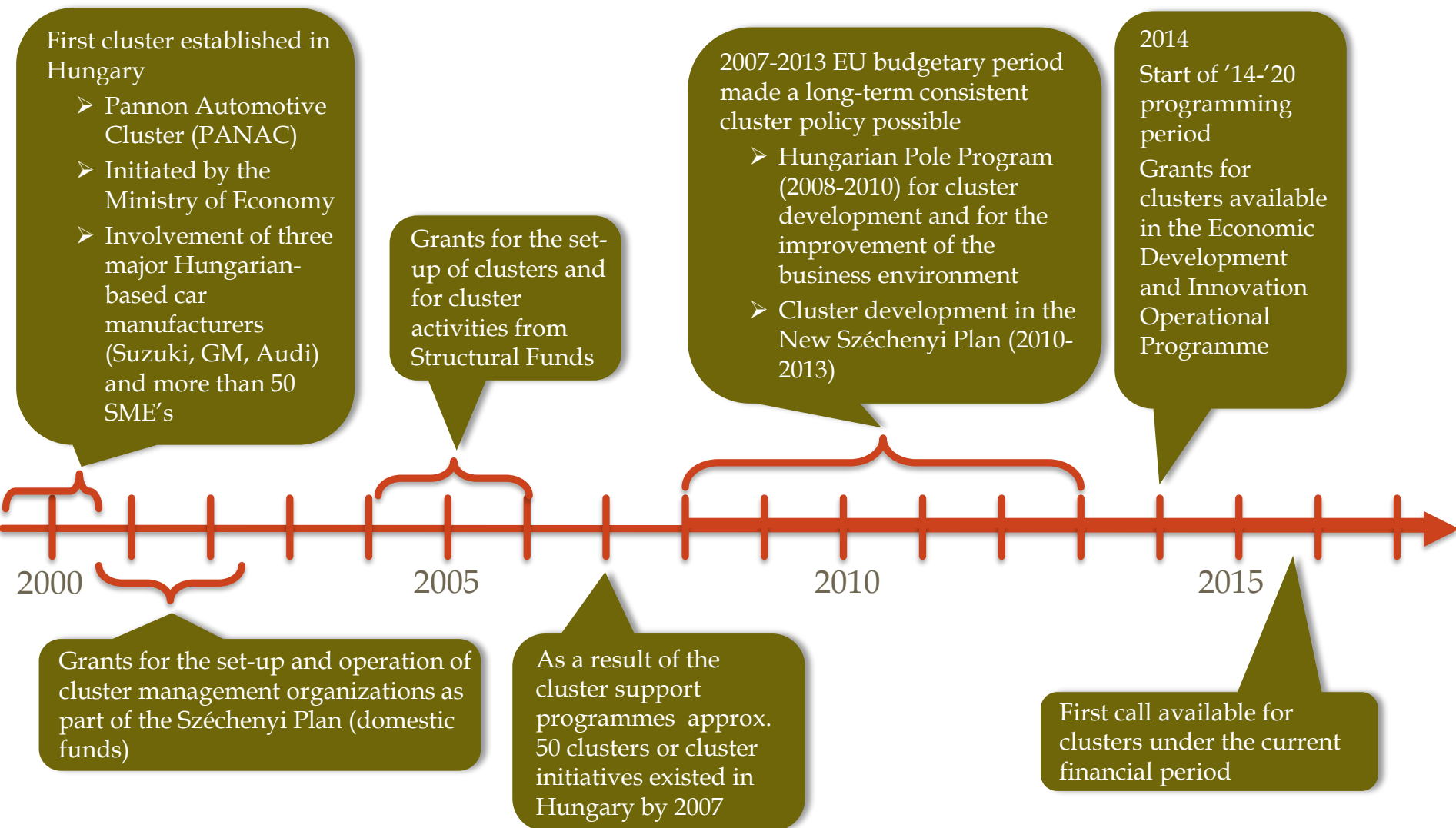# Cluster Policy Report - Cluster policy in Hungary

V4 Cluster Policies and their influence on the viability of cluster organisations

Prague, 08 December 2016

Zoltán Bendó, Tenderix Ltd

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 (2010-2013)

2014
Start of '14-'20 programming period
Grants for clusters available in the Economic Development and Innovation Operational Programme

2000 **2005** **2010** **2015**

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

First call available for clusters under the current financial period

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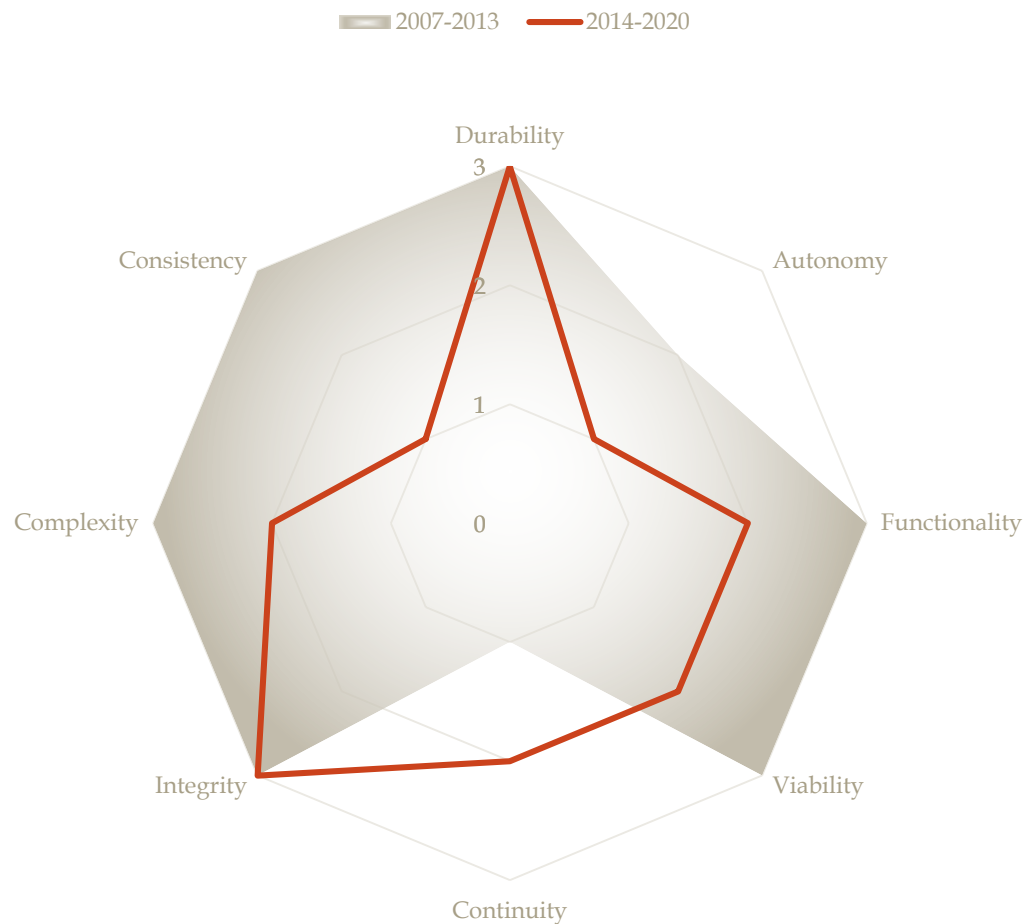Source: Ministry for National Economy and Tenderix analysis

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Relevant strategies, programmes, calls assessed through the desk research

Period 2007-2013

Period 2014-2020

Cluster related programmes/strategies

Period 2007-2013
- **Hungarian Pole Programme and its continuation**

Period 2014-2020
- **National S3 document of Hungary**
- **Regional S3 documents**
- **Investment in the future (official R&D strategy of Hungary)**
- There is no officially accepted cluster strategy in Hungary

Other cluster related strategies

Period 2007-2013
- n. a.

Period 2014-2020
- **Expert study on the renewal of the cluster development system of Hungary**
- Not an official government programme, however adopted by the MNE

Cluster related calls/funding programmes

Period 2007-2013
- **Dedicated call for proposal for innovation projects of cluster members through EDOP**
- **Call for proposal for the development of cluster management organisations through ROP**

Period 2014-2020
- **Call for proposals for the development of cluster management organisations through EDIOP**
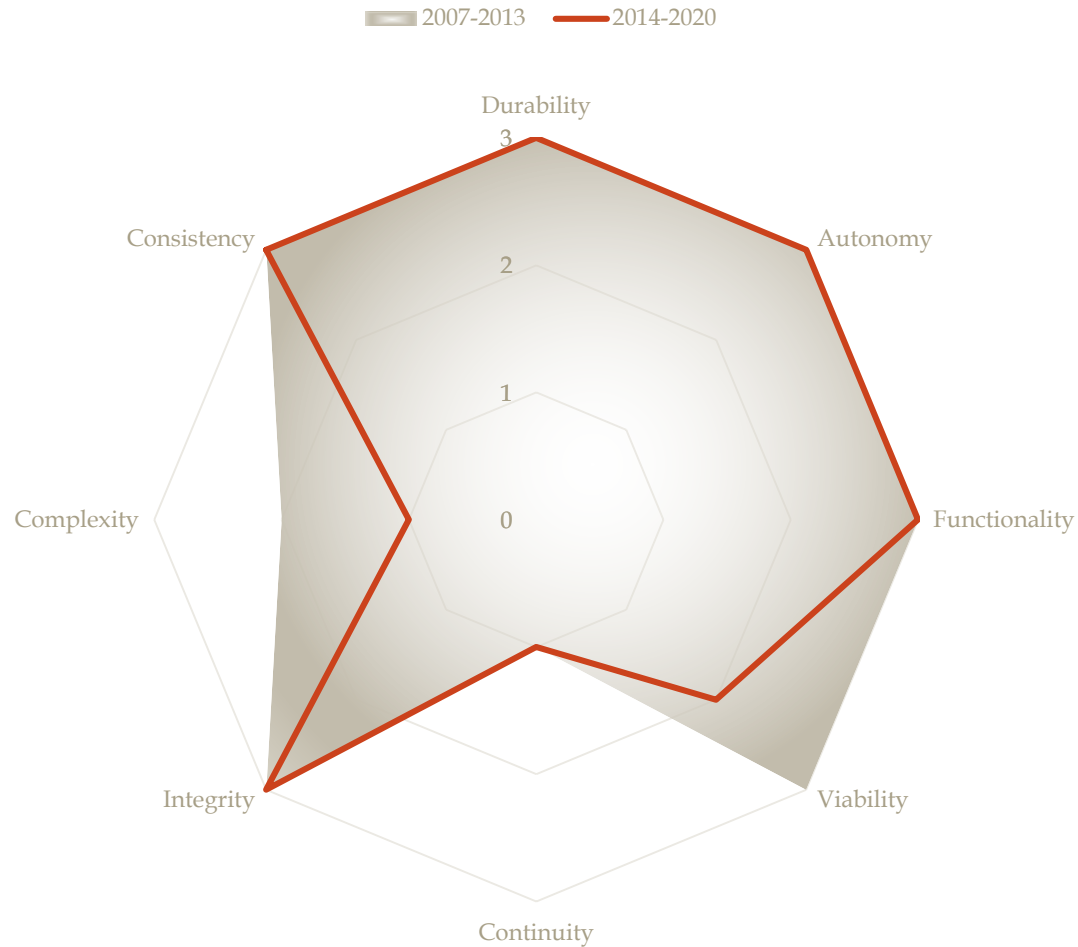- There are no dedicated R&D calls for clusters

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Hungary - documents - national level (comparison in time)
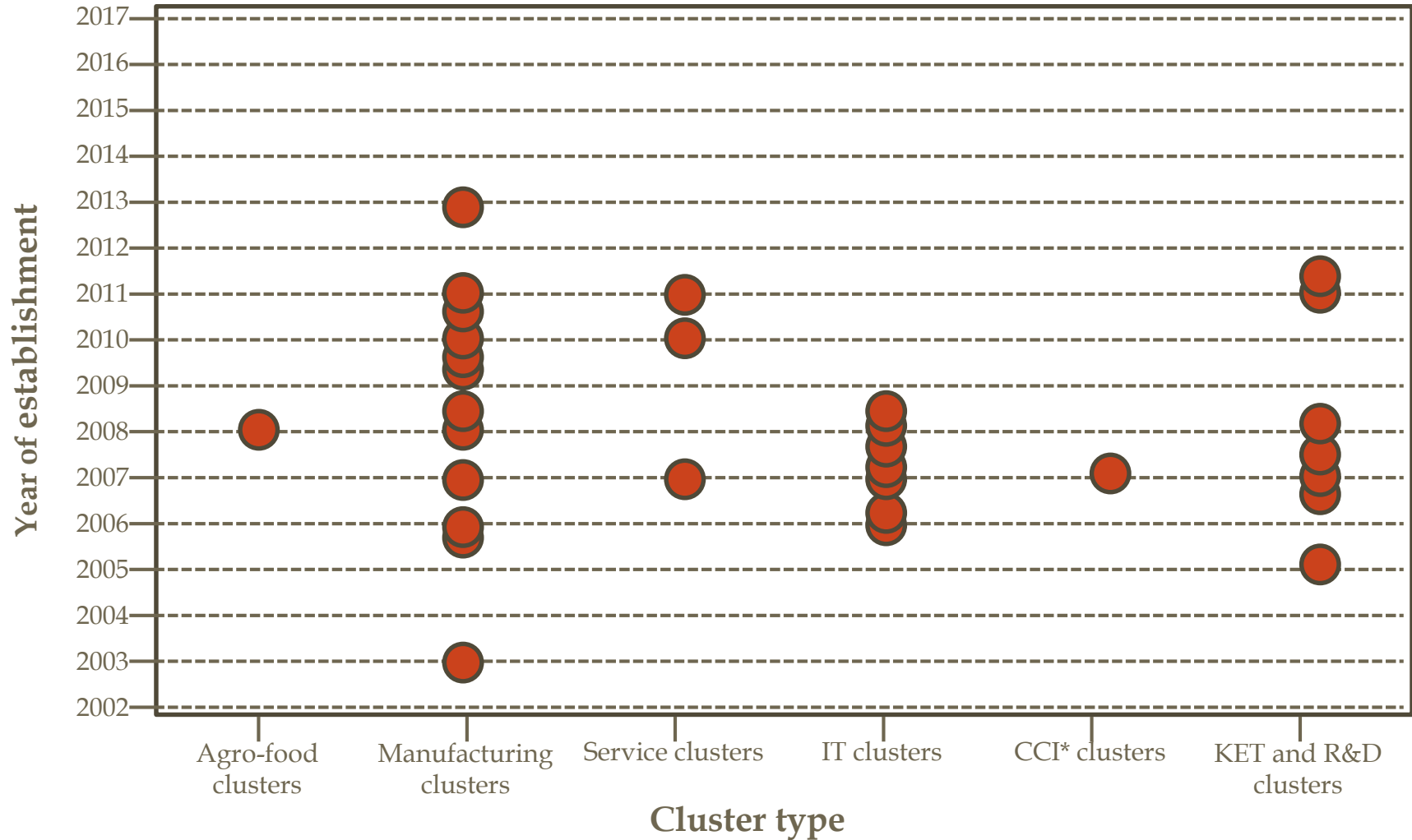
2007-2013 ——— 2014-2020

National cluster policy evaluation related to funding programmes

Hungary - programmes - national level (comparison in time)

2007-2013   2014-2020
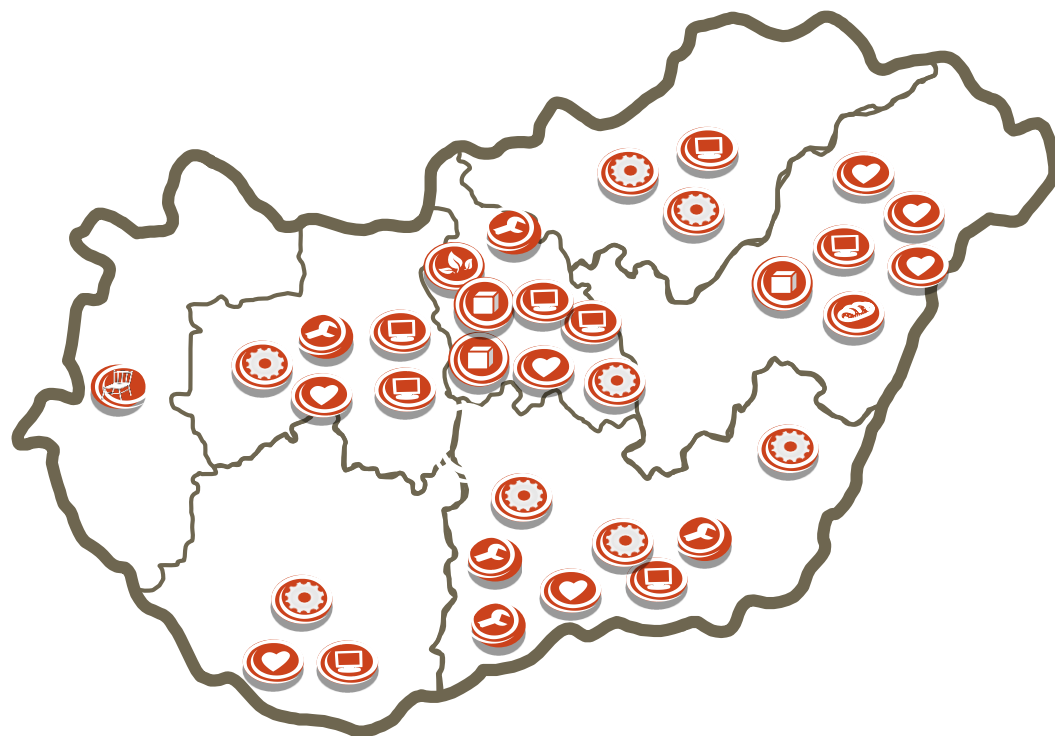
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Typology of accredited clusters in Hungary

* Creative and cultural industries

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**

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

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Best practice No. 1. – Cluster Accreditation model

Main features

- Cluster accreditation is a complex system to filter the best performing clusters in Hungary

- Cluster accreditation runs since 2008 – accumulated data and experience

- The accreditation focuses on the performance of the cluster AND the quality of cluster management

- The accreditation uses quantitative and qualitative assessment

- Final decision on accreditation is made by an accreditation committee composed of public and private actors

Structure of the accreditation scheme

- Strict Entry Criteria

- 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

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DEVELOPMENT LEVEL	Start-up cooperation	Developing clusters	Accredited clusters
DESCRIPTION	▪ Start of cooperation in a network ▪ Cooperation in administrative activities	▪ At least 1 year track record ▪ Deepening trust among members ▪ Cooperation in value creation activities	▪ At least 2 years track record ▪ Strong trust among cluster members ▪ Cooperation in innovation
AVAILABLE GRANTS	▪ Cluster management	▪ Cluster management ▪ Joint investment	▪ Cluster management ▪ Joint R&D and innovation investments
	Regional Operational Programmes (7 programmes for the 7 regions of Hungary)		**Economic Development Operational Programme (EDIOP)**

Source: Ministry for National Economy

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Recommendations for the improvement of the Hungarian cluster policy

Smart Cluster Policy Model	Where are we in Hungary?	What is necessary to improve in the Hungarian cluster policy?	How can it be improved?
C. Thematic aspects			
The model builds on the fact that a cluster can appear in any industry and be the specific competitive advantage of the given territory, so the inclusion of all government sectors and industries in the cluster support scheme is the necessity.	Clusters can be established in any sector or industry in Hungary. The accreditation scheme is open for all clusters, nevertheless the selection system prefers clusters from the manufacturing sector. Support schemes also prefer manufacturing clusters and their members either directly or indirectly.	All clusters could be better assisted than current in getting prepared for successful participation in cross-border, transnational and EU level programmes irrespective of their industry or sector focus. This way clusters that are not in the primary focus of domestic economic development policies have the opportunity to involve additional external for the implementation of their strategies.	Specific funding schemes and/or broad eligibility of related costs for getting prepared for participation in cross-border, transnational and EU level programmes.

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Recommendations for the improvement of the Hungarian cluster policy

Smart Cluster Policy Model	Where are we in Hungary?	What is necessary to improve in the Hungarian cluster policy?	How can it be improved?
C. Thematic aspects			
The training schemes for cluster stakeholders, including the availability of experienced lecturers and trainers efficiently operates.	Skills development of cluster managers would be needed through trainings. At central level a number of policy officers responsible for cluster development have participated in acknowledged training schemes (train-the-trainers, ECEI, Cluster Academy Clusterland Upper Austria). Cluster managers have been supported to participate on such trainings on an occasional basis. Mass trainings for cluster managers have not been launched however.	Using the existing EU training schemes and building on the already trained HU and foreign experts trainings could be organised for cluster managers.	Setting up and implementing training programmes for mainly cluster managers using existing acknowledged methodologies.

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Recommendations for the improvement of the Hungarian cluster policy

Smart Cluster Policy Model	Where are we in Hungary?	What is necessary to improve in the Hungarian cluster policy?	How can it be improved?
C. Thematic aspects			
The national accreditation scheme for cluster organisations, or a similar system, i.e. the cluster organisation's performance assessment based on a set of unified parameters for categorising the capability of cluster organisation to achieve the strategic goals and capitalise the public support efficiently	An accreditation scheme proposed by the Model functions in Hungary since 2008. Selection criteria are regularly updated based on operational experience and are adjusted to economic development priorities. As a result of the accreditation process relevant longitudinal data about the cluster and the cluster management organisation are accumulated and analysed for the continuous improvement of the system.	Regular analysis and update to the accreditation scheme is necessary.	To be able to deliver regular analysis and formulate recommendations for updating the accreditation system, systematic and consistent data collection is necessary.

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Thank you for your attention!