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The evolution of cluster development in Hungary

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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 programming period made a long-term consistent cluster policy possible

- Hungarian Pole Program (2008-2010) for cluster and business environment development
- Cluster development in the New Széchenyi Plan (2010-13)

2014-20

Starting the new programming period

Cluster grants in the frame of Economic Development and Innovation OP

2000

2004-06

2010

2014

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

SZÉCHENYI 2020

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



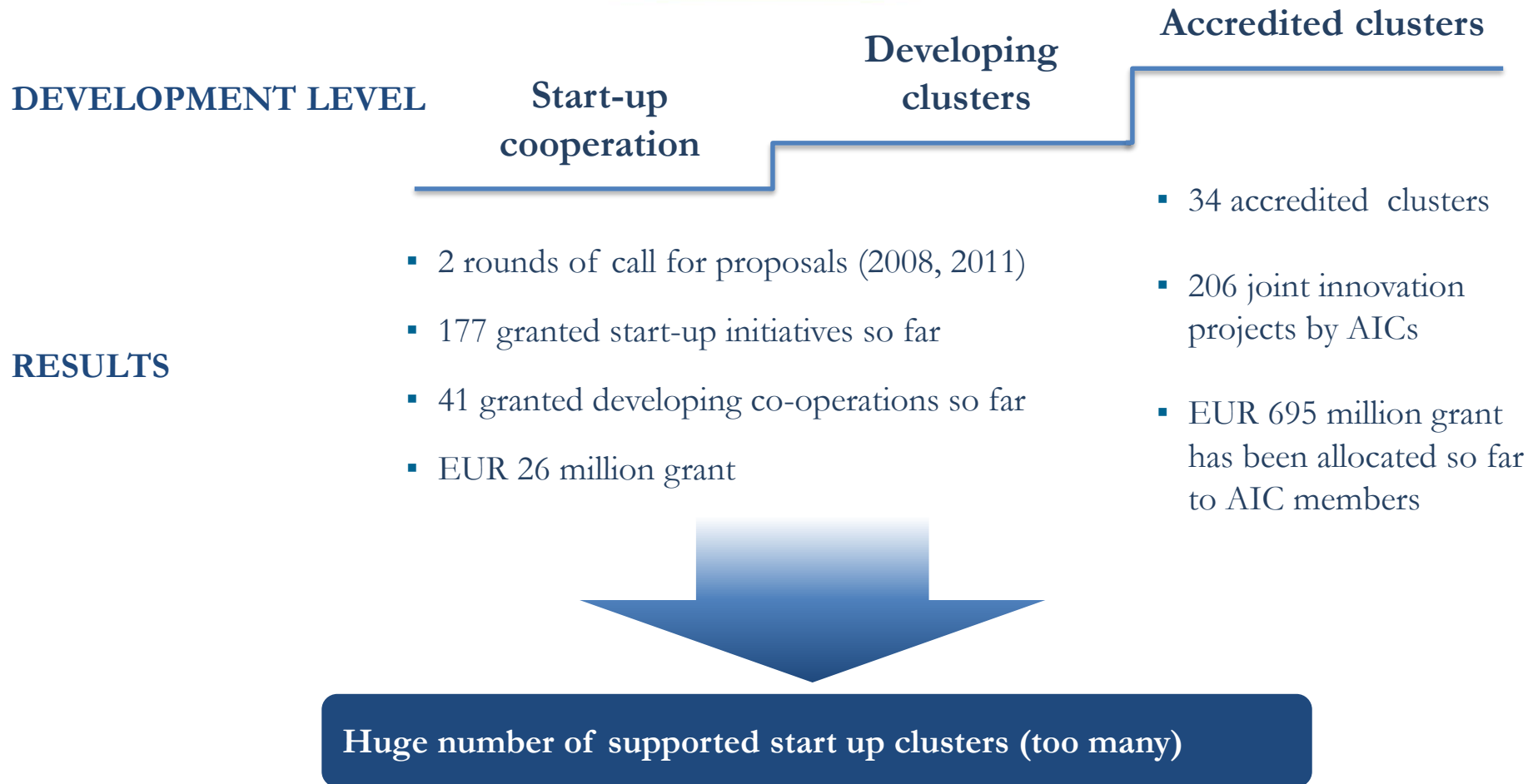
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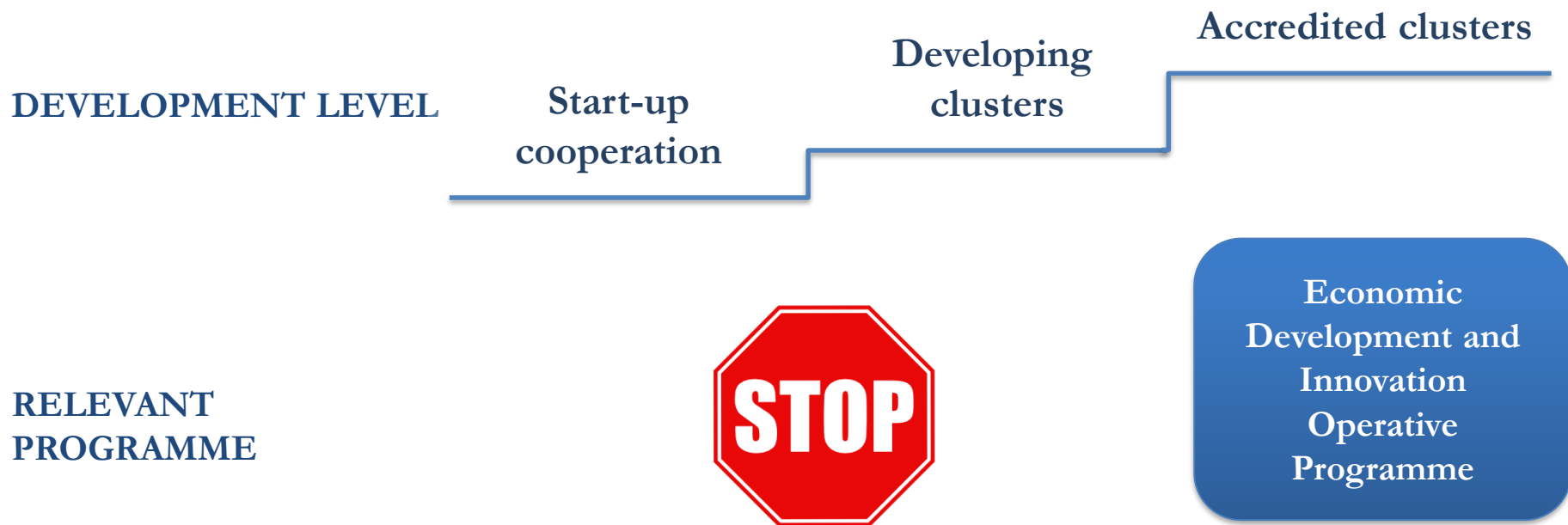
General results of cluster development in Hungary 2007-13



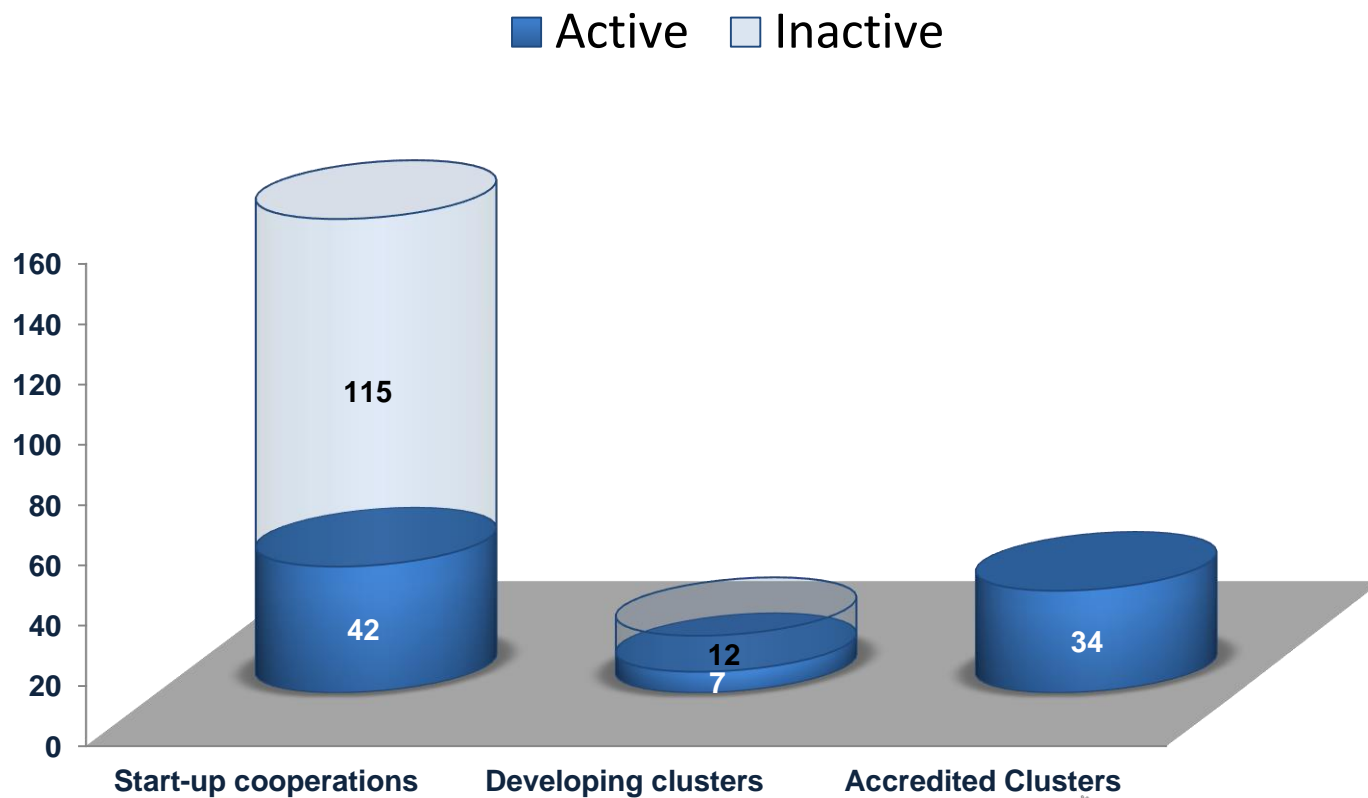
Where are we now?



Cluster development in Hungary 2014-2020











Why ?



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

Total	34
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	Annual revenue	Export revenue	Employees
1011 SMEs	2 916 M EUR	739 M EUR	31 796
108 Large enterpr.	27 132 M EUR	5 629 M EUR	99 906
Total	30 048 M EUR	6 368 M EUR	131 702

Most important success factors of clusters

COMMON GOALS

- To have both common and individual targets for long and short term
- Define and accept a common long vision and keeping the individual targets at the same time

ACTIVITY

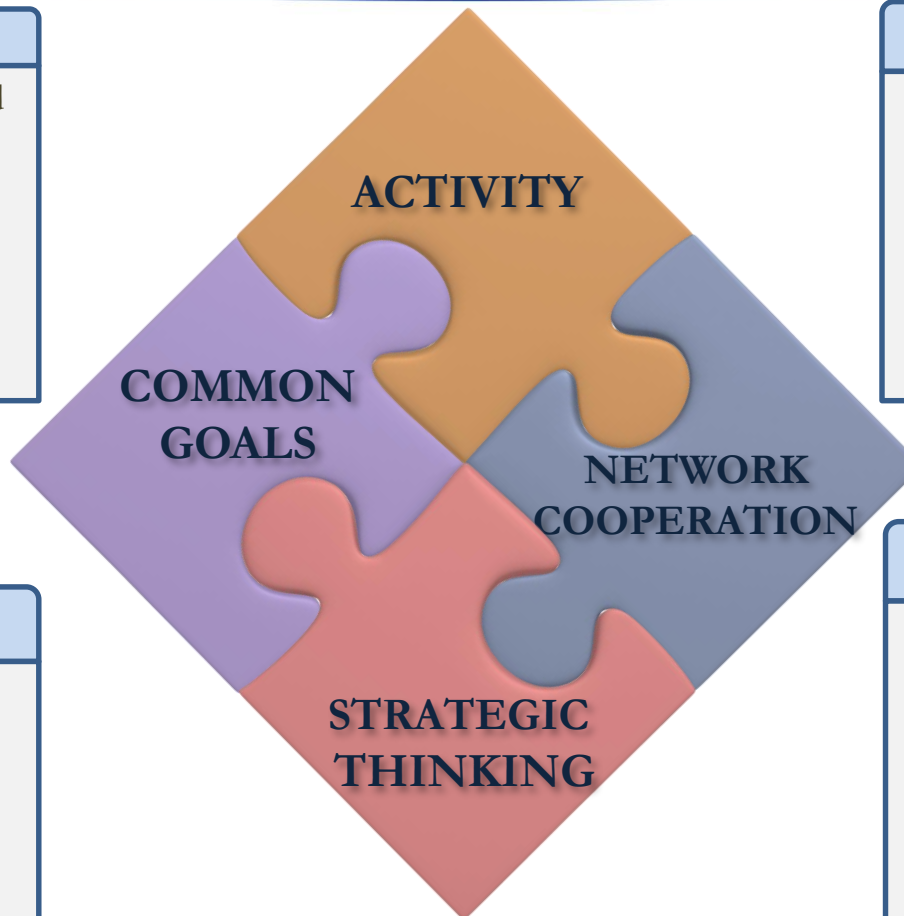
- Active participation is necessary for successive cooperation
- Clear organizational relations
- Knowing the advantages and disadvantages of cluster membership

STRATEGIC THINKING

- Participants need to define jointly the cluster strategy
- Basis of strategy realization is the consent between members

NETWORK COOPERATION

- Stable, prosperous company members
- Formal and informal communication even amongst competitors
- Strong, active cluster management organization accepted by members

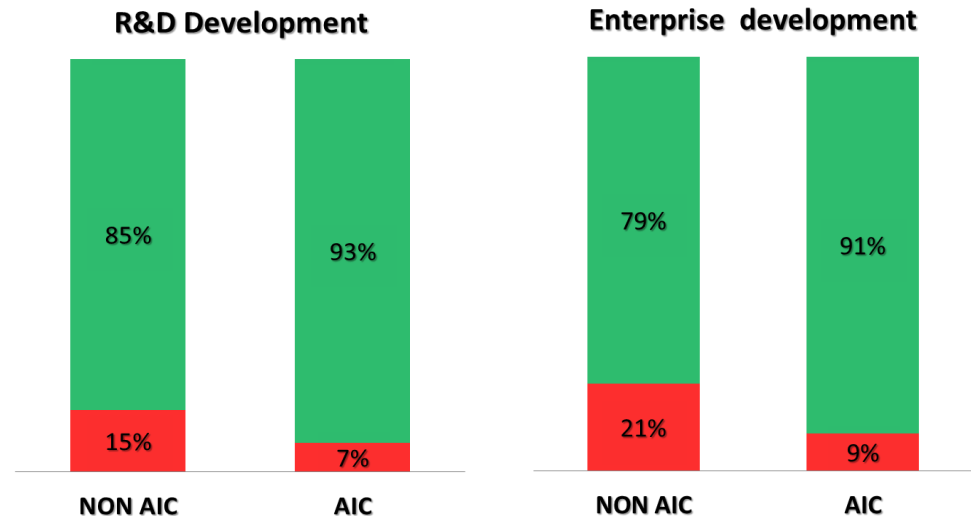


Advantages for the members of Accredited Clusters (2007-13)

WHY?- Because they are more RELIABLE

Proportion of terminated contracts of supported amount at:

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



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



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Direct cluster and cluster related calls for tenders in 2015-17

Direct call:

Aim of the call	Budget (mEUR)	Status of the call
Development of professional cluster manager organizations	6.5	Available

Accredited cluster members are in advance at the selection:

Aim of the call	Status of the call
Technological development at manufacturing SMEs	Suspended
Technological development for preserving and creating jobs at SMEs (projects in less-developed micro regions are in advance)	Suspended
Access to international market for SMEs	Suspended
Supplier and integrator programme	Will be available soon
Competitive Cooperation	Available

The revised call for the award of the accreditation title is open from August 2016

The main differences between the new and the previous accreditation

	Current accreditation call	Previous accreditation call
Entry criteria	Stricter entry criteria	Relatively low entry criteria
Number of evaluation criteria	16	14
Focus of the evaluation	<ul style="list-style-type: none"> Measuring the intensity of co-operation inside the cluster More focus on cluster management Internationalization of clusters 	<ul style="list-style-type: none"> Measuring the economic impact of the clusters
Main group of evaluation criteria	I. Cooperation inside the cluster II. Cluster management and the composition of the cluster III. International focus of the cluster IV. Innovation potential and performance	I. Employment II. SME orientation III. Export orientation IV. Cooperation activities V. Innovation potential and performance
Evaluation of cluster strategy	Yes	Yes
Accreditation Committee	Yes	Yes

The revised call for the award of the Accreditation title is open from August 2016

Minimum entry criteria for the cluster accreditation

- 1) None of the cluster members has a majority interest in the cluster management organisation (CMO).
- 2) The cluster is managed by the current CMO at least for 1 year.
- 3) The cluster has a **multilingual webpage** with relevant information on its operation, services, members etc.
- 4) The CMO has no membership in other clusters.
- 5) The CMO should prove that in the past 2 years membership fees have been paid by at least 80% of all cluster members. The amount of the membership fee should reach HUF 25,000 (ca. EUR 80) per month per cluster member.
- 6) Clusters should have a proven track record of 3 years.
- 7) Clusters should have minimum 20 members out of which minimum 15 have its membership at least for 2 years.
- 8) None of any cluster members has a membership in more than 2 different Accredited Clusters.
- 9) Proportion of SME members should exceed 75%.
- 10) The added value per capita* of the SME members should exceed EUR 10,000 in average.
- 11) **Minimum one submitted proposal to international programmes since obtaining the last accreditation title.**
- 12) **Representation of the cluster on at least 1 international exhibition, fair, workshop in the past.**
- 13) **Realization of at least 1 innovation project by the cluster members which has generated at least EUR 160,000 net revenue since obtaining the last accreditation title.**



11-13) only refer to those cluster applying for renewal of their accreditation title

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



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The national level accreditation system and the EU-level ECEI initiative complement each other well



- Tested methodology
- A broad (by now close to worldwide) database offering excellent benchmarking possibilities
- Strong backing from the European Commission
- Entry-criterion to an increasing number of EU-initiatives

- 3 ESCA benchmarking experts: 2 bronze, 1 silver & gold
- 22 bronze label clusters (majority of them also Accredited Innovation Clusters) – (13 expired)
- 2 silver labelled clusters (Innoskart, Szeged Polus)
- 1 gold labelled cluster (ArchEnerg)
- A good match to the national level accreditation
- Clusters that wish to internationalise are more willing to participate in the benchmarking

Details of the currently available direct cluster call for tender

Aim of the call

- Supporting clusters with stable track record
- Improving the quality of services provided by cluster management
- Support of international activities of the cluster/ cluster members.

Eligible applicants

Managing companies of Accredited Clusters

Amount of subsidy Intensity rate

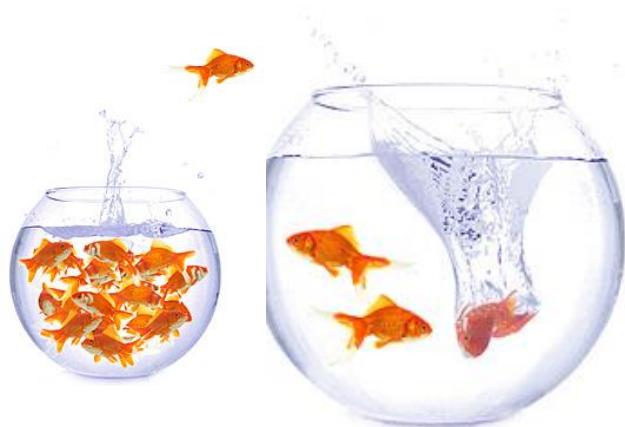
- 16 129 – 161 290 EUR
- 75% (in case of wages 50%)

Supported activities

- 1) Information technology development
- 2) Acquisition of licences and databases
- 3) Training (for: CMO and members)
- 4) Cluster management services related to international market access:
- 5) Wage of the cluster manager(s)

Main aim of the currently available cluster related call for tender

„...support of international market access...”



- Presence of the cluster on international fairs, workshops, B2B meetings, project preparation workshop **together with the involved cluster members**
- Organisation of international workshops and conferences in Hungary for the joint representation of the cluster
- International market research
- **Application for international cluster benchmarking titles of ESCA**
- Joint marketing actions, cluster branding for international market access:
 - Marketing actions targeted to foreign markets
 - Implementation of marketing tools on foreign languages (graphics, design, implementation)
 - Renewal of the cluster's corporate identity in order to internationalization



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Thank you for your attention!

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