



SLOVAK ACTION PLAN FOR CLUSTER ORGANIZATION SUPPORT POLICY IMPROVEMENT

Part I – General information

Project **CLUSTER FY**

Partner organisation: **Slovak Innovation and Energy Agency**

Other partner organisations involved (if relevant) none

Country: **Slovak Republic**

NUTS2 region: **Slovak Republic**

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Part II – Policy context

The Action Plan aims to impact: Investment for Growth and Jobs programme
 European Territorial Cooperation programme
 Other regional development policy instrument

Name of the policy instrument addressed: **Scheme to promote industrial cluster organizations (Scheme DM 18/2014)**

Part III – Details of the actions envisaged

ACTION: Improvements in the Policy Measure Scheme DM 18/2014: Scheme to promote industrial cluster organizations

1. The background

Clusters are linked with innovation and economic performance in region/country and hold an important role in economic specialization of regions (Porter). Clusters facilitate innovation in a number of different ways, by (among others) :

- a) Increasing an entity's visibility and learning on current trends;
- b) Increasing members' agility and capacity to respond to market changes;

Slovakia represented by its Ministry of Economy has introduced in 2014 **Scheme to promote industrial cluster organisations (Scheme DM 18/2014)** that supports activities to increase the competitiveness of clusters' members. Policy was never updated since its approval.

The main goal for taking part in the ClusterFY project was to minimize and remove of barriers and lower the obstacles that are preventing clusters and SMEs from collaborating with other business and academic and R&D institutions, increasing their ability to internationalize and increase their competitive position in wider European marketplace via improving the policy instrument – Scheme DM 18/2014.

The instrument is focused formally on

- a) well-established clusters, particularly on high-tech oriented and internationally well established, and
- b) Newly established clusters operating in less developed region.

The following activities are supported with this scheme:

- Training organized by industrial clusters or education of its' members;
- presentations of industrial clusters and their members locally and abroad through participation in exhibitions;
- development of industrial clusters strategies;
- expert consultation activities;
- clusters participation in international projects and networks.

Scheme is not supporting regular operation of cluster and is not directly linked with any evaluation scheme that would measure the progress of cluster in achieving its goals.

During the ClusterFY partners meetings and joint exchange of experience we have noted several important and meaningful approaches to cluster support policy development. Among those with highest impact we could mention:

1. During the international seminar at Hanze University of Applied Science in Groningen, The Netherlands at Energy Transition Centre - EnTranCe, 16-18 October 2017, bottom-up approach in developing and fine-tuning of the policy measures oriented on cluster operation support has been noted. The experience presented by Dutch partners was a broad cluster as a network definition in order to focus on promotion of clusters'/networks collaboration

and their members (SMEs) scale up – using an Open innovation call. The Call was presented as an innovative ERDF instrument that puts objectives first rather than activities. Because it doesn't define actions in advance, it is flexible. In the recent past the Northern Netherlands have created several innovation environments and hubs. During Beyond EDP project (financed by the Interreg Europe programme) peer review meetings it was concluded that they could become more effective as vehicles for continuous Entrepreneurial Discovery Processes. Discussions with the Beyond EDP project partners and experts, as Dominique Foray and the EC's Joint Research Centre, inspired SNN (ClusterFY project partner) to design a new support instrument to foster these processes: to stimulate businesses, knowledge partners and society stay in a continuous interaction, to foster cooperation and to increase the chances for discoveries. There was a technical reason as well to create the Open Innovation Call. SNN said that they felt that most support instruments within Structural Funds programmes, were too directive in advance, hampering the creativity of the actors involved. The main novelty of the Call is that it is directive not in terms of activities or actions - for which to receive funding or not, as usually is the case with support instruments – but objectives. The logic of the call starts with a strictly defined objective. What follows is an open invitation for consortia to come up with initiatives which contribute to the objective. Crucial is that it's up to the consortia to define the initiative, that is how to reach the objective. Nothing is defined in advance. All actions or activities which form an indispensable element of the project are eligible. This of course subject to basic rules, in line with EU Regulations.

SNN presented to project partners that it helped to use clusters as platforms to facilitate and merge small clusters into a network with the flexible approach based on idea – various forms of networks then can be developed. It invited companies and knowledge institutions to build strong innovation consortia eager to develop joint initiatives that contribute to a structural improvement of the region/ country innovation ecosystem. **Such a broader approach on cluster definition and actions enabled region to develop the creative climate in which new ideas for innovation arise;** development and usage of new technologies will be promoted. This also **required an active interaction between knowledge institution (s) and the SMEs and preferably also end users.** Consortia's with companies, knowledge institutions and / or social organizations were very welcome.

Take up: We will involve clusters and their umbrella organization(s) in defining the goals, rules, and scope of the policy measure improvement assuring thus the highest impact and efficiency of the policy measures;

2. In Gavle/Hudiksvall (Sweden), 11.-13. June 2018 we have noted the long term experience in supporting cluster organization and policy that covers operating costs of cluster organizations for nearly 10 years (Fiber Optic Valley – a regional innovation node for digital transition in the industry). **Take up:**

Swedish example confirms, that support of clusters' operations represent very important factor for cluster organization long term sustainability. Policy measure should be continuous and regular.

3. Discussions during the ClusterFY partners' meetings with colleagues from Poland and Lithuania showed another aspect that should be taken into account - importance of assessment and evaluation of cluster performance and assessment of the efficiency of funds invested in support of cluster development. This was also confirmed in discussions with Swedish project partner from Hudiksvall region with long term experience in clusterization and certification.

Take up: Measuring impact of policy is an important aspect of efficient policy measures. Incorporation of ESCA Cluster Management Excellence Certification Reports into the performance goals setting and afterward to use them as a basis for monitoring the achievements/improvements could be a natural way how to establish a basis for measuring impact. (Reports are providing deep, independent view onto the Cluster management functioning, stating the weakness and providing some recommendations, too.)

All of this gained knowledge and take ups are instrumental in our approach for further enhancement of the improvement of the existing policy supporting the cluster organizations.

2. Action

The action will contribute to the **improvement of the policy instrument (Scheme DM 18/2014)**. To achieve goals of this AP we use an iterative four-step management method used in business for the control and continuous improvement of processes and products (so called PDCA plan-do-check-act). :

- a) Plan : Implementation of bottom-up approach for policy instrument re-shaping (March 2019-November 2019)

To achieve a wide consensus and acceptance of changes of the policy instrument, the Cluster Stakeholder Group (established within ClusterFY project) organized 4 meetings, starting in March and with bimonthly frequency. We have started with engaging stakeholders in how to develop specific set of suggestions leading to improvement of the existing policy. In order to achieve an in-depth understanding and appreciation of the stakeholders view, we used various techniques to develop comprehensive set of ideas how to improve the policy, via brainstorming and joint discussions.

As a next step, all proposed ideas were clustered according their similarity or impact and then has been discussed and clarified in the follow up round table sessions.

Ministry of Economy of Slovak Republic as a main policy maker was an

organic part of all 4 meeting and related e-communication.

The key proposed changes (additions to the existing eligible activities) were as follows:

- include operating costs among eligible activities;
- assure closer link among RIS3, OP and calls within this instrument
- provide evidence of sustainability of the cluster organization operation at least 3 years after receiving funding (simplified budget forecast)
- To achieve higher impact of the policy instrument on the quality of cluster management, all activities that planned to be financed by non-refundable grants should be linked with outcomes/findings from the certification authority report for Cluster Management Excellence Certification Label.
- Follow up and monitoring of achievements utilizing a new certification period (every 2 years for Bronze Label, every 3 years for Gold and Silver Label) and report provided by certification authority

b) Do: Setting a Pilot action (December 2019-March 2020):

- Ministry of Economy during our meetings suggested to run a pilot and implement the proposed improvements for the policy measure DM 18/2014 into the call within the scheme DM 10/2017, funded from ERDF within OP Research and Innovation, as its Amendment No1 from July 2019. The call is planned to be open in February 2020 (Scheme aims for support of improvement of innovation performance of enterprises and clusters).
- Managing Authority has approved incorporation of the proposals into the call
- Preparation of the call documentation on the meetings in November with Cluster Stakeholder Working Group
Presentation of the final draft of the Call on the meeting on December 12, 2019

c) Check: Review the call results and provide recommendations (April 2020 – September 2020).

- In the mid-2020, SIEA with Ministry of Economy will review the applications with the call mentioned above, and
 - Provide recommendation for the Ministry of Economy for appropriate changes into the State Aid Scheme DM 18/2014 and next calls according this scheme

d) Act: Implement improvements into the existing policy measure DM 18/2014. (September 2020-October 2020)

- Incorporation of the recommendations into the calls according DM 18/2014 in the fall 2020 and later. The support will be provided utilizing the Cluster Stakeholder Working Group joint effort for

further improvements, if needed;

- Promoting improved scheme DM 18/2014 among the clusters

Implementing approach with pilot action that verifies interest of clusters and impact on their sustainability will allow cluster ecosystem to benefit from rapid action. The improvement will not only allow to seek the sustainability of cluster organization development but will motivate natural clusters to establish new cluster organizations and thus increase the importance and reinforce the role of clusters in national economy and in STI ecosystem. It also reinforces the importance of cluster performance assessment.

Ministry of Economy of Slovak Republic, represented by its Department of Innovations and Entrepreneurial Support and Ministry of Economy in the role of the Managing Authority of the “Operating Program Research and Innovations” endorsed the current document.

3. Players involved

- Union of Slovak Cluster – umbrella organization , responsible to communicate with those clusters that are not directly present on Cluster Stakeholder Meetings; collect various positions and is responsible to provide the proposals for Ministry of Economy and Managing Authority
- Slovak Plastic Cluster, Cluster BITERAP, KOŠICE IT VALLEY, Hemp Cluster, Bioeconomy Cluster as the most advanced and active members in Slovakia. They are responsible to stimulate on site discussions related to the cluster organization experience and share their knowledge and best practice. They also participated on several project meetings (Slovak Plastic Cluster in Castilla dela Mancha, MoE in Hudiksvall, Biterap in Thessaloniki) and thus can transfer the experience they gained during the Cluster FY project.
- Newly established clusters, e.g. Event Cluster, Industry Innovation Cluster, Blockchain Cluster
- Ministry of Economy of the Slovak Republic – policy maker and Managing Authority in case of ERDF Operating Program Research and Innovation
- SIEA – business support organization, executive arm of Ministry of Economy, project partner of Cluster FY and facilitator/moderator of the meetings
- SBA – Slovak Business Agency – business support organization focused on SMEs

4. Timeframe

March 2019 – November 2019	Development of the Policy instrument changes – preparation the call documentation
January 2020 – December 2020	Piloting; Impact assessment; Improvements of the 18/2014 State Aid Scheme ;

5. **Costs (if relevant):** Staff costs 25.000 €

6. **Funding sources (if relevant):** The funding is secured by the SIEA own resources within the contract with Ministry of Economy of SR, art. Innovation

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