

CENTRAMO – Study visit

Budapest – 16-18.10.2013

Development in strategic planning

Introduction of the project CENTRAMO

CENTRAMO – Cluster Excellence Network for Training and Mobility



Objective

- '... to raise the level of excellence of cluster and network management in the member countries and region of our consortium, ... by exploiting the results of the European Cluster Excellence initiative.'

Duration

- 24 months
- 1 December 2011 - 30 November 2013

Total eligible costs

- EUR 425,698.76 (grant rate: 93,96%)

Partnership

1. MAG – Hungarian Economic Development Centre
2. Slovak Innovation and Energy Agency
3. Investment and Business Development Agency – CzechInvest
4. Ministry of Entrepreneurship and Craft, of the Republic of Croatia
5. Izmir Development Agency
6. Ministry of Economy, Poland

Overview of work packages of the CENTRAMO project



Training

- Organise and participate in the trainings on benchmarking of clusters
- Organise and participate in the trainings on cluster management

Benchmarking:

Benchmarking clusters (60 clusters)



Mobility: Organisations and management of study visits

- Each partner hosts one study visit
- On each study visit: 8-12 cluster managers (10 on average)
- The study visit topics will be identified during benchmarking

Study Visits in the CENTRAMO project



Slovakia, Trnava: 17-19. September - Internationalization, access to foreign markets

Hungary, Budapest: 16-18. October - Development in strategic planning;

Czech Republic, Brno: 5-7. November - Collaborative technology development, technology transfer of R&D related activities in the cluster;

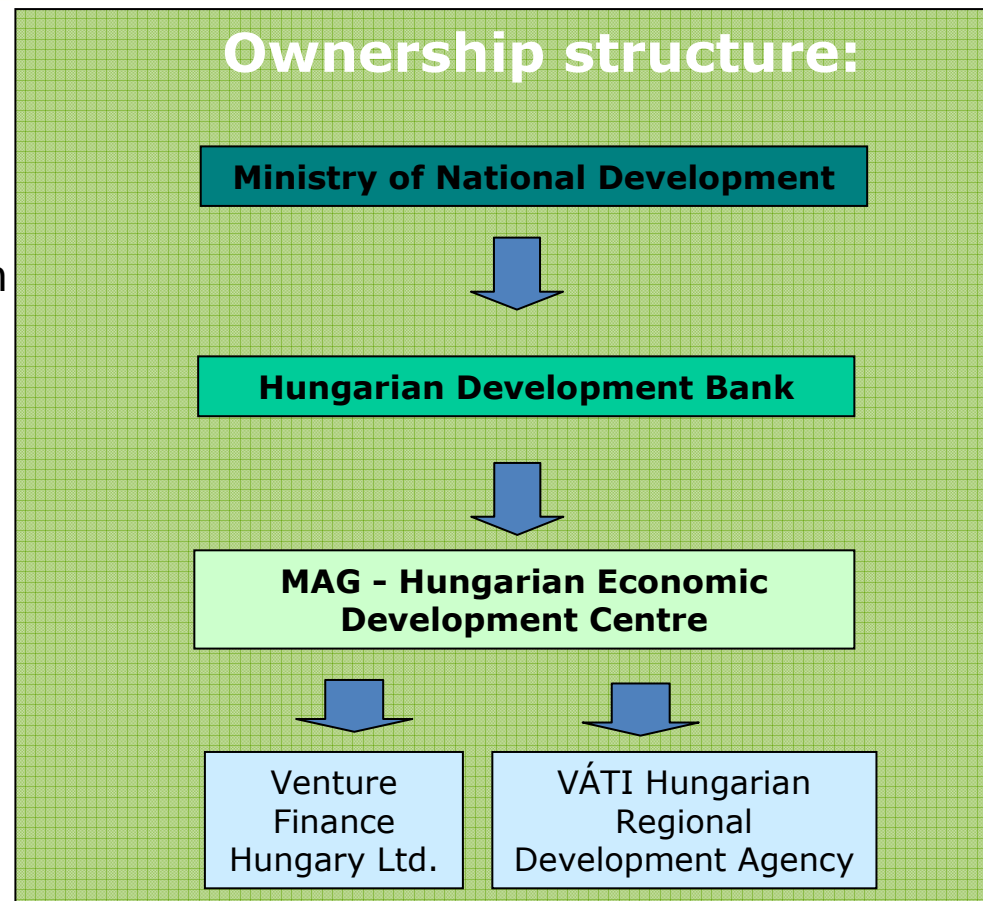
Poland – Gdansk: 15-17. November - How to increase the quality of services provided by the cluster organization;

Turkey – Izmir: 20-22. November - Exchange of information and experience among participants;

Croatia – Zagreb: 27-29. November - Cooperation, trust building among companies;

Introduction of the Hungarian cluster development model

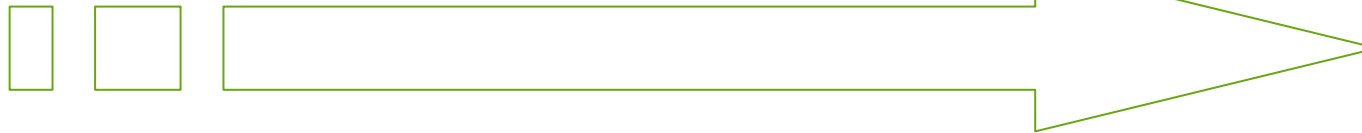
- Shareholder:
 - 100% Hungarian Development Bank
- Offers non-repayable grants from EU and national sources
- Main clients:
 - Ministry of National Development
 - Ministry of Local Government
 - Hungarian Development Bank
- Currently 674 employees
 - +60 trainees
- Performance based financing
- Business approach
 - Final beneficiaries = clients



Core business in MAG



Applications



**Evaluation/
Contracting**

Payments

Monitoring

Customer service, call center

On-the-spot checks

Irregularity and complaint management

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and co-financed by the European Regional
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MAG – Cluster Development Office performs the following tasks in relation to clusters



MA: Managing Authority
EDOP: Economic Development Operational Programme
ROP: Regional Operational Programmes
RIA: Regional Innovation Agency
RDA: Regional Development Agency

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Joint problems shared by the Central East European countries



Challenges

- Fragmented cluster policies
- Lack of joint regional tools to enhance cooperation
- Lack of harmony between regional, national and international policies
- More emphasis should be given to develop emerging industries
- Lots of clusters and cluster initiatives but substantially fewer excellent clusters
- Lack of a commonly used cluster quality methodology
- Huge disparities between cluster policies in the SEE area

ClusterCOOP

CluStrat

CENTRAMO

ClusterPoliSEE

Reactions

- Optimization and harmonization of cluster policies in the region
- Interactive, web-based platform
- Systematic and thematic series of policy dialogues in 3 different levels
- Put the focus on emerging industries and cross-cutting issues
- Benchmarking of clusters with a common European methodology
- Train-the-trainers activities for cluster management excellence
- This project will provide the „testing ground” for the new Europe-wide training material of the ECEI
- Setting up a mutual, collaborative ICT platform as a learning mechanisms system for both public officials and private stakeholders engaged on cluster and innovation policies in SEE countries

Transnational projects can successfully reflect to the joint challenges of cluster development in Central East Europe

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Cluster programmes in Hungary from 2000



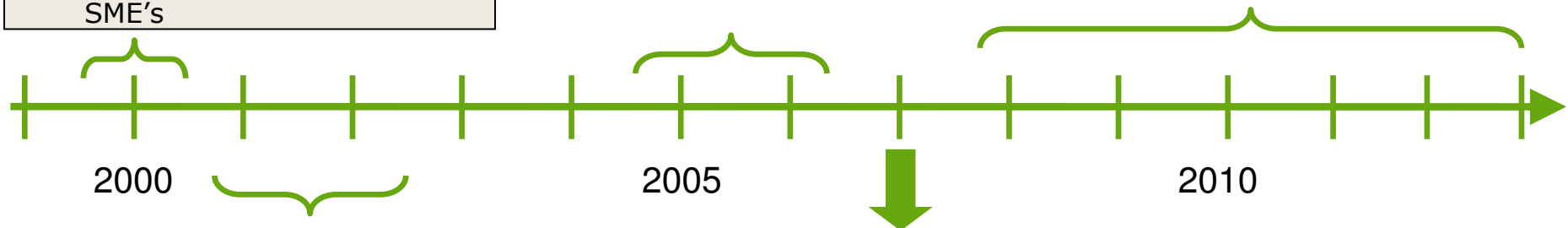
First cluster established in Hungary

- Pannon Automotive Cluster (PANAC)
- Initiated by the Ministry of Economy
- Involvement of three major Hungarian-based car manufacturers (Suzuki, GM, Audi) and more than 50 SME's

Grants for the set-up of clusters and for cluster activities from Structural Funds

2007-2013 EU budgetary period made a long-term consistent cluster policy possible

- Hungarian Pole Program (2008-2010) for cluster development and for the improvement of the business environment
- Cluster development in the New Széchenyi Plan (2010-)



Grants for the set-up and operation of cluster management organizations as part of the Széchenyi Plan (domestic funds)

As a result of the cluster support programmes approx. 50 clusters or cluster initiatives existed in Hungary by 2007

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Multi-stage cluster development model



Development stage

Description

Available grants

Start-up cooperations

- Start of cooperation in a network
- Cooperation in supporting and administrative activities

- Cluster management

Developing clusters

- Deepening trust among members
- Cooperation in value creation activities

- Cluster management
- Joint investment

Accredited Innovation Clusters (AIC)

- Strong trust among cluster members
- Cooperation in innovation

- Joint innovation

Regional OP's

Economic Development OP

Support system of the Hungarian clusters



**Support of cluster
management organistaions**

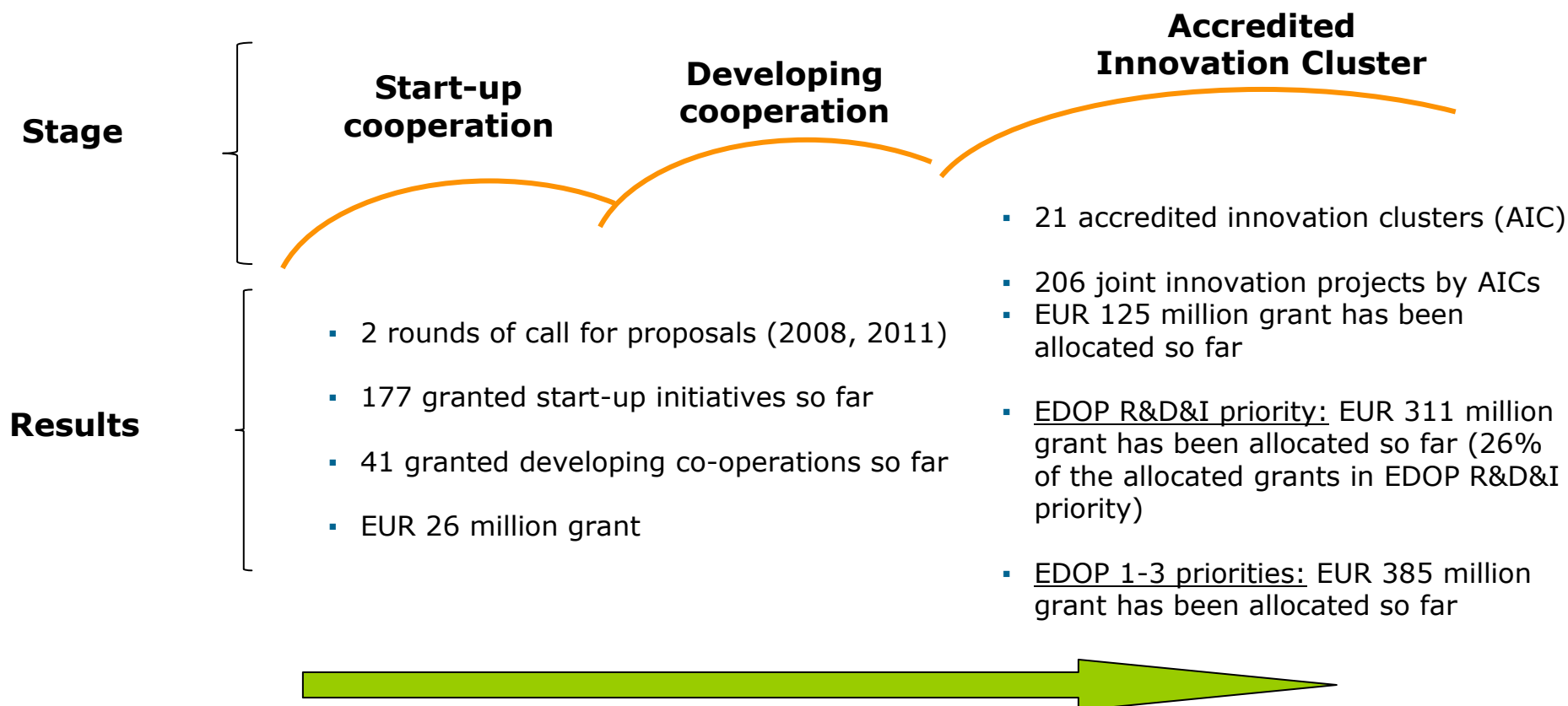
Cluster accreditation

**R&D&I
support
schemes for
AIC members**

- **Dedicated calls**
- **Special advantages**
 - Higher support ratio
 - Higher ammount of support
 - Preference during the project selection phase

**Support for
technology
development
of AIC
members**

Results of cluster supports 2007-13





- Long time thinking on business co-operations
- Establishment of well-operating clusters
- Spread of clusterization
- Relatively stable policies with clearly defined goals
- Differentiation of clusters
- Built-in selection process (cluster accreditation)
- Dedicated organisation for cluster development
- Special call for tenders for business co-operations
- Built-in advantages in the support system for cluster companies



- Large number of relatively small cluster initiatives (far from a critical mass)
- Rent-seeking cluster organizations, no real co-operations in several cases
- Unpredictability of the support system
- Lack of regulations: taxation, accounting etc.
- Room for internationalization

Lessons learned, future steps & challenges



- The support and development of clusters and cluster organisations should be continued in the next programming period, however more emphasis should be given to sustainability
- Priority in the support of those clusters which already have a significant track-record
- The cluster accreditation system is capable to filter and qualify clusters, but the recent experiences should be channeled into the qualification system
- The cluster phenomena should be embedded into the general business environment (taxation, accounting etc. issues)
- Clusters can have a leading role in the utilization of the available EU funds in 2014-20

Introduction of the Hungarian cluster accreditation scheme

The renewed version of the Cluster Accreditation is available for clusters



General introduction of the Cluster Accreditation (CA)

Aim of the scheme

To select and classify those clusters that

- have remarkable contribution to the Hungarian employment
- have high innovation potential
- are export-oriented
- are able to reach significant international and domestic performance

The accreditation entitles the clusters for

- applying for dedicated sources of the EDOP
- advantages and preferential treatment in certain calls for proposals

Advantages of the accreditation

- In the past three years the Cluster Accreditation system had become a significant incentive of economy development
- The CA system recognised as a good-practice by the European Commission
- The „Accredited Innovation Cluster” title had become an internationally known brand
- The accreditation of clusters can be flexibly used to „pre-filter” a large scale of companies applying for grants in the field of innovation and technology development

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Currently 21 clusters hold the Accredited Innovation Cluster title in Hungary



Accredited clusters

Industry	Number
 ICT	8
 Healthcare	5
 Environmental industry	2
 Construction/Energy	2
 Machinery/vehicle production	2
 Packaging/plastics industry	1
 Wood/furniture industry	1
Total	21



- Most of the 21 Accredited clusters have its geographical focus in regional centres
- Total number of cluster members: 763 (SME members: 662);
- Total revenue of member companies (11): EUR 30.9 billion;
- Total export revenue of SMEs (11): EUR 416 million;
- Total employment of cluster member companies: 66,632;

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The call for AIC is continuously open, tenders are evaluated quarterly



Selection criteria of the accreditation scheme

I. Employment	<ul style="list-style-type: none">• Evaluation of the effect of the cluster on employment	<ul style="list-style-type: none">• Max.: 25 points
II. SME focus	<ul style="list-style-type: none">• Evaluation of the business performance of SME members	<ul style="list-style-type: none">• Max.: 20 points
III. Export orientation	<ul style="list-style-type: none">• Evaluation of the export potential of member companies	<ul style="list-style-type: none">• Max.: 12 points
IV. Cooperation	<ul style="list-style-type: none">• Evaluation of the framework and content of the co-operations in the cluster	<ul style="list-style-type: none">• Max.: 25 points
V. Innovation	<ul style="list-style-type: none">• Analysis of R&D and innovation activities in the cluster	<ul style="list-style-type: none">• Max.: 18 points
VI. Cluster strategy	<ul style="list-style-type: none">• Evaluation of the complex cluster strategy	<ul style="list-style-type: none">• Qualitative assessment

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Selection criteria of the accreditation scheme I.



I. Employment

- **Max.: 25 points**

Wage related expenses (personnel costs)

- **Max.: 12 points**

Number of employees with a degree in engineering, natural sciences, medical sciences or agriculture

- **Max.: 8 points**

Number of employees holding a PhD degree employed by the cluster member companies

- **Max.: 5 points**

II. SME focus

- **Max.: 20 points**

Number of SMEs in the cluster

- **Max.: 8 points**

Total revenues of the SMEs in the cluster

- **Max.: 8 points**

Ratio of total revenue of SMEs to total revenue of all member companies in the cluster

- **Max.: 4 points**

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Selection criteria of the accreditation scheme II.



SZÉCHENYI PLAN

III. Export orientation

- **Max.: 12 points**

Export revenues of SMEs in the cluster

- Max.: 6 points

Ratio of export oriented SMEs

- Max.: 6 points

IV. Cooperation

- **Max.: 25 points**

Number of joint PR/marketing actions of the cluster members

- Max.: 10 points

Sum of costs paid by SME cluster members due to their cluster membership

- Max.: 10 points

Track record of the cluster

- Max.: 5 points



Selection criteria of the accreditation scheme III.



SZÉCHENYI PLAN

V. Innovation

- **Max.: 18 points**

Number of intellectual property rights owned by the cluster member companies

- Max.: 6 points

Number of previous R&D&I project proposals awarded under support schemes

- Max.: 6 points

Ratio of companies with R&D activities

- Max.: 6 points

The accreditation cannot be received by those clusters :

- whose cluster strategy does not comply with the policy objectives of the call or
- that do not reach the 50 points minimum threshold or
- that do not reach min. 8 points in subcategory IV. Cooperation or
- do not reach min. 5 points in subcategory V. Innovation



Expected content of the joint cluster strategies I.



1. Executive summary

2. Introduction of the cluster

2.1. Main activities of the cluster

- Provided services of the cluster
- Sectors, segments, focus territories related to the operation

2.2. Structure of the cluster, members of the cluster

2.3. Operation

- Management organization
- Cooperation within the cluster
- History of operation, main projects realized in the past or the realization in progress
- International cooperation

2.4. Performance of the cluster, effect on the national and regional economy

- Employment in the next 3 years
- Export, domestic revenues, net results in the next 3 years

Expected content of the joint cluster strategies II.

3. Strategy on the focus territories of the cluster

3.1. General introduction of the focus territory

3.1.1. Main goals on the focus territory

3.1.2. Market analysis

- Product and service groups
- Demand
- Supply
- Competitive advantages

3.1.3. Project plans

- R&D activities
- Investments
- Human resources
- Project financing
- Project timeline

3.1.4. Risk analysis

- Key factors of growth
- Expected changes of key factors
- Risk analysis

- **The evaluation of the calls and the development of the decision proposals is done by MAG – Cluster Development Office**
- **Based on the decision proposal and the professional opinion of the Accreditation Committee members the final decision is brought**

The Accreditation Committee comprises of governmental decision makers and private sector experts



Decision authority:

- approval of the decision proposal and award of the accreditation title;
- asking correction and re-evaluation of the proposal;
- refusal of the proposal.

Experiences of cluster strategy evaluation



Common mistakes, defects of cluster strategies

- Lengthy, unnecessary descriptions, not focusing on essential contents
- Inadequate description of the role of cluster members
- Missing or inadequately introduced track-record, missing cooperation between the members
- In case of renewal of the accreditation strategy should focus on the results achieved since the award of the last accreditation
- Missing argumentation of future performance, projects
- Missing argumentation of competitive advantages
- Project plans are unrealistic, lack of R&D&I
- Inadequate volume of future projects, lack of critical mass
- Risk analysis: ignoring real risks

Thank you for your kind attention!

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