Belgium, Chile, Ireland, Portugal, and Romania across innovation network's institutional dimensions.

Network (Year of creation)	Purpose and origin	Membership	Activities	Mandate and governing body	Resources and funding
Belgium – Flanders: Government Innovation Network (2020), Flanders Chancellery and Foreign Office.	<ul style="list-style-type: none"> - Connect and inspire people in and around the government to learn and experiment to grow as civil entrepreneurs. - Initiated through a top-down approach but working bottom-up exclusively. 	<ul style="list-style-type: none"> - Open membership cross-sectorial (500 members). 	<ul style="list-style-type: none"> - Workshops - Events - Peer exchange sessions 	<ul style="list-style-type: none"> - Formal mandate - Steered by Flanders Chancellery, with Government Advisory bodies. - Body of members offering guidance and reviews. 	<ul style="list-style-type: none"> - 2.8 FTE Team (1 Project leader, 2 Policy Advisors). - Annual budget of USD 162M. - Dedicated internal gov website. - Gov venues for activities.
Chile: Public Innovators Network (2017), Government Lab,	<ul style="list-style-type: none"> - Strengthen public servants' innovation capacities and contribute to developing a culture of innovation in the State. 	<ul style="list-style-type: none"> - Open membership cross-sectorial, focused on 	<ul style="list-style-type: none"> - Workshops - Projects simulations - Events - Training 	<ul style="list-style-type: none"> - Formal mandate as a government programme. - Terms and Conditions 	<ul style="list-style-type: none"> - 5 100% FTE Team (1 Project lead, 2 Project managers, 1 Service designer, 1 full-stack developer).

Ministry of Finances	<ul style="list-style-type: none"> - Topics related to innovation methodologies, facilitation, service and process design, and measurement. - Initiated through a bottom-up approach after a civil servants' innovation learning programme. 	public servants (27,000 members).	programmes - Community platform and newsletters	<ul style="list-style-type: none"> - Innovation principles - Steered by the Government Lab. - Initiatives in collaboration with partners. 	<ul style="list-style-type: none"> - Annual budget of USD 298M. - Dedicated online platform. - Dedicated spaces for in-person activities.
Ireland: Innovation Network (2019), Department of Public Expenditure NDP Delivery and Reform.	<ul style="list-style-type: none"> - Support the development of a culture of innovation across the public service, building skills and enthusiasm and communicating key innovation messages. - Initiated through a top-down approach as part of a PSI project with the OECD but working primarily bottom-up. 	- Open membership to public civil servants (1,950 members).	<ul style="list-style-type: none"> - Workshops - Events - Training programmes - Community platform and newsletters 	<ul style="list-style-type: none"> - Formal mandate as a government programme, cited in several strategies. - Steered by the Department of Public Expenditure as part of the reform agenda. 	<ul style="list-style-type: none"> - 2 50% FTE Team. - Dedicated online space.
Portugal: Network of Experimentation and Innovation Laboratories (2021), LabX, Agency for Administrative Modernisation.	<ul style="list-style-type: none"> - Share experiences, innovative projects and practices, and case studies and act as a support structure for new members. - Topics related to experimentation and innovation in government, innovation learning, tools, and culture. - Created through a bottom-up approach following interest of different labs. 	- Closed membership for teams from laboratories or innovation units (10 teams are members currently).	<ul style="list-style-type: none"> - Meetings and conferences - Peer exchange sessions 	<ul style="list-style-type: none"> - Formal mandate within LabX's responsibilities. - Mission chart and innovation principles. - Coordinated by LabX in partnership with members. 	<ul style="list-style-type: none"> - 2 part-time roles with the support of members. - Activity costs paid by members.
Portugal: Network of Innovators (2018), LabX, Agency for Administrative Modernisation.	<ul style="list-style-type: none"> - Give visibility to cases that are transforming the public sector and share the approaches, methodologies and tools used to innovate. - Topics related to innovation methodology, convening, incubating, and mentoring. - Working primarily bottom-up. 	- Open membership to public servants (no available data on membership).	<ul style="list-style-type: none"> - Workshops - Mentoring - Peer exchange sessions - Community platform and newsletters 	<ul style="list-style-type: none"> - Formal mandate within LabX's responsibilities. - Innovation Principles - Steered by LabX. 	<ul style="list-style-type: none"> - 2 part-time roles with the support of members. - Dedicated gov internal website. - Regular gov venue for activities.
Romania, Innovation Network (2023), Innovation Laboratory – Secretariat-General of the Government.	<ul style="list-style-type: none"> - Sharing best practices and resources, promoting public sector innovation, providing collaboration and safe spaces, and supporting the Innovation Lab's activities. - Initiated through a top-down approach as part of a PSI project with the OECD but working primarily bottom-up. 	- Open cross-sectorial membership (300 members), with some activities for public servants only.	<ul style="list-style-type: none"> - Workshops - Events - Training sessions - Awards 	<ul style="list-style-type: none"> - Informal mandate as part of the officially established Innovation Lab. - Informal mandate. - Steered by the Innovation Laboratory. 	<ul style="list-style-type: none"> - 5 part-time roles. - Exploring dedicated budget for capacity-building activities. - Dedicated online platform. - Gov venues for activities.

Note: (OECD, 2024^[62])

3.3. Funding, evaluation, and communication of public sector innovation

Key recommendations

Direct innovation through funding and portfolio management:

- Create a cross-government innovation project portfolio, using spending reviews to identify areas to target operational efficiencies. Consider stimulating direct budget allocation for public sector innovation and setting up a central fund for innovation to support more long-term transformative projects that improves public outcomes.

Introduce systematic monitoring and evaluation of innovation:

- Enhance monitoring and evaluation practices by establishing a monitoring and evaluation function within the State Administration, developing a framework for monitoring public sector innovation efforts, and enhancing capacity for data collection, analysis, and evaluation through training and guidance across the Administration.

Increase innovation awareness through enhanced visibility and communication:

- Increase the awareness about innovation results in the public sector by developing a communication plan, setting up a central innovation repository of successful cases, and promoting communication of efforts through a yearly innovation event.

3.3.1. Direct public sector innovation through funding and portfolio management

Bulgaria is not using budgeting mechanisms such as financial incentives to promote innovation systematically (OECD, 2024^[2]). The budget process is central to creating opportunities and incentives for strengthening the capacity to innovate (OECD, 2017^[9]). OECD research has identified that budgeting can impact innovation by restricting, stimulating, accommodating or being unresponsive to innovative practices (OECD, 2017^[9]). This effect depends on specific mechanisms such as financial incentives, fiscal frameworks and targets, programme budgeting, and performance budgeting (see Box 3.10). As highlighted by research participants, the use of these mechanisms for public sector innovation have been limited and mainly concentrated in spending review to identify both inefficient processes and performance deficits (OECD, 2024^[2]).

Box 3.10. Budgeting mechanisms for public sector innovation

Previous OECD research has looked at the role of central budget agencies in promoting, sustaining, and expanding public sector innovation through its lifecycle (OECD, 2017^[9]). In particular, the report examines key central budget practices, rules and institutions and their potential role in promoting innovation in government:

- **Financial incentives:** Central budget office and organisations can offer financial incentives such as grants, funds, and loans, which can support identifying and fostering new innovations for both public and private actors (OECD, 2017^[9]). These incentives can also support the scaling and dissemination of successful innovations (OECD, 2017^[9]). For instance, Ireland's Department of Public Expenditure has a public service fund for innovative projects with a focus on cross-organisational digital transformation initiatives (Government of Ireland, n.d.^[68])
- **Fiscal frameworks and targets:** In a fiscally constrained environment, fiscal frameworks and targets help control overall expenditures (OECD, 2017^[9]). The central budget office and line ministries can use these frameworks, such as spending reviews and fiscal rules, to ensure that innovative projects receive the necessary funding within tight fiscal constraints (OECD, 2017^[9]). For example, spending reviews in Denmark have led to the establishment of shared services initiatives that enhanced efficiency in back-office management functions (OECD, 2017^[9]). The OECD has a report on how spending reviews are applied in OECD countries and presents best practices for using spending reviews (Tryggvadottir, 2022^[69]).
- **Programme budgeting:** Line ministries and agencies seek greater flexibility to innovate within fiscal constraints (OECD, 2017^[9]). Strengthening programme budgeting can support the establishment of a clear framework for linking expenditures with objectives to enhance accountability and transparency. Once these are clearly defined, performance-driven approaches, such as performance contracts, can grant agencies more freedom in managing resources to achieve their objectives, thereby promoting flexibility and innovation (OECD, 2017^[9]). For instance, about 70% of OECD countries use lump sum appropriations for operating costs, and nearly all allow ministries to reallocate funds within their jurisdiction, subject to some restrictions (OECD, 2017^[9]). When combined with a stronger emphasis on performance information, this flexibility can effectively support innovation while ensuring accountability and effectiveness (OECD, 2017^[9]).
- **Performance budgeting:** The central budget agency and budget process help set objectives and articulate performance agendas, encouraging cross-cutting innovation to meet these goals (OECD, 2017^[9]). Performance information and budget linkages provide a platform for testing and scaling innovations, leveraging "what works" approaches (OECD, 2017^[9]). For example, UK's *What Works Network Strategy*, create, share, and use high-quality evidence in policymaking and service delivery through 13 research centres. This has supported a more efficient public spending and resource allocation in priority policies such as education (UK Government, 2023^[70]).

Source: OECD based on mentioned sources.

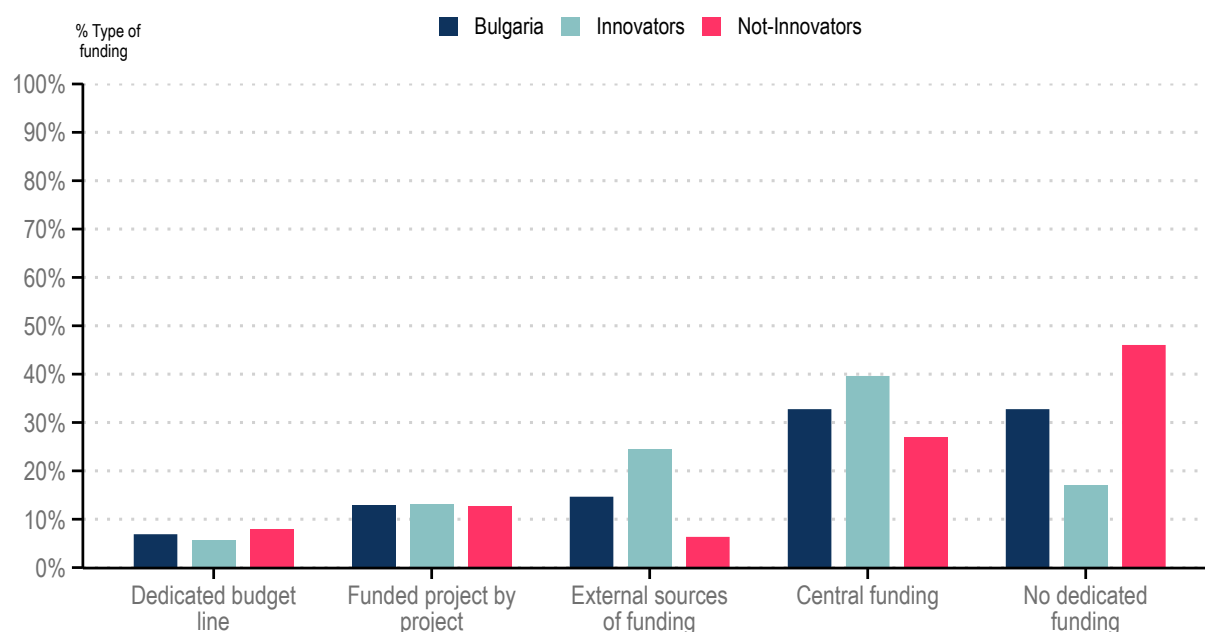
In Bulgaria, most public organisations have no dedicated funding for public sector innovation. On average (Bulgaria in the figure below), only 7% of organisations in Bulgaria have a dedicated innovation budget, and 33% have no funding for innovation efforts (Figure 3.7). However, institutions that have

reported significant organisational innovative projects generally finance their initiatives through external sources (25%) or central funding (40%). Conversely, organisations without these innovative projects have much less funding from external sources (18 p.p. difference), such as those from the European Commission or central funding (13 p.p.).

The lack of dedicated funding for PSI in Bulgaria leads to strategic misalignment, limited scope, and inconsistent innovation capacities across government agencies. Funding shortfalls in Bulgaria has result in sporadic innovation efforts that rely heavily on variable external funding or project-specific funding, potentially compromising the quality and impact of innovations (OECD, 2024^[2]). As reported by interviewees, there is a general belief that no direct funding is needed to introduce an innovative project (OECD, 2024^[2]). Moreover, the absence of stable internal or external funding sources in Bulgaria, along with a lack of an overarching strategy, challenges alignment efforts across various policy sectors to meet the administration's goals (OECD, 2024^[2]). Consequently, innovative initiatives risk being deprioritised due to budgetary constraints, resulting in significant variability in how much each organisation is willing to allocate to innovation, which leads to disparities in innovation capacities across organisations (OECD, 2024^[2]).

Figure 3.7. How organisations fund innovation activities

Share of organisations by type of funding sources for innovation, 2024.



Note: N=93 to 116. Respondents: Head of Organisations (L2). The respondents are asked to answer the question: Which of the following statements describes how public sector innovation is funded in your organisation? [Single option].

Source: OECD Bulgaria's Innovative Capacity Survey, 2024.

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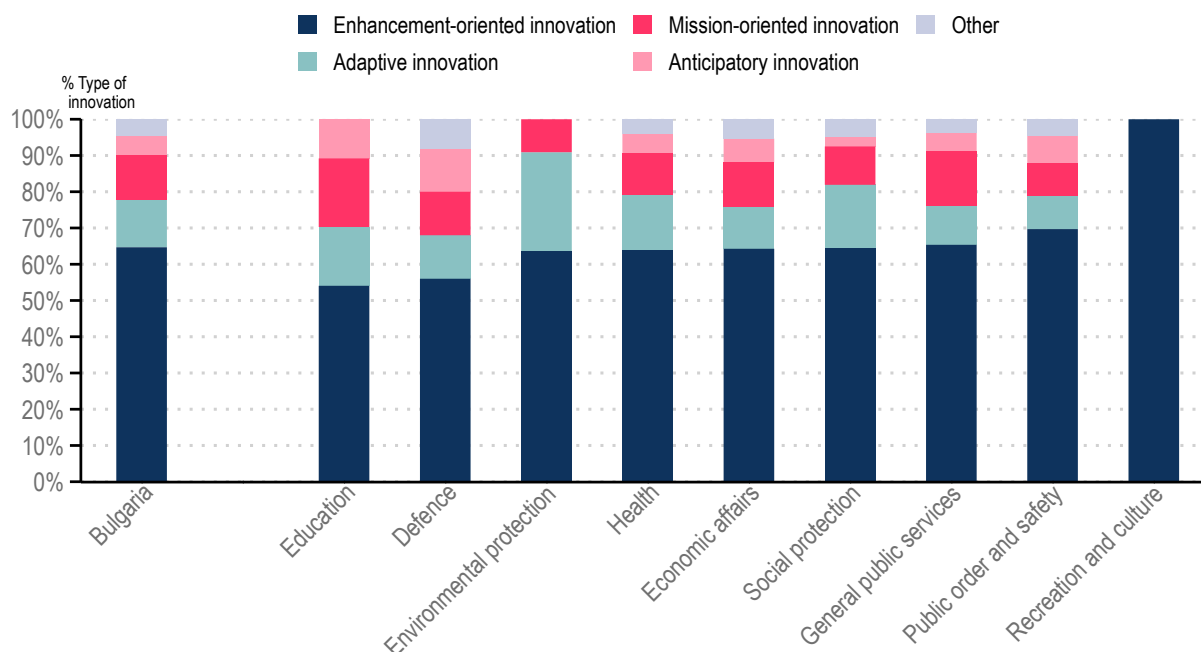
Bulgarian public organisations do not have a portfolio management approach to innovation (OECD, 2024^[2]). Portfolio management in public sector innovation is a dynamic decision-making process that ensures the balanced distribution and development of resources among various strategic innovation initiatives (OECD, 2022^[34]). These options are explored through public sector innovation facets, classified along dimensions of directionality and certainty. The facets include:

- **Enhancement-oriented innovation:** initiatives focused on improving and upgrading existing practices to achieve efficiencies and better results without challenging the current system.
- **Adaptive innovation:** initiatives involving testing new approaches to respond to changing environments and citizen needs without a predetermined direction.
- **Mission-oriented innovation:** initiatives setting clear outcomes and objectives to address specific, time-bound challenges.
- **Anticipatory innovation:** initiatives engaging with emergent issues that could shape future priorities, often dealing with high uncertainty.

Most of Bulgaria's innovation initiatives focus on enhancement. Despite not having a deliberate portfolio, as shown in Figure 3.8 – on average, public servants reported that 65% of most significant innovative projects are related to enhancement-oriented innovation, 13% to adaptive innovation, 12% to mission-oriented innovation, and 5% to anticipatory innovation. This trend is similar across policy sectors, with exceptions such as environment or recreation and culture, which lack some innovation facets. The average trend shows that while there is a strong drive to refine current systems and processes (enhancement-oriented innovation), there is less emphasis on transformative innovations that could potentially lead to more significant changes in public service delivery and policymaking.

Figure 3.8. Most significant projects by type of innovation facets

Share of most significant innovation projects by type of innovation facets, 2024.



Note: N=1,210 to 1,509. Respondents: Head of Organisations (L2) and Public Servants (L3). Figure presents respondents who answered they were involved in innovation in the past two-year period. The respondents are asked to answer the question: What category best describes that innovation? [Single option].

Source: OECD Bulgaria's Innovative Capacity Survey, 2024.

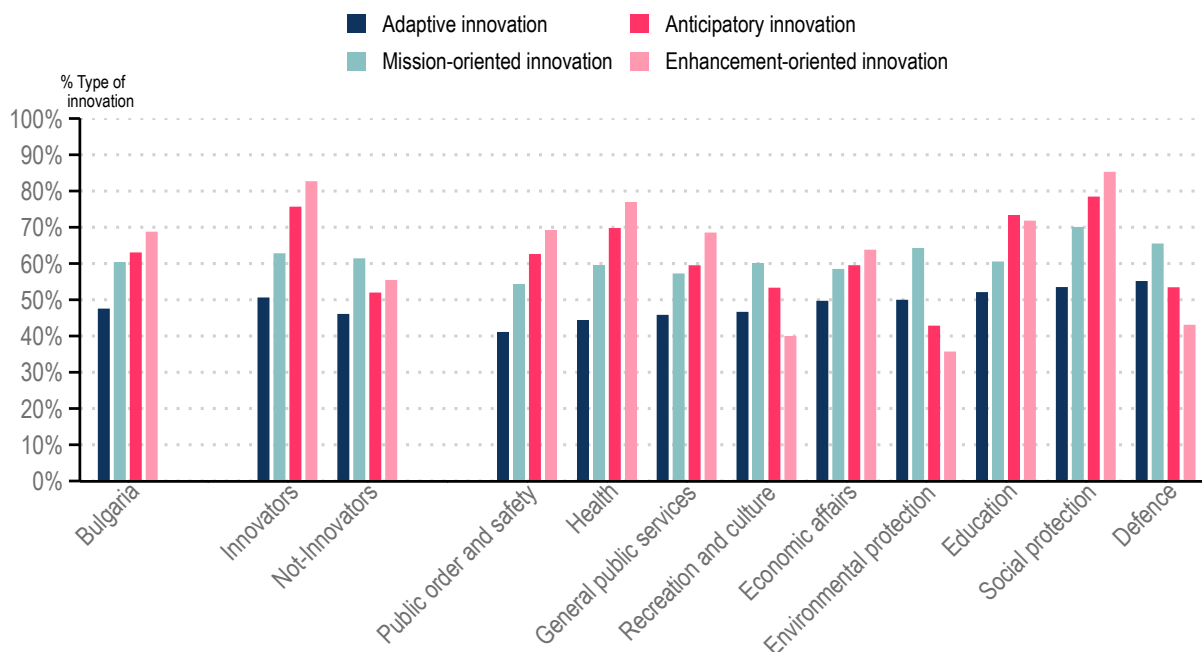
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Given the chance, public servants would be motivated to innovate in both incremental and transformative projects. As shown in Figure 3.9 – on average, 65% of public servants declared their

organisation is motivated to innovate in enhancement-oriented initiatives. There is also significant interest in more transformative approaches. As such, 63% of public servants reported organisational motivation for projects related to anticipatory innovation and 60% to mission-oriented innovation. Lastly, 48% of public servants highlighted enthusiasm for adaptive innovation. This pattern is especially evident among those who have experience with innovative projects and who show a marked organisational preference for enhancement-oriented and anticipatory innovations. Despite this, as highlighted by interviewees, there is a lack of encouragement from leadership and appropriate support (financial resources, tools, skills) for more radical, transformative innovations, which are crucial for dynamic and forward-thinking governance (OECD, 2024^[71]).

Figure 3.9. Motivation to innovate by type of innovation facets

Share of public servants by organisational motivation for types of innovation, 2024.



Note: N=2,917 to 3,749. Respondents: Head of Organisations (L2) and Public Servants (L3). Figure presents the share of respondents who "Agree" or "Strongly agree" with the following statements. The respondents are asked to answer the question: In my perception, my organisation is motivated to innovate: Please rank each statement from 1 "Strongly disagree" to 5 "Strongly agree". [Ranking].

Source: OECD Bulgaria's Innovative Capacity Survey, 2024.

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While beneficial for continuous improvement, the inclination for improving current systems and processes restricts the scope of innovation, limiting opportunities for disruptive changes that can largely enhance government outcomes (OECD, 2022^[34]). The focus on enhancing and adapting existing systems and processes rather than pursuing more transformative innovations could slow the evolution of public services in response to rapidly changing societal and technological changes, especially with fast-moving drivers such as AI (OECD, 2022^[34]). Deliberate financial mechanisms and a balanced project portfolio that not only improves current systems but also boldly explores transformative innovations would help to address this (OECD, 2017^[9]; OECD, 2022^[34]). Allocating resources and incentives for more experimental projects could foster more substantial transformation, ultimately leading to significant improvements in how government functions and serves its citizens.

The State Administration can improve the quantity and diversity of innovative projects by establishing a cross-government innovation project portfolio through spending reviews, a public sector innovation fund, and performance-driven budget approaches. A public sector innovation portfolio would provide a centralised approach for tracking, managing, and supporting innovative projects across various ministries and agencies, fostering cross-government collaboration, and preventing duplication of efforts.

To support this portfolio, conducting a spending review is essential to analyse the existing expenditure to ensure that current funding is aligned with public sector innovation goals and priorities, assess potential saving options, and ensure that innovative efforts are effective. This review should analyse how organisational funding is allocated across different types of innovation, such as enhancement-oriented, adaptive, mission-oriented, and anticipatory initiatives. By understanding the distribution and effectiveness of current investments, the Administration can identify gaps and areas for improvement.

Second, based on the insights gained from the spending review and aligned with Bulgaria's potential vision for public sector innovation, the Administration should consider stimulating direct budget allocation for public sector innovation and setting up a central fund for innovation to support more long-term transformative projects that improves public outcomes. This fund could support the identification, development, and scaling of high-priority innovations that align with strategic objectives. A well-structured fund, guided by continuous technical support and evaluation, would ensure that resources are effectively utilised to drive impactful innovation.

Third, in the long term, the Administration should evaluate adopting performance-driven approaches, such as programme and performance budgeting, and leverage “what works” methodologies to ensure innovations with proven outcomes have the necessary funding. By focusing on evidence-based solutions and practices that have demonstrated success, the Administration can ensure that innovative initiatives deliver measurable results. This approach would not only enhance the effectiveness of individual projects but also foster a culture of continuous improvement and learning within the public sector.

3.3.2. Introduce monitoring and evaluation for public sector innovation

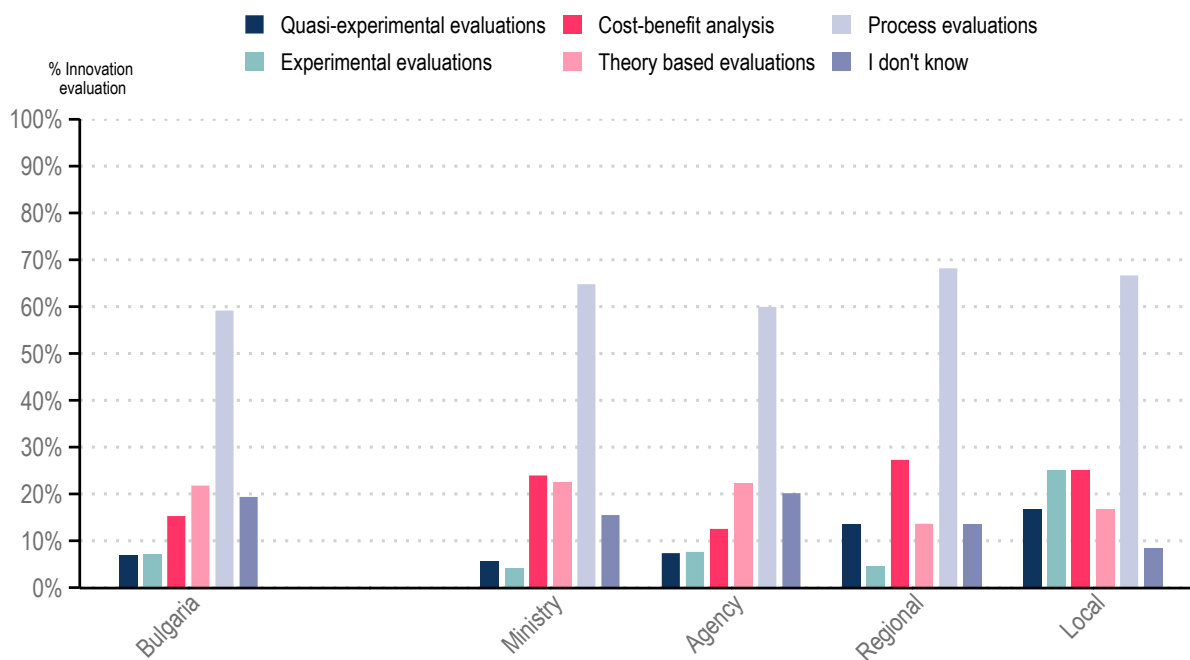
Bulgaria lacks efforts to consistently monitor and evaluate policies, programmes, strategies, and services, including innovation. Government-wide performance management and evidence-based frameworks are crucial for planning and investing in innovative capacity, along with assessing the effectiveness of innovative practices and initiatives (OECD, 2017^[9]). This approach also helps ministries and agencies to design, diffuse, and scale best practices, enhancing capacity and successful innovations. As highlighted by interviewees in Bulgaria, both monitoring and evaluation are uncommon practices for public sector innovation and beyond (OECD, 2024^[2]). This is not surprising as previous OECD evidence points out challenges in the management and exchange of digital information, and limited capabilities and instruments to monitor whole-of-government policies (OECD, 2022^[13]).

The Bulgarian Administration lacks a dedicated function for monitoring innovative efforts across the government. This absence of oversight and tracking means there is no systematic way to assess the progress, effectiveness, or impact of innovation efforts within the public sector (Kaur and Buisman, 2022^[1]). This leads to inefficiencies and misses opportunities for improvement, as there is no clear mechanism to identify or to learn from successful practices. Implementing a structured monitoring function could provide valuable insights into the Administration's innovative capacity and its outputs, facilitating better resource allocation, strategic adjustments, and the replication of successful initiatives within the public sector. Additionally, such a function could enhance accountability and transparency, ensuring that innovative practices and projects align with broader governmental goals and deliver tangible benefits. Relevant practices in monitoring innovation efforts include the multi-country [Innovation Barometer](#) and [Chile's](#) Public Innovation Index.

Evaluations of innovations are generally inexistent in the Administration, yet when they exist, they are primarily process evaluations. According to the OECD Innovative Capacity Survey in Bulgaria, only 24% of most significant innovations reported by public servants were evaluated. On average, only 7% of evaluated projects received quasi-experimental evaluations or experimental evaluations (Figure 3.10). Similarly, 15% of evaluated projects had cost-benefit analysis evaluations and 22% theory-based evaluations. Predominantly, 60% of projects received process evaluations. This trend is consistent across governance levels. This gap hinders the ability to make informed decisions about scaling up successful innovations or adjusting underperforming ones. By integrating more systematic and diverse evaluation methods, the administration could gain deeper insights into how innovations perform under different conditions, leading to better outcomes and more efficient use of resources (Kaur and Buisman, 2022^[1]). Robust evaluation practices would enable the public sector to demonstrate accountability and reinforce projects' learning cycles. OECD best practices in this area include the [UK's](#) Open Innovation evaluation function and Impact [Canada's](#) Guide to measuring impact by design.

Figure 3.10. How the most significant innovations are evaluated

Share of public servants who innovated by type of evaluation of their most significant innovation, 2024.



Note: N=472 to 661. Respondents: Public Servants (L3). Figure presents respondents who answered impact of innovation was evaluated. The respondents are asked to answer the question: Which of the following did the evaluation of this most important innovation feature? [Multiple choice].

Source: OECD Bulgaria's Innovative Capacity Survey, 2024.

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Learning mechanisms and cycles are notably absent in the Bulgarian Administration. Structured learning and feedback mechanisms can support public organisations to evolve and respond effectively to changing circumstances and emerging signals (Tönurist, P. and A. Hanson, 2020^[41]). Crucial for continuous improvement and adaptation, mechanisms such as after-project reviews, lessons-learned repositories, knowledge-sharing sessions, and public servants' rotation programmes are generally absent (OECD, 2024^[2]). This gap prevents the systematic acquisition and application of knowledge gained from past initiatives and current practices, hindering the ability to refine policies and processes based on

evidence and experiences. The absence of formal learning mechanisms leads to repeated mistakes, inefficiencies, and the stagnation of innovative progress (Kaur and Buisman, 2022^[1]).

Formal learning mechanisms support the capacity to develop innovations based on evidence, adapt to new information, and continuously improve through lessons learned. This would not only improve the efficacy of innovations but also enhance the government's trust and credibility in the eyes of the public. In the future, Bulgaria will be able to share its progress on public sector innovation also through OECD tools and networks (see Box 3.11).

The State Administration could enhance its monitoring and evaluation practices by establishing a monitoring and evaluation function, developing a framework for monitoring PSI efforts, and enhancing capacity through training and development. The State Administration could establish a dedicated team to oversee PSI monitoring and evaluation, which would be connected to the potential PSI strategic framework. This function should assess the framework's progress, measure the Administration's innovative capacity, and guide the evaluation of specific innovative initiatives. This function should integrate innovation-specific performance indicators into existing performance management systems, enabling continuous monitoring of innovation outcomes and facilitating evidence-based decision-making and strategic planning.

Additionally, through the Institute of Public Administration, the Administration can enhance capacity by offering training programmes focused on innovation management and evaluation methodologies. This can be complemented by the Innovation Network's activities for sharing learnings and best practices of relevant projects. These mechanisms can help build the skills needed to effectively monitor and evaluate innovative initiatives, contributing to the overall enhancement of the Administration's measurement capacity.

Box 3.11. OECD pilot dashboard on public sector innovative capacity.

The OECD Observatory of Public sector Innovation and participating OECD member countries, with the support of the European Commission, are scoping a dashboard to increase the visibility and comparability of the results of the innovative capacity work across countries.

This pilot will devise an online platform that will enable users to: ‘zoom in’ on countries to find data about their policies and support measures for public sector innovation (including additional detailed analysis and information collected through innovative capacity assessments); ‘zoom out’ to look at comparative information on public sector information across countries to identify similarities, differences, and trends. The goal of the dashboard pilot is twofold:

- Explore in which way to make detailed analysis (beyond the assessment reports) accessible to countries in a comparable way (e.g., PSI insights across health sectors from countries who have carried out assessments).
- Propose a format to collect and present in a user-friendly way existing data and knowledge related to PSI under the innovative capacity work. In the future this may also include data on any OECD PSI measurement efforts (including but not limited to specialised topics such as anticipatory governance, missions, BI etc.).

The pilot results including data from Bulgaria are envisioned to be launched in mid-2025.

Source: OECD.

3.3.3. Increase public sector innovation visibility

In Bulgaria, internal and external communication about public sector innovation is generally lacking. Effective communication about public innovation can foster a culture of change, increase visibility, and attract more resources, partnerships, and public trust (Kaur and Buisman, 2022^[1]). Research participants indicated a generalised absence of both internal and external communication about innovation in the public sector (OECD, 2024^[2]).

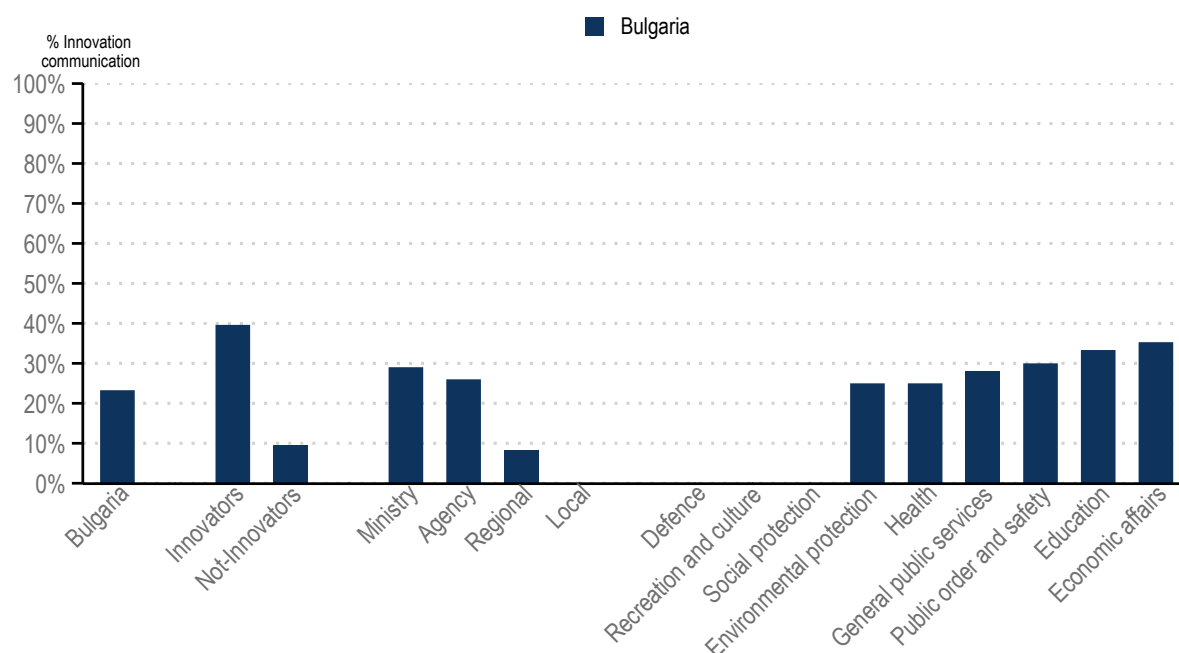
On average, only 23% of organisations communicate externally about public sector innovation (Figure 3.11). However, organisations that have reported significant innovative projects generally communicate 3 times more about innovation than the ones that have not. Adopting more robust communication strategies could enhance the public sector innovation landscape by increasing visibility, encouraging stakeholder involvement, and potentially driving more innovative projects within the public sector (Kaur and Buisman, 2022^[1]). This, in turn, could lead to greater institutional effectiveness and stronger alignment with citizens’ needs and expectations.

OECD countries with relevant practices in communicating public sector innovation through events for stakeholder engagement and publications for disseminating results. For example, [Ireland](#)’s Department of Public Expenditure hosts a yearly Public Service Transformation Week, featuring over 30 events such as webinars, workshops, and in-person sessions focused on innovation, creative problem solving, service design, data and AI advancements, and citizen-inclusive research for public service staff and broader audiences (Government of Ireland, 2024^[72]). Similarly, [Chile](#)’s Government Laboratory organises an annual hybrid Public Sector Innovators Summit, which connects, inspires, and recognises innovative practices across public administration through panels, workshops, masterclasses, and a trade fair (Government of Chile, n.d.^[73]). In addition, [Impact Canada](#) publishes annual reports detailing their

yearly and cumulative results, including programme assessments and future plans (Government of Canada, n.d.[25]).

Figure 3.11. External communication about public sector innovation

Share of organisations which communicate externally about public sector innovation, 2024.



Note: N=93 to 116. Respondents: Head of Organisations (L2). Figure presents the share of respondents who communicated externally about innovation often or very often. The respondents are asked to answer the question: How often does your organisation communicate externally about innovation? Please rank statements from 1 "Never" to 5 "Very Often". [Rating].

Source: OECD Bulgaria's Innovative Capacity Survey, 2024.

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The State Administration could leverage its communication about innovation by developing a communication plan, creating innovation cases, a yearly innovation event for convening stakeholders, and publications about innovation initiatives. A communication plan could support increase visibility of public sector innovation efforts, foster a culture of change, and attract resources and partnerships. The Administration could highlight successful innovative projects and their impact through case studies and testimonials in official websites, social media, and newsletters. This can support inspiring other public organisations to pursue innovation and demonstrate the tangible benefits of innovative practices to citizens and businesses. As part of the plan, organising a yearly innovation event could create visibility for innovation efforts and participation across the administration and other sectors. The Administration could consider publishing regular reports on the state of innovation within the public sector, including progress, challenges, and future plans, reinforcing the Administration's commitment to innovation.

3.4. Skills and competencies to innovate at all levels

Key recommendations

Build up innovation skills:

- Expand current State Administration training offer in innovation to encompass all levels and functions across the civil service.
- Establish learning by doing cross-government capacity-building programmes that combine skills for applied innovation, digital and data, and citizen participation, spanning different durations and scopes, and implement regular assessments to ensure their relevance and efficacy.

3.4.1. Build up innovation skills

In Bulgaria, there is limited and sporadic training on public sector innovation (OECD, 2024^[2]). Capacity-building programmes and training in public sector innovation have proved to equip public sector leaders and public servants with the skills and knowledge necessary to engage in innovative practices (Kaur and Buisman, 2022^[1]). In Bulgaria, public sector innovation training has focused on senior management staff, concentrating on skills related to advising political leaders (e.g., research and framing policy issues, developing policy solutions) and engaging citizens and stakeholders (OECD, 2024^[2]). By focusing innovation training solely on senior staff, the Administration misses the opportunity to leverage the full potential of public servants at all levels.

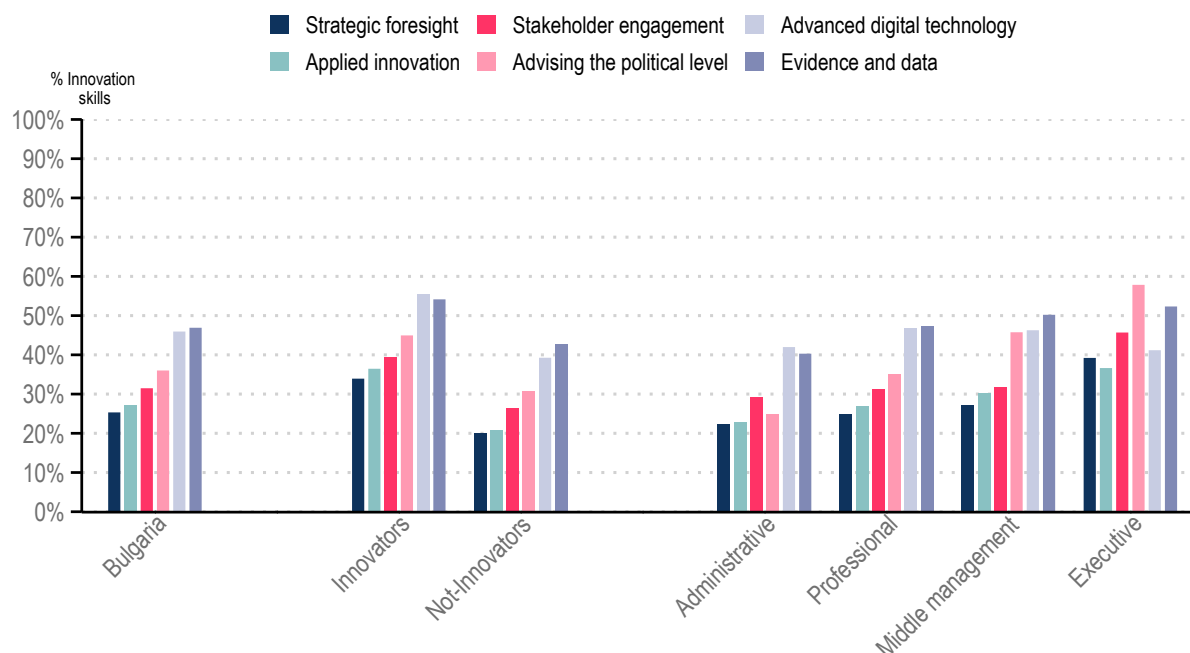
Public servants recognise a need for established capacity-building programmes focusing on managing and applying innovation (OECD, 2024^[2]). Research participants pointed out a need for a greater emphasis on innovative capacity-building programmes and toolkits, including a focus on capabilities related to innovation management (e.g., procuring innovation, partnerships) and applied innovation (e.g., prototyping, iteration, evaluation, etc.) (OECD, 2024^[2]). Additionally, interviewees highlighted a significant need to develop skills in innovative leadership and technology for innovation, specifically focusing on the use of data and its potential for generative artificial intelligence (OECD, 2024^[2]).

Public servants equipped with skills in innovation, data, and digital technologies are more likely to engage in innovative projects compared to their less skilled counterparts. On average, only 25% of public servants reported having foresight skills, and 27% reported having applied innovation skills (Figure 3.12). Skills such as stakeholder engagement and advising political leaders are somewhat more common, with 31% and 35% of public servants, respectively, declaring proficiency in these areas. Notably, advanced digital technology skills (46%) and data usage skills (47%) rank highest among the adopted skill sets, although these levels of adoption remain relatively low.

Public servants involved in innovative projects and those in executive roles tend to have higher skill adoption rates across the government, likely due to their greater participation in training programmes and innovation projects (see section 3.2). No major differences in skill levels were observed across different types of organisations or policy sectors. However, sectors known for their innovative activities (see section 3.2), such as public order and security, education, and social protection, show a higher prevalence of applied innovation and advanced digital technology skills (see Annex 3.A).

Figure 3.12. Adoption of innovation-related skills

Share of public servants by perceived adoption of innovation-related skills and competencies, 2024.



Note: N= 2,479 to 3,633. Respondents: Public Servants (L3). Figure presents the share of respondents who assess their skills to be “High” or “Very high”. The respondents are asked to answer the question: Overall, how would you assess your own skills in the follow areas? Please rank statements from 1 “Very low” to 5 “Very high”. [Rating]. See analysis by policy sector and individuals’ variables in Annex 3.A.

Source: OECD Bulgaria’s Innovative Capacity Survey, 2024.

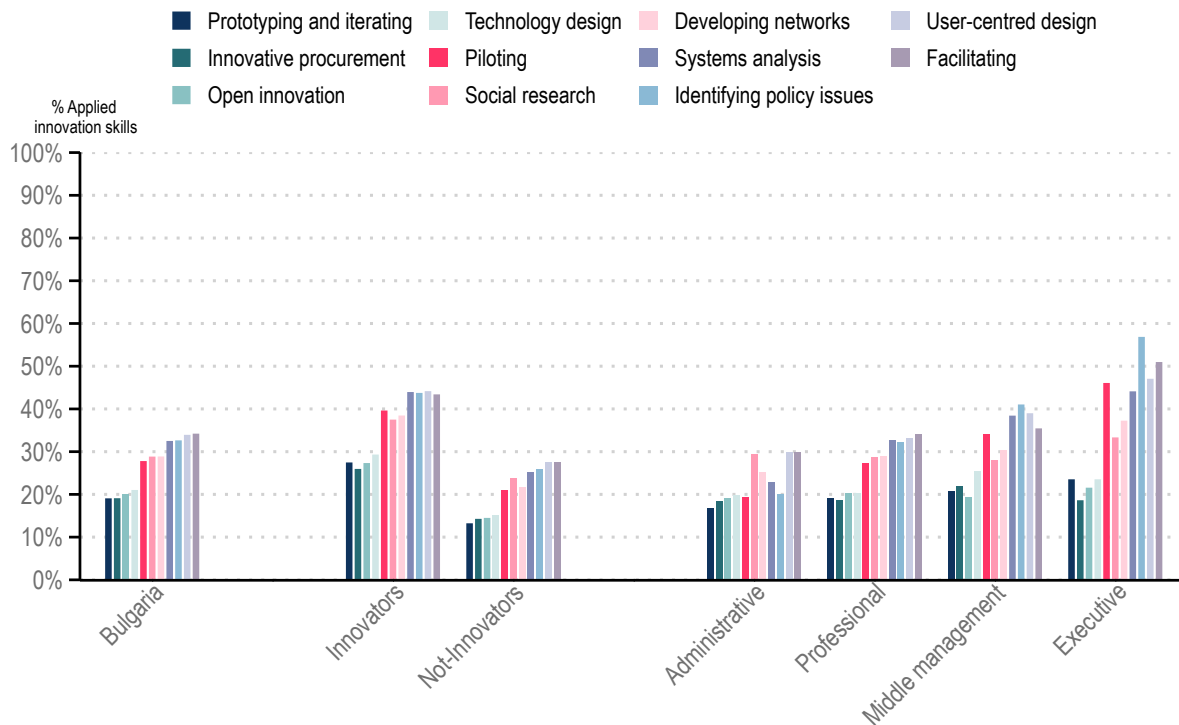
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Applied innovation skills have been identified as key determinants of engaging in innovative projects, more so than any other set of skills (see Box 2.3.). Public servants equipped with applied innovation skills, such as iteration and prototyping, are more likely to engage in innovative projects than their less skilled counterparts. As shown in Figure 3.13, on average, only about 20% of Bulgarian public servants reported having skills or competencies in prototyping, iterating, innovative procurement, open innovation, and technology design. Approximately 28% reported skills and competencies in piloting, social research, and developing networks. Notably, around 33% declared skills and competencies in systems analysis, identifying policy issues, user-centred design, and facilitating. These competencies are predominant among public servants involved in innovation projects, and executive roles and policy sectors most engaged with innovation report higher levels of these competencies.

An OECD econometric analysis of innovation skills in Bulgaria found that public servants with a higher perception of their own skills in applied innovation (prototyping, service design, etc.) have 32% higher odds of being involved in an innovation (see Box 2.3.). This shows the need for continuously developing skills and capabilities to innovate among public servants with comprehensive and stable programmes. It is important to remark that no other innovation-related skill sets (e.g., foresight, stakeholder engagement) were found to significantly influence innovation.

Figure 3.13. Applied innovation skills and competencies

Share of public servants by perceived applied innovation skills and competencies, 2024.



Note: N= 2,479 to 3,633. Respondents: Public Servants (L3). Figure presents the share of respondents who assess their skills to be "High" or "Very high". The respondents are asked to answer the question: Overall, how would you assess your own skills in the follow areas? Skills related to applying innovation: Please rank statements from 1 "Very low" to 5 "Very high". [Rating].

Source: OECD Bulgaria's Innovative Capacity Survey, 2024.

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Several OECD countries have implemented various initiatives to build innovation skills and capabilities in the public sector. In [Austria](#), the GovLab training programme, in collaboration with the Federal Academy of Public Administration, offers workshops, seminars, and events to disseminate knowledge, promote innovative projects, processes, and methods, and foster cultural change across the public sector. [Sweden](#) has developed targeted support for adopting public sector innovation management, enhancing specific capacity-building efforts. In [Ireland](#), programmes focus on AI upskilling and project identification for public service. Additionally, guidelines and toolkits, such as the [US's](#) open innovation guide and [Sweden's](#) mission-oriented innovation framework, provide guidance to support specific capacity-building among public servants.

CoMA and IPA could build up on innovation skills by expanding training offers and including all role levels, establishing structured and cross-government capacity-building programmes, and implementing regular assessments. The Administration could expand its training offer to include programmes of varying durations, ensuring comprehensive coverage across hierarchical levels. This broader training approach will help in the widespread adoption of innovation skills, fully leveraging the potential of the civil service.

IPA could establish structured cross-government capacity-building programmes encompassing various innovation skills. Focus areas should include innovation management (such as procuring innovation, building partnerships, and managing projects), applied innovation (including practical skills in prototyping,

iteration, evaluation, and user-centred design), and technology for innovation (training on data usage, advanced digital technologies, and generative artificial intelligence). The programmes could be connected to current institutional supports such as the Innovation Network and Innovation Competition to ensure participants remain engaged in public sector innovation. These programmes should implement regular assessments and feedback mechanisms to evaluate the effectiveness of innovation training sessions and programmes and ensure they remain relevant and effective.

3.5. Workforce strategy and incentives for widespread public sector innovation

Key recommendations

Give permission to innovate:

- Update the State Administration's current competency frameworks and performance management guidelines to explicitly include innovation-related behaviours and competencies.
- Support and monitor implementation across all talent management areas and provide complementary training to ensure the effective adoption of the framework.

Foster structured incentives to innovate beyond personal motivation:

- Develop a strategic workforce plan where innovation is central for recruitment and professional development and support improving the Administration's attractiveness as employer.
- Consider formal incentives and rewards mechanisms, leadership training and mentorship to improve supportive risk-tasking, and safe spaces to practice innovation competencies in the civil service.

3.5.1. Give permission to innovate

Public servants in Bulgaria reported low levels of permission to innovate, particularly among administrative and professional staff (OECD, 2024^[2]). Permission to innovate in the public sector context can be understood as the formal or informal responsibilities, organisational recognition, individuals' autonomy, organisation responsiveness, and leadership encouragement to explore, develop, and implement new ideas, processes, or solutions that enhance public outcomes (OECD, 2017^[9]; Bason, 2010^[74]; Mazzucato, 2015^[75]). According to previous research from Bulgaria's Institute of Public Administration, public servants' perceptions of psychological safety have reached their lowest point in five years. While public servants could express their opinions, they hesitated to voice disagreement due to the limited openness to new ideas in the Administration (Republic of Bulgaria, 2021^[28]). Research participants noted that they perceive limited permission to innovate, as innovation activities are not explicitly included in their job responsibilities or roles' competencies (OECD, 2024^[2]). This discourages both teams and individuals from innovating, as a legalistic and conservative approach characterises Bulgaria's public administration (European Commission, 2018^[76]).

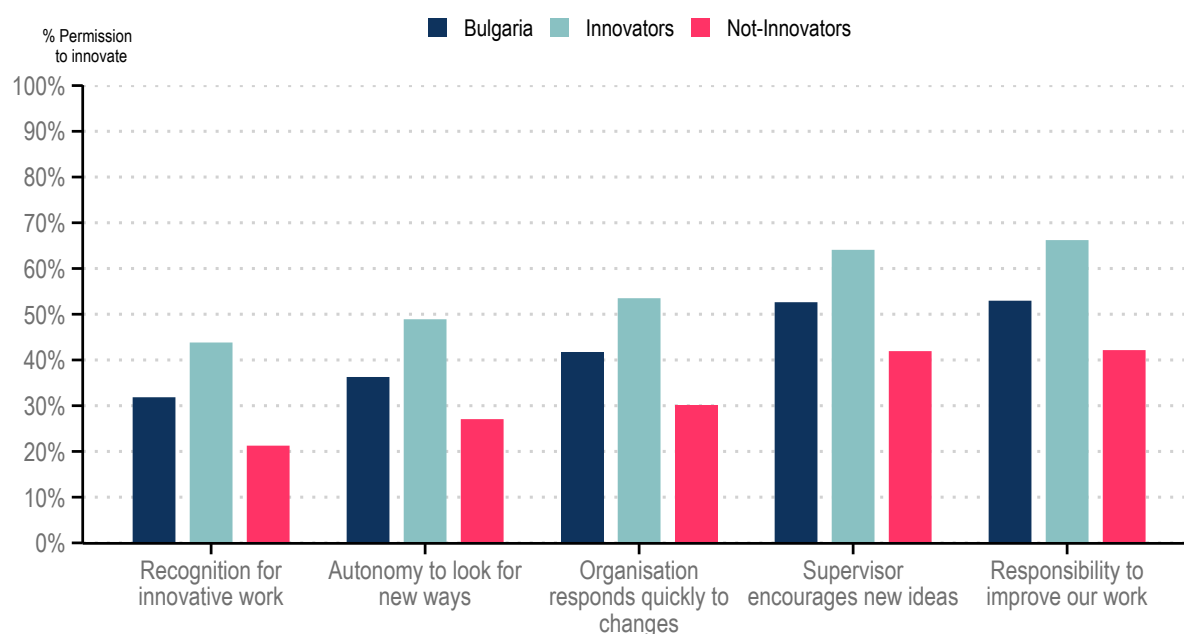
In Bulgaria, permission to innovate is hindered by a lack of recognition, limited autonomy, and constrained organisational responsiveness to innovate. As presented in Figure 3.14, on average, only 32% of public servants perceive that people in their organisation are recognised for developing new and innovative working methods. Similarly, only 36% declared they have enough autonomy at their job to look for ways to do things differently, while only 46% of public servants reported feeling their organisation is quick to respond when changes need to be made. 53% of public servants declare their immediate supervisor encourages them to come up with new or better ways of doing things and that continually looking for new ways to improve how they work is part of their responsibilities.

As illustrated in Figure 3.14, innovators generally show higher levels of permission among all these factors than public servants who have not engaged in innovative projects. Across hierarchical roles, middle and executive managers also report comparatively higher levels attributed to the feeling of responsibility and encouragement from higher leadership. Remarkably, no major differences in perceptions associated with permission to innovate were observed across gender, age, or tenure groups (see Annex 3.A).

Job autonomy has been found to be a key determinant of innovation in Bulgaria. An OECD econometric analysis of permission to innovate in Bulgaria found that public servants who see themselves as having the autonomy to innovate (e.g., self-driven motivation) in their organisations have 19% higher odds of being involved in an innovation (see Box 2.3.). This reflects that Bulgaria should invest in developing a public sector organisational culture that encourages permission to innovate as a key part of a broader workforce strategy, providing public servants with the freedom to explore and implement innovative solutions (Kaur and Buisman, 2022^[1]).

Figure 3.14. Permission to innovate

Share of public servants by perceived permission to innovate in their organisation, 2024.



Note: N= 2,479 to 3,633. Respondents: Public Servants (L3). Figure presents the share of respondents who “Agree” or “Strongly agree” with the following statements. The respondents are asked to answer the question: Licence to innovate: To what extent do you agree with the following statements? Please rank each statement from 1 “Strongly disagree” to 5 “Strongly agree”. [Ranking]. See analysis by hierarchical roles and individuals’ variables in Annex 3.A.

Source: OECD Bulgaria’s Innovative Capacity Survey, 2024.

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Innovative behaviours are absent from the existing cross-government competency framework and performance assessments. Established in 2002, the current competency frameworks for the State Administration do not encompass innovative behaviours or practices. Research participants noted that these frameworks are not systematically applied across the Administration due to their narrow definitions across civil service roles (OECD, 2024^[2]). Interviewees mentioned they are mainly used for recruitment processes compared to other areas of talent management, such as career development, promotions, and performance evaluations (OECD, 2024^[2]). Although the Council of Ministers’ Administration provides instructions for implementing these frameworks, their adoption and guidance remain lacking (OECD, 2024^[2]).

Furthermore, performance management evaluations are inconsistent with these competency frameworks and do not include an innovation component (OECD, 2024^[2]). This omission hinders the systematic

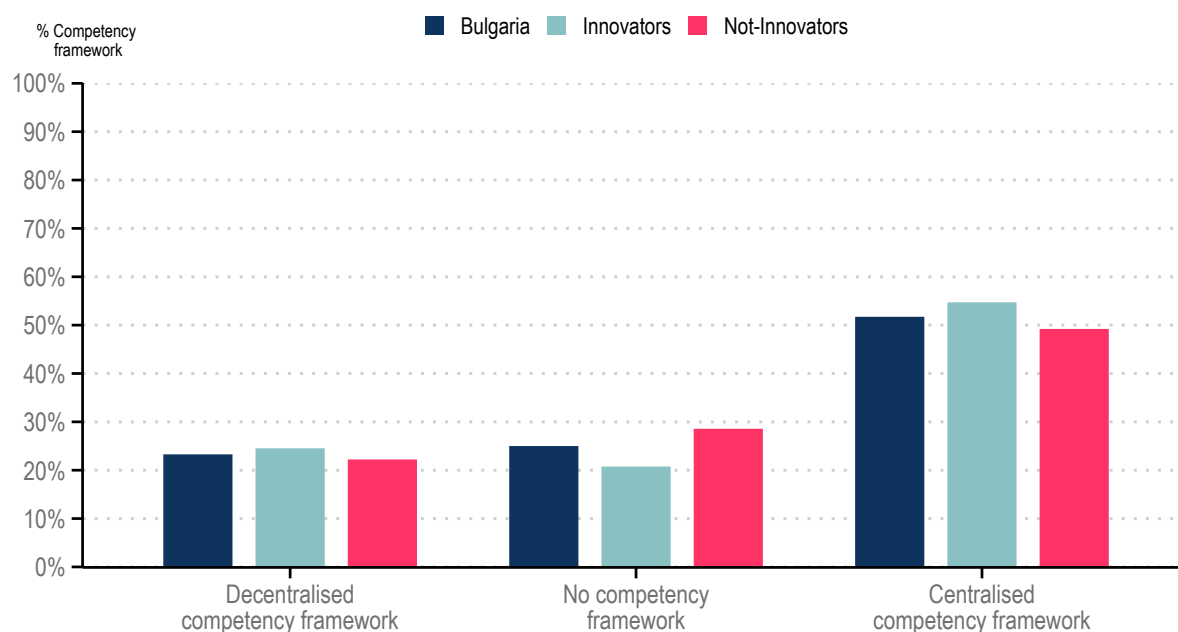
development and recognition of innovation competencies within the public sector. Without a structured approach to fostering innovative behaviours in the civil service, the State Administration restricts the integration of innovation into crucial talent management processes such as recruitment, onboarding, performance evaluation, and career development.

The absence of a harmonised competency framework approach hinders the ability to develop and recognise skills necessary for innovation. As presented in Figure 3.15., on average, 23% of heads of organisations have reported using a decentralised competency framework in their institutions, whereas 52% operate with the centralised competency framework. Significantly, 25% of organisations indicated the absence of any competency framework. Notably, organisations with significant innovative projects are more likely to have some form of competency framework compared to those not involved in such projects. This demonstrates that a structured approach to skill development can lead to more effective innovative efforts (Darsø, 2012^[77]).

Although a few organisations with decentralised competency frameworks include innovative behaviours (OECD, 2024^[2]), the widespread absence of an innovation dimension can impede the civil service's ability to adapt to new challenges (OECD, 2022^[34]). This deficiency also hinders its capacity to evolve with labour market and technological changes, such as the need for AI-related knowledge and skills (e.g., data modelling, programming, etc.) (OECD, 2021^[78]).


Figure 3.15. Competency framework approach

Share of organisations by approaches to competency framework, 2024.



Note: N= 93 to 116. Respondents: Head of Organisations (L2). The respondents are asked to answer the question: Is there a competency framework defining the skills, knowledge, certifications/education, and/or behaviours in your organisation? [Single option].

Source: OECD Bulgaria's Innovative Capacity Survey, 2024.

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OECD countries with relevant competency frameworks with innovation dimensions include Australia and the UK. [Australia](#)'s innovation dimension for secretaries and senior-level executives

comprises fostering innovation and adaptability, understanding the systems they work within, taking calculated risks, maintaining a positive attitude, and actively participating in problem-solving (Australian Government, 2021^[79]). Similarly, the [UK](#)'s Civil Service *Success Profiles* encourage civil servants from all levels to seek out opportunities to create effective change and suggest innovative ideas for improvement. This includes complementary behaviours such as leadership, effective partnership, managing a quality service, and delivering at pace (UK Government, 2018^[80]).

To foster day-to-day innovation, it is crucial to encourage innovation behaviours and practices within competency frameworks and performance management (Kaur and Buisman, 2022^[11]). The State Administration should update its current competency frameworks and performance management guidelines to explicitly include innovation-related behaviours and competencies, focusing on encouraging innovative practices, including new ways of working with technology and data. This should encompass all levels of the administration, from administrative to executive levels.

These updated frameworks should be systematically implemented across all talent management areas, including recruitment, onboarding, career development, and performance evaluations. To ensure effective adoption, monitoring and complementary training should be provided. This training should particularly target senior staff, encouraging them to champion innovation strategically and to offer the necessary support and autonomy to civil servants within their teams.

3.5.2. *Foster structured incentives to innovate beyond personal motivation*

Bulgaria lacks a government workforce strategy and deficiencies in both recruitment and career development limit innovation. Previous OECD assessments have pointed out that public administration job vacancies attract a small number of applicants, indicating that the attractiveness of the Administration as an employer is limited (OECD, 2022^[13]). There is a notable deficiency in skills and capabilities development, including senior management skills. Moreover, comprehensive human resources planning is absent across the State Administration (OECD, 2022^[13]).

As highlighted by interviewees, these difficulties reduce the likelihood of attracting diverse and qualified innovative backgrounds, and current public servants lack opportunities to develop new competencies to drive and implement innovative solutions (OECD, 2024^[21]). A lack of incentives and rewards for innovation further complicates this situation (OECD, 2024^[21]). Without proper incentives, public servants risk being less motivated to engage in innovative activities (Kaur and Buisman, 2022^[11]).

In Bulgaria, public servants rely on intrinsic motivation to innovate. Motivation to innovate, whether a person wants to innovate, is shaped by values, incentives, leadership, and behaviours (OECD, 2017^[9]). Motivation can come from intrinsic factors, such as personal satisfaction or a sense of accomplishment, and extrinsic factors, such as rewards or recognition (Kotera, 2022^[81]).

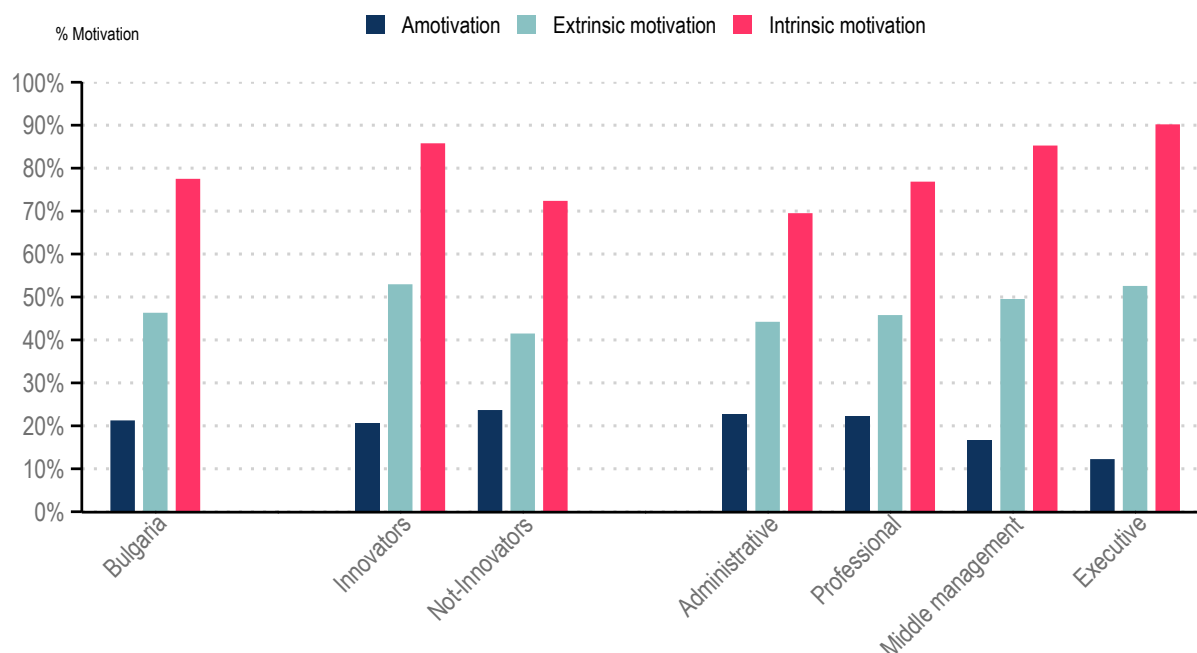
As shown in Figure 3.16, on average, 21% public servants reported perceptions associated with lacking both intrinsic and extrinsic motivation to innovate (amotivation). Conversely, 46% of public servants pointed out perceptions indicating being driven by extrinsic motivation to innovate, while 78% of public servants declared perceptions associated with intrinsic motivation. This trend is consistent among innovators and non-innovators, along with various roles within the Administration. Notably, intrinsic and extrinsic motivation is perceived by a higher number of public servants innovating than the ones that have not been involved in innovative projects (11 and 13 percentage points difference). Slight differences were found across policy sectors, and gender, age, or tenure groups (see Annex 3.A).

There is strong personal commitment to innovation, but no concrete incentives. Strong intrinsic motivation suggests an innovation relies on the strong personal commitment of public servants. However, a comparatively high difference between extrinsic and intrinsic motivation can be risky as public servants can disregard innovative opportunities if organisational support and external recognition are lacking (Demircioglu, 2024^[23]). This lack of effective incentives could limit the quantity and quality of innovation,

particularly among less senior staff. Concrete incentives such as leadership recognition, rewards, and career advancement opportunities are needed to address the comparatively low share of public servants perceiving extrinsic motivation (Kaur and Buisman, 2022^[1]).

Figure 3.16. Motivation to innovate

Share of public servants by perceived motivation to innovate in their organisation, 2024.



Note: N= 2,479 to 3,633. Respondents: Public Servants (L3). Figure presents the share of respondents who “Agree” or “Strongly agree” with the following statements. The respondents are asked to answer the question: Motivation: Please indicate to what extent each of the following items corresponds to the reasons why you are presently involved in your work. Please rank each statement from 1 “Strongly disagree” to 5 “Strongly agree”. [Ranking]. See analysis by policy sectors and individuals’ variables in Annex 3.A.

Source: OECD Bulgaria’s Innovative Capacity Survey, 2024.

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Bulgarian public servants experience low psychological safety, limiting risk-taking and innovative behaviours. Psychological safety refers to the extent to which people feel comfortable in taking risks within a group context (Edmonson and Lei, 2014^[82]). It is seen as vital for encouraging people to bring out new ideas and questions that challenge existing norms and has been identified as one of the most relevant factors for successful teams (Gerson, 2020^[83]). Psychological safety requires organisational conditions such as team leader behaviours, informal group dynamics, trust and respect, use of practice field, and supportive organisational context (Edmonson and Lei, 2014^[82]). Without psychological safety, diversity cannot lead to innovation and improved outcomes (Gerson, 2020^[83]).

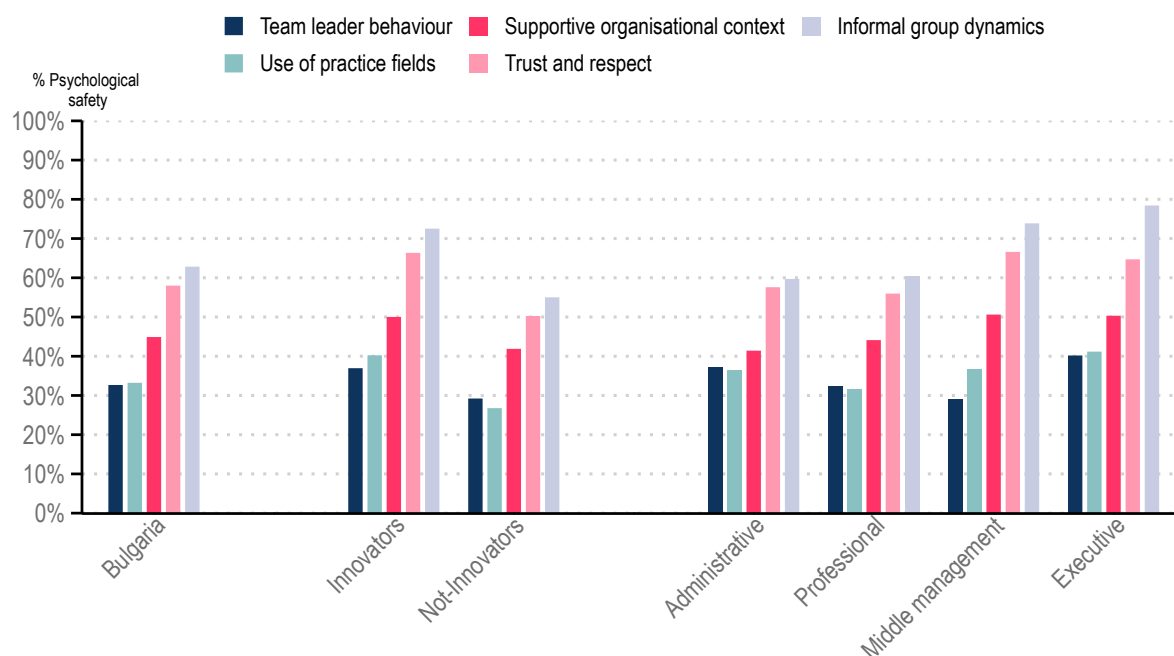
As illustrated in Figure 3.17, on average, only 33% of public servants reported feeling psychological safety associated with their team leader’s behaviour (e.g. being able to make a mistake without fear of repercussions) or related to using the practice field (e.g., feeling safe taking risks within their work). Similarly, only 45% of public servants declared experiencing psychological safety in a supportive organisational context (e.g., feeling comfortable asking for help, having their skills valued and used, and not being undermined). Figure 3.17 also shows that 58% of public servants reported feeling psychological safety associated with respect and trust (e.g., their teams accept others for being different). Similarly, 63%

of public servants declared experiencing psychological safety in informal group dynamics (e.g. feeling that members of their teams bring up problems and tough issues).

The above trend is consistent among innovators and non-innovators, along with various roles within the Administration. Notably, a higher number of public servants involved in innovative projects perceive all measures of psychological safety compared to those who have not been involved, with differences ranging from 8 and 17 p.p. Moreover, many senior roles perceive psychological safety compared to people in less senior positions. These figures highlight the need for improved organisational practices to foster an environment where public servants feel safe to innovate and collaborate effectively.

Figure 3.17. Psychological safety

Share of public servants by perceived psychological safety in their organisation, 2024.



Note: N=2,479 to 3,633. Respondents: Public Servants (L3). Figure presents the share of respondents who “Agree” or “Strongly agree” to the statements. The respondents are asked to answer the question: Psychological safety: To what extent do you agree with the following statements: Please rank statement from 1 “Strongly disagree” to 5 “Strongly agree”. [Ranking]. See analysis by individuals’ variables in Annex 3.A. Source: OECD Bulgaria’s Innovative Capacity Survey, 2024.

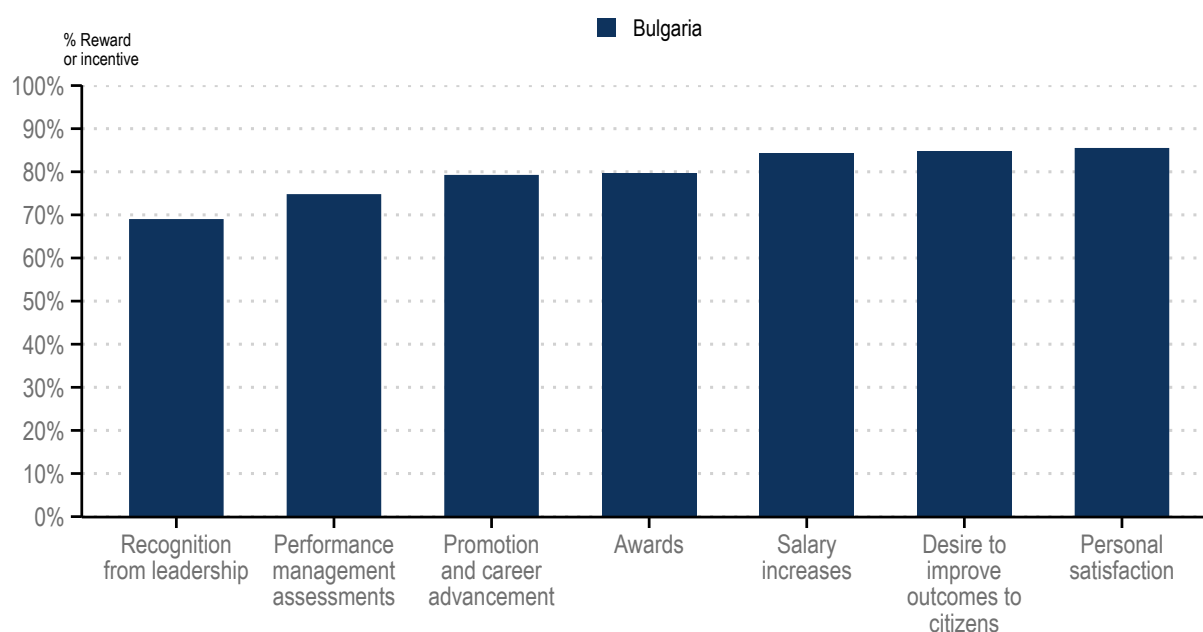
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In Bulgaria, innovation in the State Administration largely depends on personal motivation as the primary reward, highlighting the need for deliberate incentives. The State Administration lacks formal rewards or incentives to encourage innovation among public servants (OECD, 2024^[2]). Executive-level research participants noted that salary increases within the public sector salary scale are sometimes used as incentives for taking on new responsibilities, which could include innovative projects (OECD, 2024^[2]). However, despite this incentive, interviewees involved in innovative projects reported that personal satisfaction and the desire to improve outcomes for citizens were their main rewards (OECD, 2024^[2]). The absence of a formalised incentive system suggests a missed opportunity to systematically promote and sustain innovation within the public sector. Establishing a structured rewards and incentives framework could align personal motivations with organisational goals, thereby enhancing innovation output (Kaur and Buisman, 2022^[1]).

According to Figure 3.18, on average, 69% of public servants reported that recognition from leadership could incentive them to engage in innovation, 75% mentioned performance management assessments, 79% promotion and career advancement, and 80% awards. Similarly, 84% of public servants declared that salary increases could act as an incentive for innovation, while 85% declared the desire to improve outcomes for citizens and personal satisfaction as a reward. These incentives are believed to be effective across various roles within the public sector, affecting both innovators and non-innovators alike, with no significant differences observed between different types of organisations or policy sectors. This shows that by providing incentives despite salary increases, such as recognition from leadership and awards, and using performance management assessments, the Administration could incentivise a larger uptake of innovative behaviours across all levels of public servants.

Figure 3.18. Rewards and incentives for innovation

Share of public servants who believe the reward or incentive could support a more innovative behaviour, 2024.



Note: N=2,479 to 3,633. Respondents: Public Servants (L3). Figure presents the share of respondents who "Agree" or "Strongly agree" with the following statements. Respondents are asked to answer the question: To what extent do you agree that you could be incentivised to innovate by [Options]. Please rank each statement from 1 "Strongly disagree" to 5 "Strongly agree". [Ranking].

Source: OECD Bulgaria's Innovative Capacity Survey, 2024.

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A strategic workforce plan, formal incentives and rewards mechanisms, leadership training and safe spaces to practice innovation competencies can support an innovation-driven public administration. Human resources tools are crucial for establishing the necessary conditions for innovation to thrive, such as developing a skilled workforce and fostering an organisational culture that supports innovators at all levels (OECD, 2017^[9]). The State Administration could consider developing and implementing a strategic workforce plan that fosters innovation as a central characteristic to cultivate a more supportive environment that encourages risk-taking and improve its attractiveness as employer (OECD, 2023^[84]). The plan should outline the Administration's recruitment and professional development strategy for increasing the uptake of innovative approaches across the civil services (OECD, 2017^[85]). This

should be aligned to a potential update of the competency framework and should consider formal incentives and rewards for achieving innovative behaviours.

The implementation of formal incentives and reward mechanisms such as performance assessments with an innovation dimension, cross-government innovation awards, and certificates of achievement should also be considered as part of a potential workforce plan (Kaur and Buisman, 2022^[1]; OECD, 2023^[84]). Formalising these incentives could ensure consistency and fairness in how innovative efforts are recognised and rewarded, potentially increasing job satisfaction and retention among innovators.

The Administration could consider providing training for team leaders on fostering psychological safety, emphasising the importance of supporting risk-taking (Edmondson, 2004^[86]). This could be complemented with a mentorship programme where managers with innovative behaviours within the Administration can guide and support less experienced team leaders. Establishing practice fields such as the potential innovation lab and innovative capacity-building programmes, should support public servants to experiment with new ideas without fear of repercussions. The Administration should further develop these safe spaces, such as through the Innovation Network, to allow public servants to share challenges and successes when innovating.

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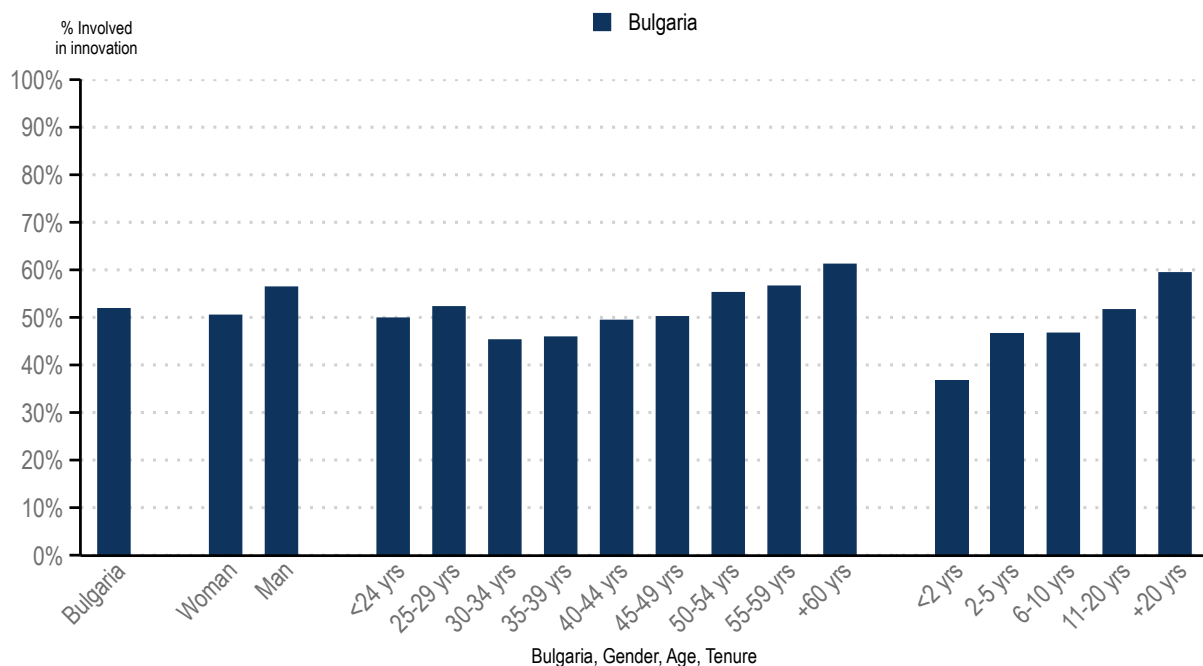
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Annex 3.A. Innovative Capacity Survey – additional analyses

Annex Figure 3.A.1. Participation in an innovation in the workplace – Individuals' variables

Share of public servants involved in designing and/or implementing an innovation in their workplace during the last two years, 2024.



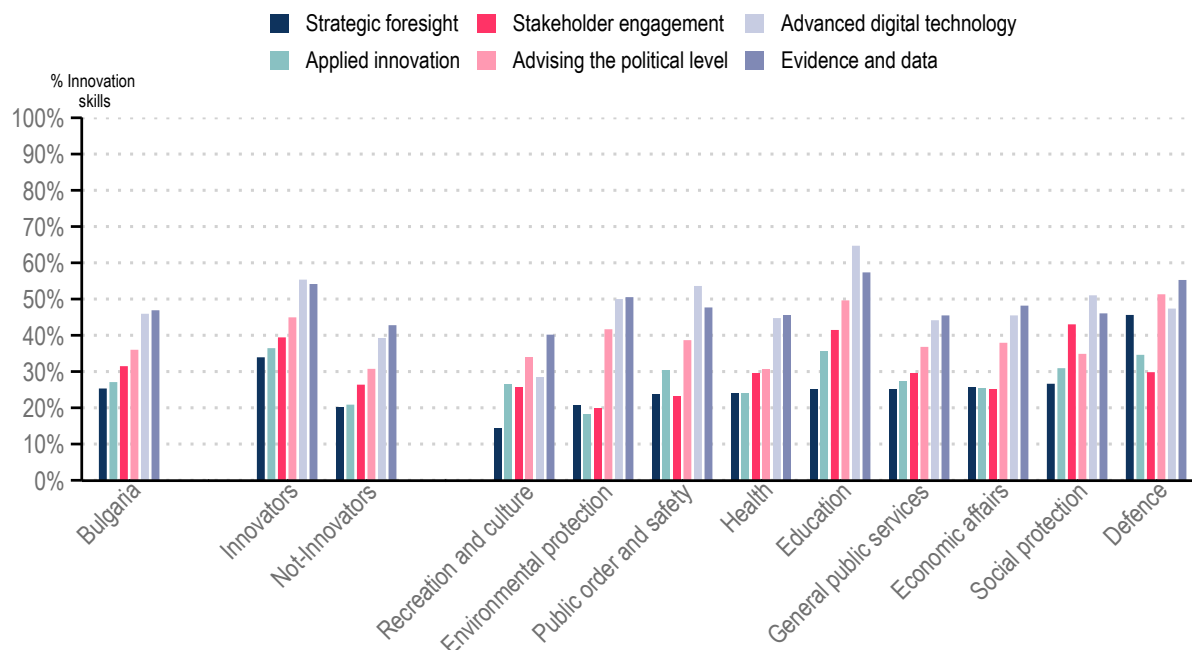
Note: N=1,924 to 2,801. Respondents: Public Servants (L3). Figure presents the share of respondents who have participated in innovation during the last two-year period. The respondents are asked to answer the question: The OECD defines innovation as something new or novel to context, implemented, and aimed at achieving impact. The focus of innovations could include services, products, processes, working methods and operating procedures, policy development, communication. Based on this definition, have you been involved in designing and/or implementing an innovation in your workplace during the last two-year period? [Single choice].

Source: OECD Bulgaria's Innovative Capacity Survey, 2024.

StatLink  <https://stat.link/3w6l2q>


Annex Figure 3.A.2. Innovation skills and competencies – Policy sectors

Share of public servants by perceived adoption of skills and competencies, 2024.



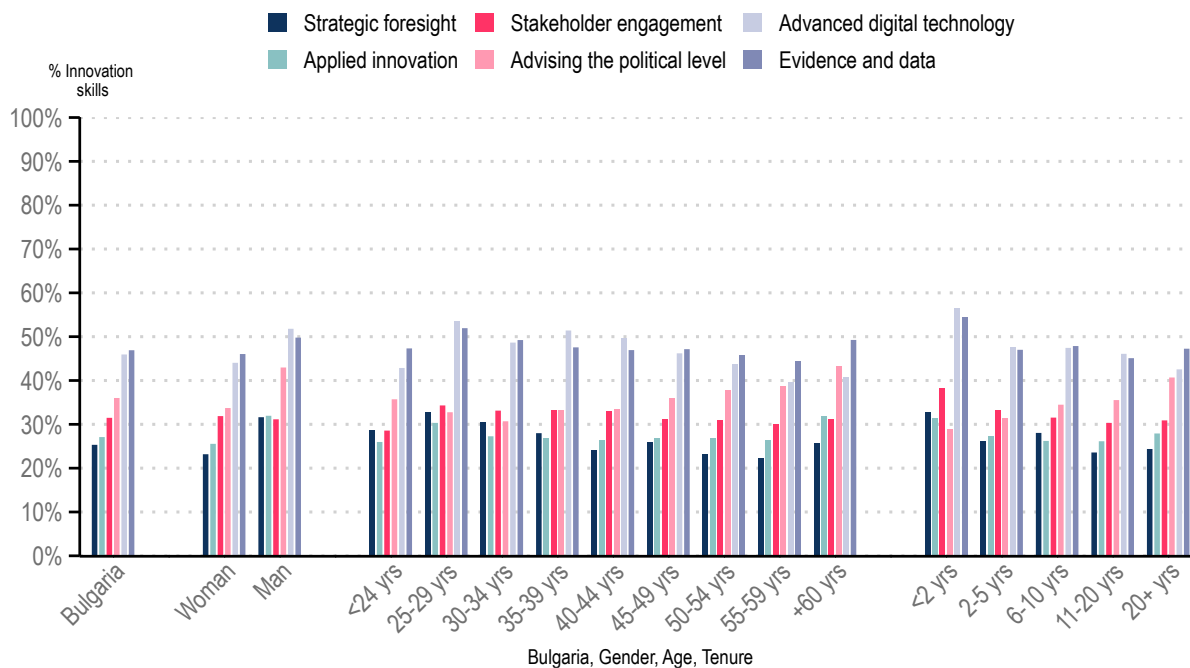
Note: N= 2,479 to 3,633. Respondents: Public Servants (L3). Figure presents the share of respondents who assess their skills to be "High" or "Very high". The respondents are asked to answer the question: Overall, how would you assess your own skills in the follow areas? Please rank statements from 1 "Very low" to 5 "Very high". [Ranking].

Source: OECD Bulgaria's Innovative Capacity Survey, 2024.

StatLink  <https://stat.link/1pd3t7>

Annex Figure 3.A.3. Innovation skills and competencies – Individuals' variables

Share of public servants by perceived adoption of skills and competencies, 2024.



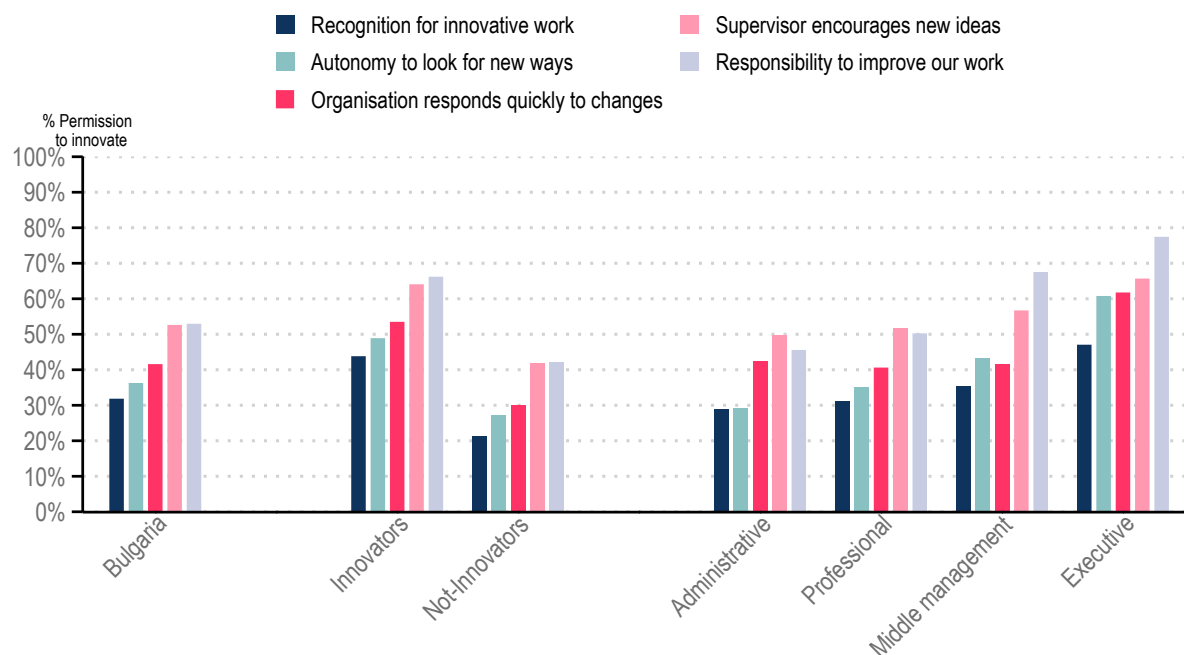
Note: N= 2,479 to 3,633. Respondents: Public Servants (L3). Figure presents the share of respondents who assess their skills to be "High" or "Very high". The respondents are asked to answer the question: Overall, how would you assess your own skills in the following areas? Please rank statements from 1 "Very low" to 5 "Very high". [Ranking].

Source: OECD Bulgaria's Innovative Capacity Survey, 2024.

StatLink  <https://stat.link/z0eplr>


Annex Figure 3.A.4. Permission to innovate – Hierarchical roles

Share of public servants by perceived permission to innovate dimension in their organisation, 2024.



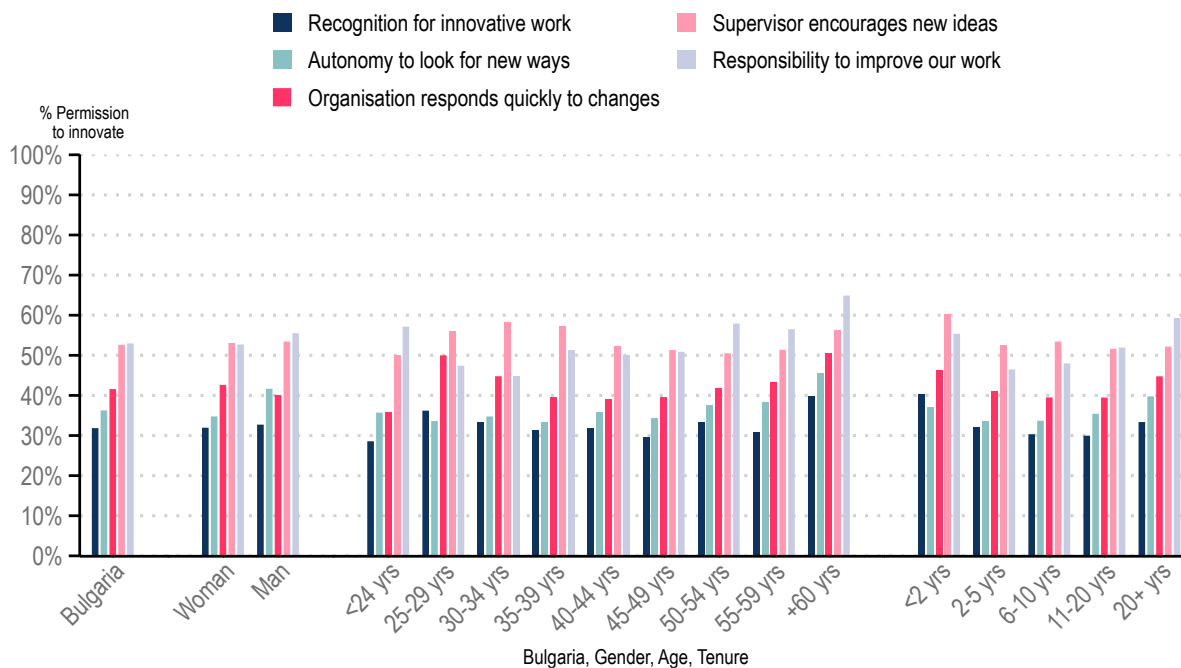
Note: N= 2,479 to 3,633. Respondents: Public Servants (L3). Figure presents the share of respondents who “Agree” or “Strongly agree” with the following statements. The respondents are asked to answer the question: Licence to innovate: To what extent do you agree with the following statements? Please rank each statement from 1 “Strongly disagree” to 5 “Strongly agree”. [Ranking].

Source: OECD Bulgaria’s Innovative Capacity Survey, 2024.

StatLink  <https://stat.link/b2r609>

Annex Figure 3.A.5. Permission to innovate – Individuals' variables

Share of public servants by perceived permission to innovate dimension in their organisation, 2024.



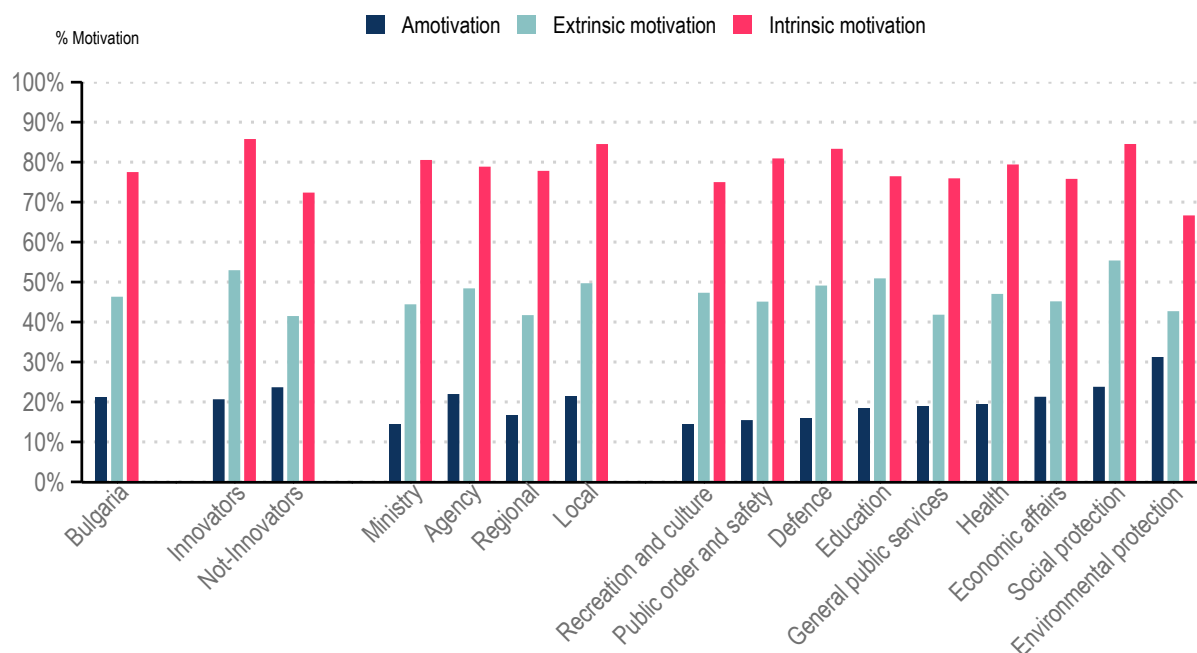
Note: N= 2,479 to 3,633. Respondents: Public Servants (L3). Figure presents the share of respondents who “Agree” or “Strongly agree” with the following statements. The respondents are asked to answer the question: Licence to innovate: To what extent do you agree with the following statements? Please rank each statement from 1 “Strongly disagree” to 5 “Strongly agree”. [Ranking].

Source: OECD Bulgaria's Innovative Capacity Survey, 2024.

StatLink  <https://stat.link/n5kpt1>


Annex Figure 3.A.6. Motivation to innovate – Policy sectors

Share of public servants by perceived motivation to innovate in their organisation, 2024.



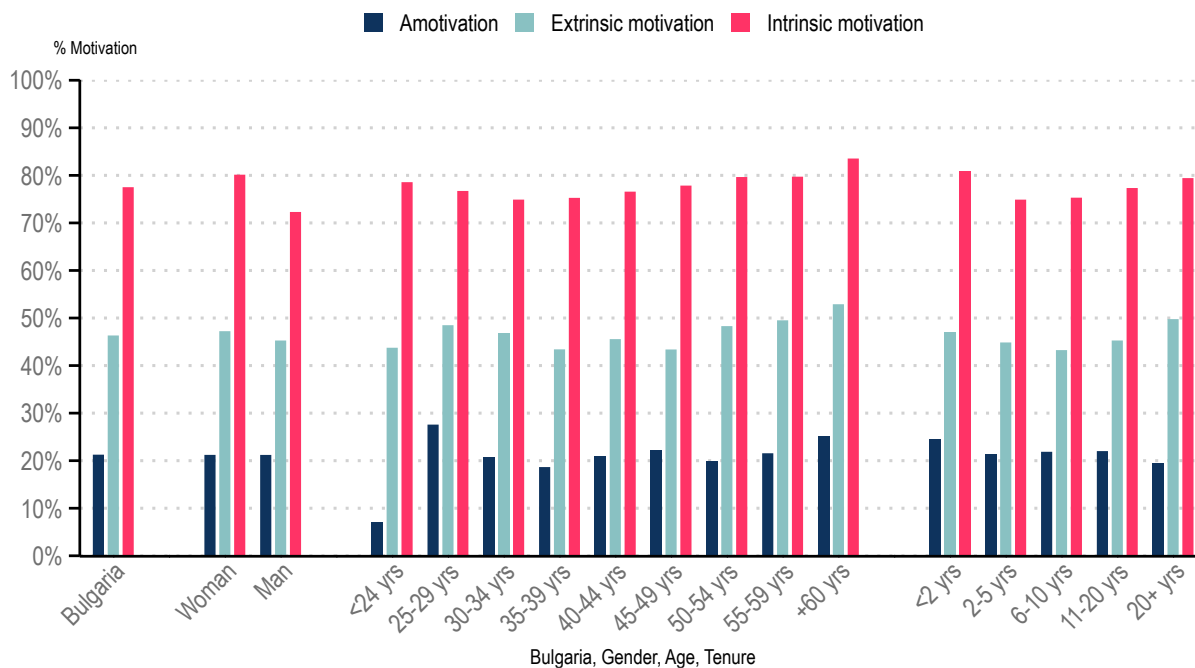
Note: N= 2,479 to 3,633. Respondents: Public Servants (L3). Figure presents the share of respondents who “Agree” or “Strongly agree” with the following statements. The respondents are asked to answer the question: Motivation: Please indicate to what extent each of the following items corresponds to the reasons why you are presently involved in your work. Please rank each statement from 1 “Strongly disagree” to 5 “Strongly agree”. [Ranking].

Source: OECD Bulgaria’s Innovative Capacity Survey, 2024.

StatLink  <https://stat.link/amsui1>

Annex Figure 3.A.7. Motivation to innovate – Individuals' variables

Share of public servants by perceived motivation to innovate in their organisation, 2024.



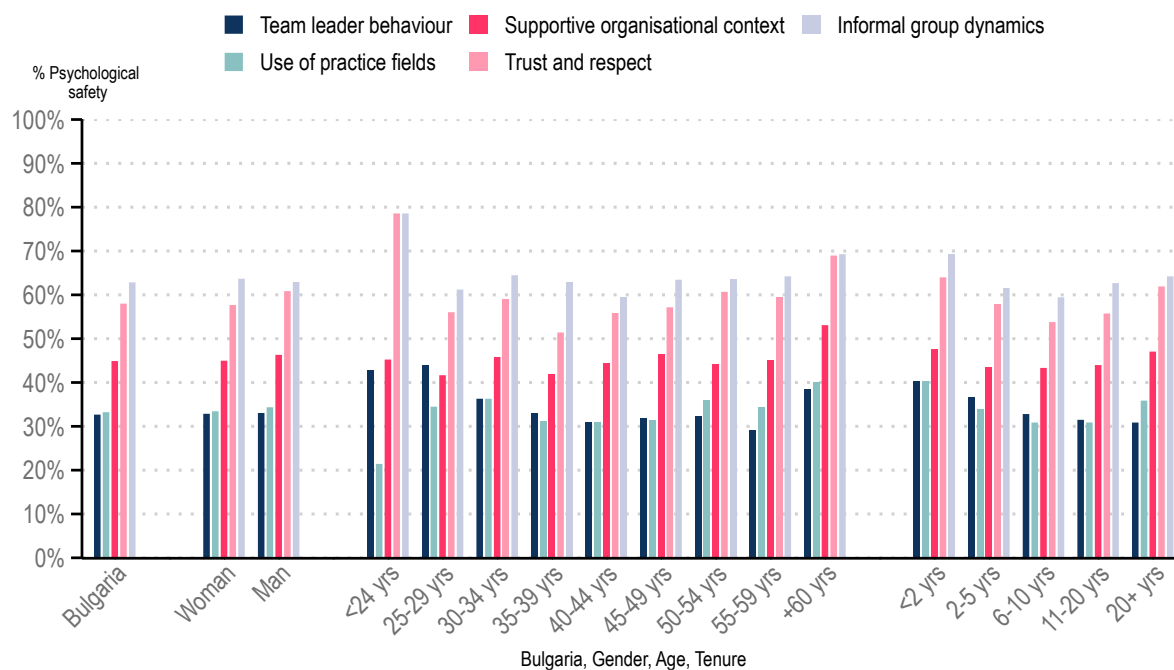
Note: N= 2,479 to 3,633. Respondents: Public Servants (L3). Figure presents the share of respondents who “Agree” or “Strongly agree” with the following statements. The respondents are asked to answer the question: Motivation: Please indicate to what extent each of the following items corresponds to the reasons why you are presently involved in your work. Please rank each statement from 1 “Strongly disagree” to 5 “Strongly agree”. [Ranking].

Source: OECD Bulgaria's Innovative Capacity Survey, 2024.

StatLink  <https://stat.link/4ukswx>

Annex Figure 3.A.8. Psychological safety – Individuals' variables

Share of public servants by perceived psychological safety in their organisation, 2024.



Note: N=2,479 to 3,633. Respondents: Public Servants (L3). Figure presents the share of respondents who "Agree" or "Strongly agree" to the statements. The respondents are asked to answer the question: Psychological safety: To what extent do you agree with the following statements: Please rank statement from 1 "Strongly disagree" to 5 "Strongly agree". [Ranking].

Source: OECD Bulgaria's Innovative Capacity Survey, 2024.

StatLink  <https://stat.link/5jydcf>

4

Towards a widespread innovative capacity in Bulgaria: From insights to action

This chapter summarises the key challenges and recommendations for Bulgaria to enhance its public sector's innovative capacity to improve the State Administration's responsiveness and, as a result, foster greater public trust in public institutions.

Bulgaria's State Administration is starting to drive public sector innovation (PSI), yet these efforts are nascent. Several innovations associated with research and development and digital transformation have been introduced gradually in the Administration, as a result of top-down directives. However, today's innovative capacity is unlikely sufficient to address the country's challenges and accelerate social and economic convergence towards more advanced economies. As shown in Table 4.1, this assessment has identified 5 priority areas for strengthening the innovative capacity of the public sector in Bulgaria:

1. **Strategic steering of public sector innovation:** Innovation is influenced by varied drivers with insufficient prioritisation of governmental objectives, and many organisations lack alignment on their innovative efforts. To address this, Bulgaria should develop a comprehensive public sector innovation vision and action plan aligned with the 2030 National Development Programme. The Council of Ministers' Administration (CoMA)'s role in PSI should also be strengthened with further financial and human resources to better coordinate, guide, and monitor innovation efforts across sectors, ensuring alignment with government priorities.
2. **Leadership, management, and support for public innovation:** Innovation is primarily top-down, concentrated in specific areas, with limited participation from different levels of the administration. Furthermore, innovation ideas mainly stem from within the public sector rather than from a broader societal input. To overcome these challenges, the State Administration could foster a bottom-up culture that encourages innovation at all levels. Providing resources, training, and communication that promote innovative behaviours, especially among less senior staff, will support an innovation-driven cultural shift. Additionally, CoMA should develop programmes to explicitly support public sector innovation, such as an innovation lab to incubate and scale solutions, along with supporting the upgrading the current innovation network and innovation competition, managed by the Institute of Public Administration (IPA).
3. **Funding, evaluation, and communication for public sector innovation:** Currently, budgetary mechanisms to support public sector innovation are insufficient, and monitoring and evaluation practices are inexistent, limiting communicating and learning from public sector innovation results. To improve this, the Ministry of Finances, along with CoMA and line ministries, should establish systematic spending reviews for public sector innovation and consider creating an innovation fund that supports both incremental and transformative projects. Additionally, the development of a monitoring and evaluation function, alongside evaluation capacity-building initiatives, could strengthen the administration's ability to assess and enhance innovation outcomes.
4. **Skills and competencies to innovate at all levels:** Training on public sector innovation has been sporadic and largely focused on senior staff, leaving many public servants without the necessary skills to engage in innovative projects. To address this gap, CoMA and IPA should expand training opportunities to include all hierarchical levels and functions across civil service. Furthermore, they should establish learning-by-doing cross-government capacity-building programmes for innovation that combine skills for applied innovation process, digital and data, and citizen participation. These programmes should span different durations and scopes and implement regular assessments to ensure their relevance and efficacy.
5. **Workforce strategy and incentives for widespread public sector innovation:** Public servants in Bulgaria reported low levels of permission to innovate, and there is an absence of innovation-related competencies in performance assessments that hinder the recognition of these practices. To address this, the Administration should update its competency frameworks and performance management guidelines to explicitly include innovation behaviours. Furthermore, a strategic workforce plan should focus on innovation, including formal incentives and leadership training, which could help create an environment that nurtures and rewards the uptake of innovative approaches across the public sector, along with improving the Administration's attractiveness as employer.

Table 4.1. Main challenges and key recommendations

The table below shows the challenges and key recommendations identified in this assessment.

Main challenges	Key recommendations
1. Strategic steering of public sector innovation	
Bulgaria's State Administration lacks a unified strategic framework for public sector innovation across the whole of government, limiting sustained demand for innovation. Current PSI efforts are driven by many factors without clear prioritisation.	Connect public sector innovation with government priority agendas: <ul style="list-style-type: none"> Develop a vision of how public sector innovation can contribute to the government's national priorities and to the 2030 National Development Programme. Articulate an action plan and a working group that puts forward a coordinated approach for implementation, defining clear objectives, measurable outcomes, indicators, and timelines for implementation.
Several sector-specific government strategies lack clear innovation priorities or fail to coordinate efforts effectively. Additionally, many organisations lack strategic planning for PSI, and the centre of government has limited resources to support, guide and monitor these efforts.	Reinforce the strategic steering of public sector innovation from the centre of government: <ul style="list-style-type: none"> Reinforce the Council of Ministers' Administration's role in aligning investments in public sector innovation capacities with government priorities, steering, coordinating, and monitoring cross-government innovation efforts. Provide high-level guidance for strategic public sector innovation planning across the administration by providing templates, tools and capacity-building to steer and monitor progress.
2. Leadership, management, and support for public innovation	
Innovation is largely driven from the top rather than emerging from various roles within the State Administration. Innovation initiatives are concentrated in specific policy areas and levels. Moreover, public innovation ideas predominantly come from the public sector itself rather than any other societal groups feeding in.	Ensure a widespread and integrated approach to public sector innovation: <ul style="list-style-type: none"> Foster a bottom-up approach to innovation by developing a public administration culture that values and supports innovation. Provide civil servants with the resources, time, training, and internal communications to encourage innovative approaches at all levels of the State Administration, especially less senior staff.
Public servants in Bulgaria face challenges to sustained innovation due to limited collaboration and resource constraints related to technology and data availability. Collaboration through public-private partnerships (PPPs) and innovation procurement are established in Bulgaria but complex procedures and limited risk financing hinder their full potential.	Tackle limited collaboration and resources for public sector innovation: <ul style="list-style-type: none"> CoMA should consider implementing initiatives such as improving awareness of the public servants' mobility programme, supporting innovative procurement procedures, and providing financial incentives to enhance internal collaboration and resource allocation in the State Administration. Target these initiatives with the focus of increasing digital and data skills as part of adopting innovative working methods within the Administration. Improve practices for setting organisations' innovative priorities and for engaging citizens in innovative projects.
Deliberate support for public sector innovation in Bulgaria is underdeveloped. The current innovation network and competition suffer from a low scope and a narrow range of activities. Support for innovative practices such as strategic foresight is also missing.	Build government-wide support to promote and encourage public sector innovation: <ul style="list-style-type: none"> Establish deliberate support for public sector innovation, including a programme to incubate and scale solutions. Upgrade the current innovation network and competition with formal mandates and financial resources to increase their scope and promote innovation more widely. Use these mechanisms to provide dedicated guidance and training for innovation-complementary approaches such as behavioural science and strategic foresight.
3. Funding, evaluation, and communication for public sector innovation	
Bulgaria has limited budgetary mechanisms and dedicated funding for public sector innovation. Current innovations focus mainly on incremental approaches, thereby limiting more transformative opportunities.	Direct public sector innovation through funding and portfolio management: <ul style="list-style-type: none"> Create a cross-government innovation project portfolio, using spending reviews to identify areas to target operational efficiencies. Consider stimulating direct budget allocation for public sector innovation and setting up a central fund for innovation to support more long-term transformative projects that improves public outcomes.
Bulgaria lacks consistent monitoring and evaluation of public sector innovation. As such, learning mechanisms such as after-projects reviews are notably absent in the Administration.	Introduce systematic monitoring and evaluation of public sector innovation: <ul style="list-style-type: none"> Enhance monitoring and evaluation practices by establishing a monitoring and evaluation function within the Council of Ministers' Administration, developing a framework for monitoring public sector innovation efforts, and enhancing capacity for evaluation through training and guidance.
In Bulgaria, internal and external communication about innovation is generally missing, limiting visibility of efforts, stakeholder engagement, and an innovation-driven culture.	Increase public sector innovation awareness through enhanced visibility and communication: <ul style="list-style-type: none"> Increase the awareness about innovation results in the public sector by developing a communication plan, setting up a central innovation repository of successful cases, and promoting communication of efforts through a yearly innovation event.

4. Skills and competencies to innovate at all levels	
In Bulgaria, limited and sporadic training on public sector innovation has been concentrated on senior staff. A small portion of public servants has innovation skills, a determinant for engaging in innovative projects.	Build up innovation skills: <ul style="list-style-type: none"> Expand current State Administration training offer in innovation to encompass all levels and functions across the civil service. Establish learning by doing cross-government capacity-building programmes that combine skills for applied innovation, digital and data, and citizen participation, spanning different durations and scopes, and implement regular assessments to ensure their relevance and efficacy.
5. Workforce strategy and incentives for widespread public sector innovation	
Public servants in Bulgaria have reported generally low levels of permission to innovate, particularly among administrative and professional staff. This is compounded by the absence of innovative behaviours in the existing cross-government competency framework and performance assessments, which hinders the explicit recognition of their ability to innovate.	Give permission to innovate: <ul style="list-style-type: none"> Update the State Administration's current competency frameworks and performance management guidelines to explicitly include innovation-related behaviours and competencies. Support and monitor implementation across all talent management areas and provide complementary training to ensure the competency framework's effective adoption.
Bulgaria lacks a strategic framework for its government workforce, and deficiencies in both recruitment and career development limit innovation. Public servants rely on intrinsic motivation to innovate, but concrete incentives are missing. Moreover, Bulgarian public servants experience low psychological safety, limiting risk-taking and innovative behaviours.	Foster structured incentives to innovate beyond personal motivation: <ul style="list-style-type: none"> Develop a strategic workforce plan where innovation is central for recruitment and professional development and support improving the Administration's attractiveness as employer. Consider formal incentives and rewards mechanisms, leadership training and mentorship to improve supportive risk-tasking, and safe spaces to practice innovation competencies in the civil service.

Source: OECD

Strengthening the Innovative Capacity of the Public Sector of Bulgaria

This assessment report explores the innovative capacity of Bulgaria's public sector. It looks at how innovation can be better supported as a way to improve the State Administration's responsiveness and, as a result, strengthen public trust in public institutions. It analyses the importance of public sector innovation in building trust in Bulgaria's State Administration and reviews recent milestones. Using the OECD Innovative Capacity Framework, the report examines Bulgaria's performance and provides policy recommendations across key governance areas.



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