



European Union



MINISTRY FOR  
NATIONAL ECONOMY

## ClusterX 2.0 Good practice – Hungary

Supporting joint innovation  
project of accredited cluster  
members

Peter Keller  
Ministry for National Economy

Gent, 16 February 2017

# Summary of the good practice



Low level at willingness of cooperation among business actors



Why don't we use clusters? If we use which one should we use?



Dedicated call for proposal aiming at supporting joint R&I projects of cluster members



# Level 1.: Defining the problem



## STRENGTHS

- Strong cooperation between universities and enterprises in certain segments
- Top working culture at many large R&I enterprises, emergence of R&I and knowledge centers, concentrated R&I
- Emergence of high-tech startups able to grow rapidly and exploit a global niche („born global" attitude)
- Capital strength, modern R&D&I infrastructure at large enterprises, promising collaborations with universities

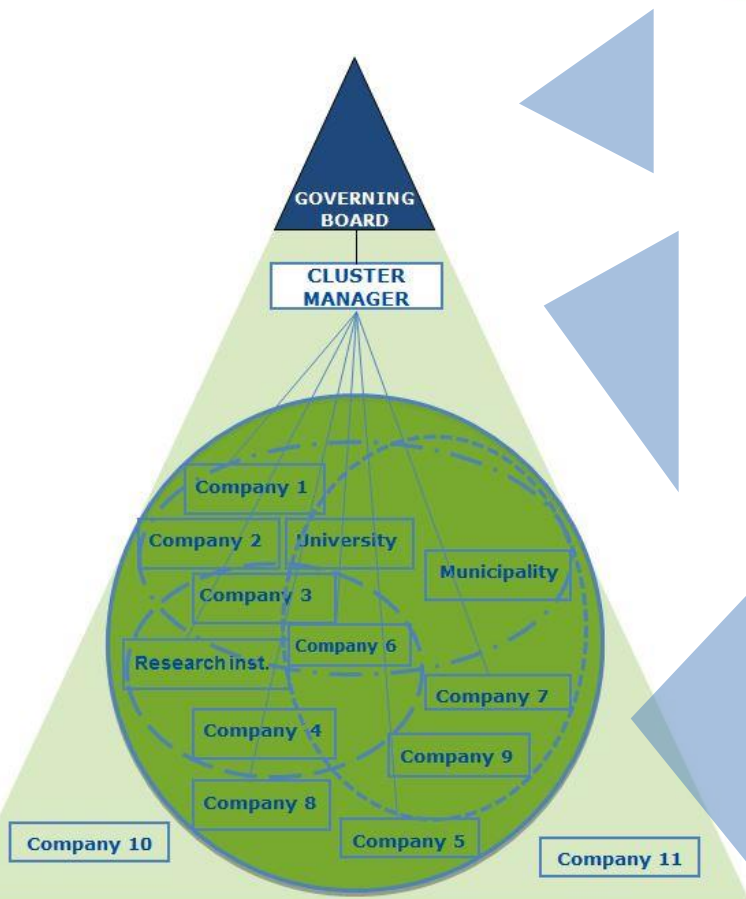


## WEAKNESSES

- Good practices do not exist to establish contacts between SMEs and research institutes (placing orders for research services, use of research infrastructure)
- Weak relations, inefficient co-operation between members of the R&I chain
- Inefficient adaptive innovation processes and technology transfer processes in Hungary

# Level 2. Lets use clusters – Why?

## Main features of the well performing clusters in Hungary

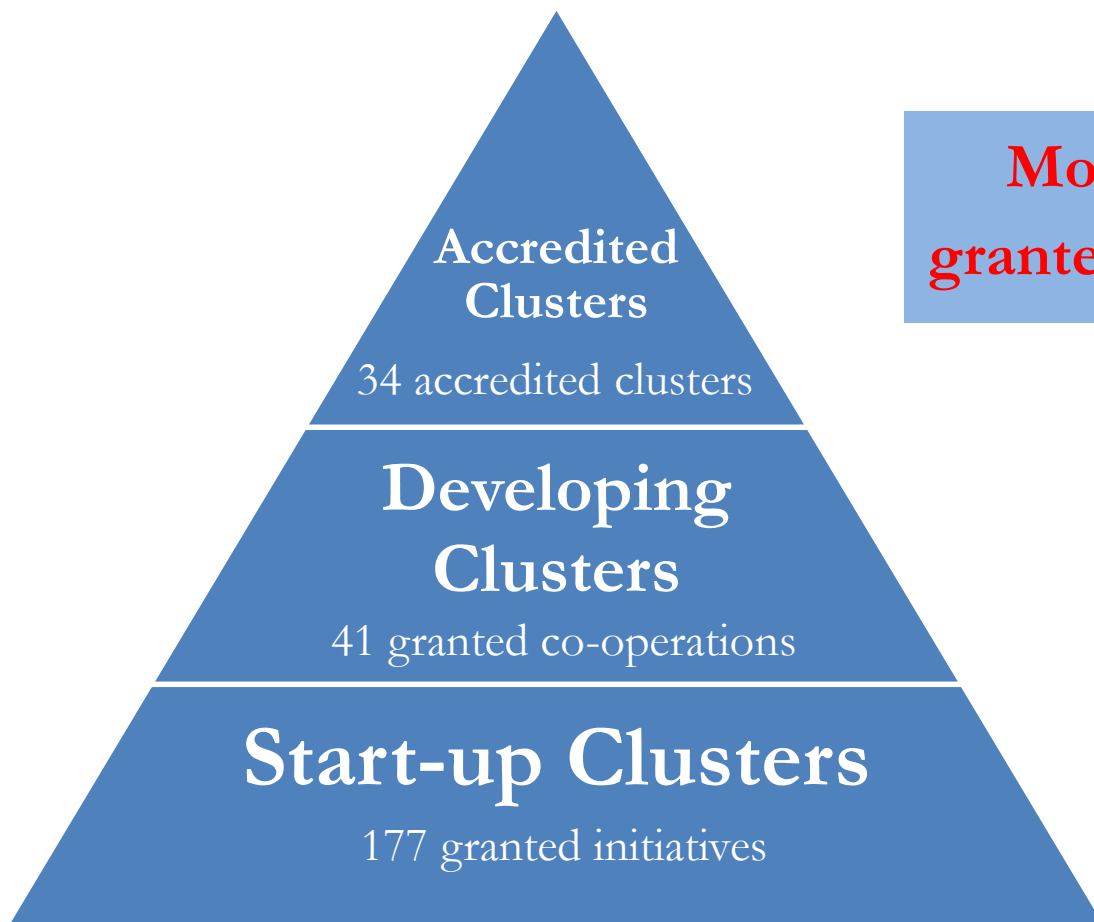


- Board members delegated by cluster members;
- Professional, strategic leading and supervision of the cluster, main decision making body

- Operational management;
- Different services for cluster members;
- Collecting and managing membership fees;
- Typically a company separated from the members;
- Beneficiary of cluster management type supports

- Average size: 35-40 members;
- **80% of members are SMEs, but there are large enterprises as well;**
- **Universities, colleges, R&D institutions, municipalities also represented;**
- Joint project companies

## Level 2. Lets use clusters But we have plenty of them....



**More than 200 clusters were  
granted in the period of 2007-13!!!**

# Level 2. Lets use clusters: Selection of the well performing ones

## STEP 1.

To select and classify those clusters that

- have remarkable contribution to the Hungarian employment
- have high innovation potential,
- have high level of cooperation
- are export-oriented,
- are able to reach significant international performance


## STEP 2.

Launch specific and tailor-made programmes (call for proposals)  
according to their needs

# STEP – 1. The selection

## Hungarian cluster excellence: cluster accreditation system

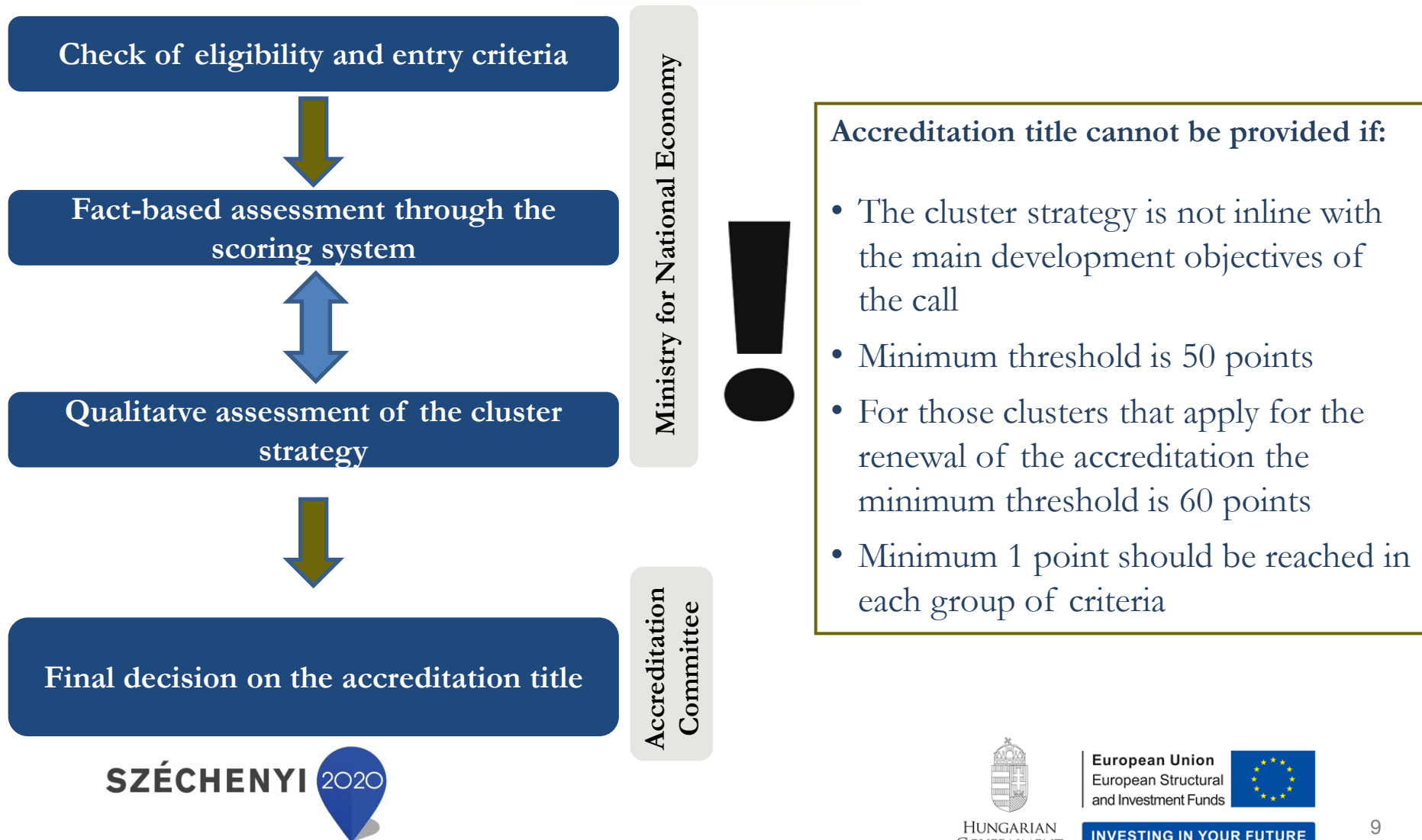
# Cluster accreditation system 2008-2016

	Current accreditation call	Previous accreditation call
<b>Entry criteria</b>	Stricter entry criteria than before	Relatively low entry criteria
<b>Number of criteria</b>	16	14
<b>Focus of the evaluation</b>	Measuring the intensity of co-operation inside the cluster More focus on cluster management Internationalization of clusters	 Measuring the economic impact of the clusters
<b>Main group of evaluation criteria</b>	I. Cooperation inside the cluster II. Cluster management and the composition of the cluster III. International focus of the cluster IV. Innovation potential	I. Employment II. SME orientation III. Export orientation IV. Cooperation activities V. Innovation potential
<b>Evaluation of strategy</b>	Yes	Yes
<b>Accreditation Committee</b>	Yes	Yes



# Cluster Accreditation model

## Decision making process of the cluster accreditation



# Cluster Accreditation Call – entry criteria

(highlighting the most important ones)

## 1) Stability:

- Cluster's proven track record of 3 years
- The cluster is managed by the current cluster management organisation (CMO) at least for 1 year.
- Minimum 20 members, of which minimum 15 members have at least 2 year-long membership

## 2) Multilingual webpage

## 3) Membership fee: CMO should prove that in the past 2 years membership fees have been paid by at least 80% of all cluster members

## 4) The added value per employee\* of the SME members should exceed EUR 10,000 on average

## 5) Proportion of SME members should exceed 75%

### Extra requirements for those who intend to renew their accreditation title

- 1) One submitted proposal to international programmes (in the past 2 years);
- 2) Representation of the cluster in at least 1 international exhibition, fair, workshop in the past
- 3) Realization of at least 1 innovation project by the cluster members that generated at least EUR 160,000 net revenue since obtaining the last accreditation title



\* Added value per employee = (profit before tax + depreciation and amortization + staff costs) / average headcount

# Cluster Accreditation model

## Selection criteria of the accreditation scheme

### 0 . S T R I C T E N T R Y C R I T E R I A

I. Co-operation inside the cluster

Max.: 20 points

II. Cluster management and the composition of the cluster

Max.: 30 points

III. International focus of the cluster

Max.: 24 points

IV. Innovation potential and performance

Max.: 26 points

+ Cluster strategy

Qualitative assessment

# Cluster Accreditation model

## Selection criteria of the accreditation scheme I.

### I. Cooperation inside the cluster

• **Max.: 20 points**

**Track-record of the cluster:** number of years passed since the foundation of the cluster

Max.: 7 points

**Activity of the cluster:** number of cluster events and meetings in the past 2 years

Max.: 8 points

**Press and media activities:** number of press and media releases in the past 12 months

Max.: 5 points

### II. Cluster management and the composition of the cluster

• **Max.: 30 points**

**Stability of the CMO\*:** number of years passed since the current CMO has started to manage the cluster

Max.: 6 points

**Costs paid for the membership:** costs paid by the cluster members to the CMO

Max.: 7 points

**Stability of the membership:** ratio of those members who have their membership at least for 3 years

Max.: 7 points

**Concentration of the members:** at least 50% of all members have their seat in the same or neighbouring county as the CMO

Max.: 4 points

**Service portfolio of the CMO:** Incubation, mentoring, dual training, suppliers programme

Max.: 6 points

# Cluster Accreditation model

## Selection criteria of the accreditation scheme II.

### III. International focus of the cluster

• **Max.: 24 points**

	<b>Participation in international projects:</b> number of supported international projects of the CMO and cluster members	<b>Max.: 6 points</b>
	<b>Export potential:</b> ratio of export-oriented SMEs to all cluster member SMEs	<b>Max.: 6 points</b>
	<b>International activities:</b> number of international events with the joint representation of at least 2 cluster members	<b>Max.: 6 points</b>
	<b>International quality labelling:</b> does the cluster dispose any cluster label of ESCA?	<b>Max.: 6 points</b>

### IV. Innovation potential and performance

• **Max.: 26 points**

	<b>Market oriented innovation:</b> number of those cluster projects that have generated at least EUR 160,000 in the past 5 years	<b>Max.: 8 points</b>
	<b>R&amp;D&amp;I activity of members:</b> ratio of those member companies that have implemented at least 1 R&D&I project since 2007 to all member companies	<b>Max.: 7 points</b>
	<b>Number of IPRs*:</b> number of IPRs owned by the SME members of the cluster	<b>Max.: 6 points</b>
	<b>Co-operation with HEIs** and research institutes</b> (at least for one year)	<b>Max.: 5 points</b>

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

## Accreditation Committee

### Members from the Hungarian governmental sector

- 2 State secretaries from the Ministry for National Economy (MNE)
- Deputy state secretary responsible for economic planning (MNE)
- Head of Economic Development OP Managing Authority (MNE)
- State secretary of Prime Minister's Office

### Members from non-governmental sector









- **CEO of Netvestor Ltd. (private company)– PRESIDENT of the committee**
- Director of DG Research & Innovation
- Head of department of Budapest Corvinus University
- Head of Institution of Kecskemét University

Possible decisions of the Accreditation Committee:

- approval of the proposal and award of the accreditation title;
- refusal of the proposal.

# Accredited Clusters at present



	ICT	8
	Machinery/vehicle production	8
	Healthcare, biotech	7
	Construction/ Energy	5
	Packaging/plastics industry	3
	Environment	1
	Wood/furniture	1
	Food	1

---

<b>Total</b>	<b>34</b>
--------------	-----------

	Annual revenue	Export revenue	Employees
1011 SMEs	2 916 M EUR	738 M EUR	31 796
108 Large enterpr.	27 132 M EUR	5 629 M EUR	99 906
<b>Total</b>	<b>30 048 M EUR</b>	<b>6 367 M EUR</b>	<b>131 702</b>

## STEP 2.

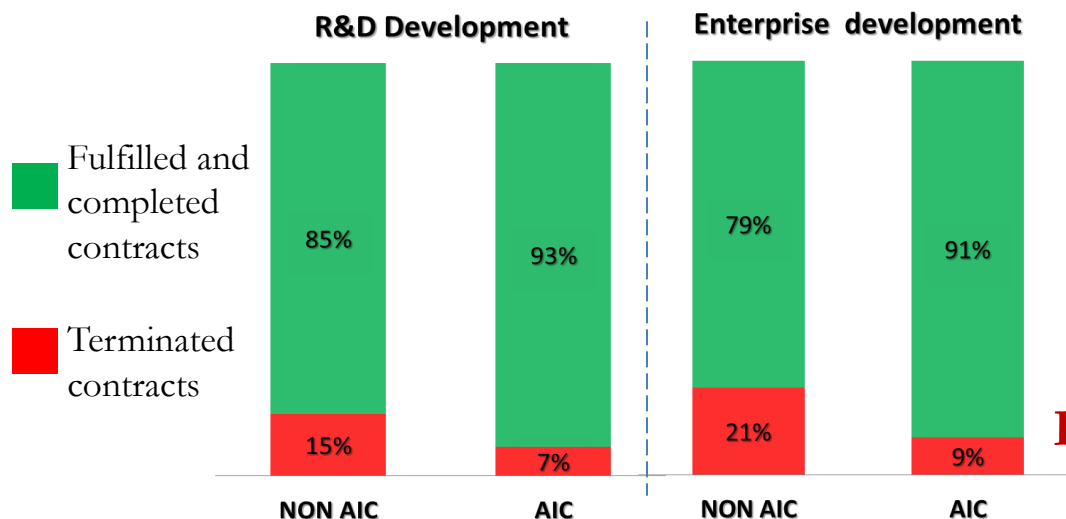
**Launch specific and tailor-made programmes  
(call for proposals) according to cluster needs**



# Supporting cluster excellence is a good practice (2007-13), because.....

## Proportion of terminated contracts at:

- *Accredited Innovation Cluster (AIC) members enterprises*
- *Other enterprises (NON AIC)*



WHY?-

**Because they are more RELIABLE**

R&D&I support schemes for AIC members

### •Dedicated calls

### •Special advantages

- Higher support ratio
- Higher amount of support
- Preference during the project selection phase

Support for technology development of AIC members

SZÉCHENYI 2020



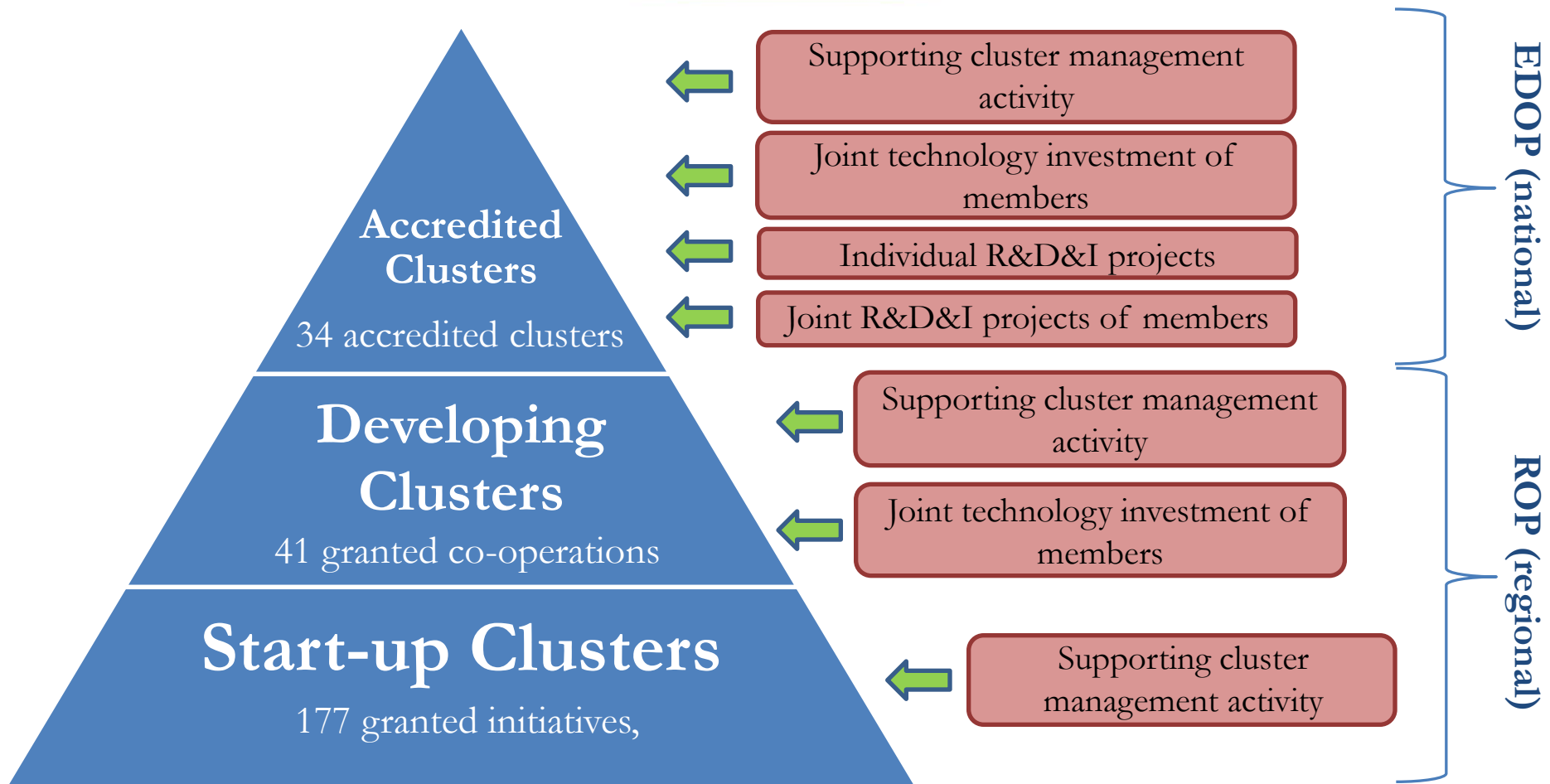
HUNGARIAN GOVERNMENT

European Union  
European Structural  
and Investment Funds



INVESTING IN YOUR FUTURE

# Level 3. Several types of call for proposals according to cluster needs



## Level 3.

**SOLUTION:** Supporting joint innovation project of accredited cluster members

# SOLUTION: Joint innovation projects of Accredited Cluster members (EDOP 2007-13)

## Aim of the call

Stimulate the generation of innovation projects (product and service development) and the introduction of results to foreign markets (export).

## Eligible applicants

Project companies founded by at least 3 independent members of Accredited Innovation Clusters with the goal of implementing the innovation project.

## Amount of subsidy Intensity rate

EUR 40.3 million

Max. 50% (Depending on the project and the beneficiary)

## Supported activities

- Experimental development (R&D staff cost min. 20%)
- Infrastructure and real estate investment supporting R&D&I activity
- Marketing
- Legal and business advisory service

# Results

## Number of supported projects

36 joint R&I projects were supported in which 201 cluster members were involved (average 5.4 partners/ project)

## Granted amount

EUR 42.5 million

## Some supported projects

- Functional food product development (focusing on Omega-3 fatty acid)
- Testing new methodologies to diagnose lung cancer and examine early-staged lung cancer
- Inter-regional on-line health care database and IT system (online contact between hospitals, rehabilitation institutes, general practitioners, private doctors, pharmacies, insurance companies, health funds, patients)
- HOLOGAME- hand sized 3D holographic projector
- Personalized, inter- regional, on-line, health care data warehouse and IT system to support health care processes

# Sustainability of the call at the current programming period (2014-20)

# Competitive Cooperations

## EDIOP-2.2.1-15

### Aim of the call

Facilitating long term strategic cooperation between enterprises and research organisations

### Eligible applicants

Forming consortia is compulsory!!!! (max. 5 partner): SMEs, large enterprises, non-profit organisations with R&D activities, public bodies

### Amount of subsidy Intensity rate

1.6 – 13 million EUR  
100% (Depending on the project and the beneficiary)

### Supported activities

- Basic research
- Applied research
- Experimental development
- Purchasing machinery, intangible assets
- Infrastructural development
- Project preparation, project management

**Accredited cluster  
membership (2):  
Advantage at evaluation !**

# Conclusion

**Real business interactions are made  
between companies!!!!**





**European Union**  
European Structural  
and Investment Funds



**INVESTING IN YOUR FUTURE**

**Thank you for your kind attention!**

**Peter Keller**  
**Head of Unit**

**Ministry for National Economy**

**Phone: (+36 1) 896 1302**

**E-mail: [peter.keller@ngm.gov.hu](mailto:peter.keller@ngm.gov.hu)**