

APPLICABILITY REPORT HUNGARY

APPLICABLE GOOD PRACTICE I

Good practice general information	
Title of the practice	Adelante – providing training and counselling support regarding renewable energy (PL)
Thematic objective of the practice	Governance models and support schemes for the SME internationalization
Region in which the Project Partner wants to replicate it	EGTC's whole territory (Hungary / Croatia)

Good practice targeting the Policy Instrument	
What gaps/weaknesses does this good practice target in the Policy instrument?	None of the available policy instruments – included the one selected to be further developed in Interventures - does have any specific sectoral or activity-related focus, therefore their impact in the region remains less visible.
How does this good practice target these gaps/weaknesses?	Practice shows how specific focus – in this case activities to develop the exploitation of renewable energy-sources – can be introduced to an SME-support scheme.
What changes should be made in the good practice to target more gaps/weaknesses in the Policy Instrument?	GP is not a crossborder programme and has been built on previous surveys made on the availability of knowledge and capacities regarding the renewable energy sources. In the process of a developing a similar scheme in the EGTC's region, the similar survey has to be carried out and needs need to be specified according to the results of it. Additionally, scheme needs to focus on boosting crossborder cooperation of various stakeholders of the “renewable energy industry” so that any form of cooperation or clustering of the stakeholders, especially across the border, shall be encouraged. Additionally, stronger role should be given to exploit and involve existing research capacities at the region's Universities (Pécs, Osijek, Kaposvár) into the new network.

Feasibility of the good practice in the particular region	
Do you have proper and reliable support?	Regional level political support in Hungary could be gained in case it meets government's preferences.

	<p>Expecting independent initiative by politicians does not seem to be feasible. Some vague signals of introducing region-specific economic development measures/actions have appeared during the programming for economic development in Hungary, so that political backing of the idea may be feasible. Currently, however, EGTC has only limited access to political decision-makers at national level, so that lack of their support remains a serious threat to the success of such “renewable-focused” scheme.</p>
<p>Is there a stable funding option to support the good practice application in the long term?</p>	<p>Funding schemes are in both counties managed by the central governments and, in many cases, are linked to EU’s programming circles. Thus, funding stability from a regional perspective is difficult to assess properly. In the perspective of the 2021-27 EU programme period stability could be achieved, if the idea of the targeted scheme could be introduced in the national level economic development OP.</p>
<p>Are there any factors (of political or economic nature) that can clearly prevent implementation of this good practice?</p>	<p>Final decision-making power about any funding lies with the national level. This may bring about rejection of regional proposals regarding the introduction of a focused scheme, based on either national-level priorities or other political interest.</p> <p>Success of the scheme requires a certain level of activities, capacities and stakeholders (sort of “critical mass”) in the region in this particular (renewables) sector. The existence of this critical mass has not been assessed systematically yet. Political support is key to the success of introducing any new schemes, so that finding political supporter of the new idea in the region seems to be of key importance.</p>
<p>Are there any factors (of political or economic nature) that can clearly foster its implementation?</p>	<p>Focus on environment-related industries and the exploitation of renewable sources has been in a focus of development strategies of the region on both sides of the border, mostly due to favorable climatic and geographic conditions, so that a general consensus among most important stakeholders have already been reached regarding its potential.</p>

Adaptation of the good practice in the particular region	
<p>Can the existing design of the good practice be applied as it is?</p>	<p>As Pannon EGTC’s area is a cross-border region, the practice either needs to be adapted to such situation or to the national systems of the two states.</p> <p>Still, if latter option is implemented, adjustment of the implementation mechanisms and the selection criteria to specific local needs is inevitable.</p> <p>Apart from this, all basic elements are implementable. An additional element of pilot funding for investment-financing is worth further considering, too.</p>

<p>To what extent does the application of the good practice target the problems in the application area?</p>	<p>International activities of the region's SMEs are weak, in general. Our analysis concluded that the low level of competitiveness of the region's companies is the most serious obstacle of more internationalization. Therefore, focusing on a segment with promising results could be a useful approach to boost internationalization. Results could be inspiring for SMEs outside the selected segment, too. Renewables are the one of the strategic assets of the region and a certain level of knowledge has also developed regarding their exploitation. On the other hand, assistance and funding is needed to quicken up the commercialization of the results of research and stand-alone pilot projects. Thus, SME's in the renewables sector seem to be a proper focus group to achieve results and to show examples for SMEs active in other sectors.</p>
<p>Which aspects of the good practice would you have to change in order to adapt them to the needs of your region?</p>	<p>GP provides assistance and counselling. We'd add a pilot scheme – e.g. as stage II. of the scheme - that can serve to finance investments in productive capacities or in marketing tools for companies that needed such a support. By doing this, scheme would be more attractive for companies, we'd expect a stronger demonstrative effect and also the idea seems to be more this way. Additionally, we'd encourage the participation of consortia – like consortia of University – SMEs, or consortia of SME's – in the scheme and would require the project partnerships to have crossborder dimension.</p>
<p>How do you plan to change them?</p>	<p>Pilot scheme can be introduced through successful negotiations with the future MA of the economic development OP 2021 – 2027.</p>

Transferability/applicability of the good practice in the particular region	
<p>Target groups involved:</p>	<p>Target groups are basically similar to the ones of the GP: local SME's that have a business in the exploitation of renewable energy-sources. A number of companies – advisory firms, system's producers, operating and engineering firms - exist in the Pannon EGTC's region. Research on the topic have been conducted at various universities of the region, including Croatian ones, too. Stakeholders, however, have not systematically been mapped or registered yet.</p> <p>Engagement could be organized with the involvement of institutions already having networks with the Pannon EGTC, like the university of Pécs, or the Chambers of Commerce and Trade on the Hungarian side and the County Development agencies on the Croatian side.</p> <p>Decision-making process of Adelante needs to be studied more in detail; however, it very probably needs to be adjusted to the administrative structures in either Hungary or Croatia, or a new joint, EGTC-level structure is to be developed.</p>
<p>Multi-level and multi-professional approach:</p>	<p>Competences of the SME's and people in the target group have not been assessed yet in the region. Detailed analysis</p>

	<p>with focus on the particular target group needs to be carried out, built on the more general findings of the Regional Analysis done in Interventures project. One risk of the application of the practice could be capacities of the SME's in the target group is not at the sufficient level, so that detailed analysis is important for the design of measures and activities that fit to the actual needs of the stakeholders to be involved. Risk of inadequate capacities to properly prepare the application of the scheme within the EGTC (or any other regional organization) is apparent, so that scheme, if implemented must be able to cover capacity-building measures for the intermediary institutions involved. Pilot scheme would require multilevel approach: national authorities are in charge of making any funds at the disposal of any public support schemes in both countries. Even if pilot is implemented in one of the countries, approval and cooperation of the fund manager authority – most probably the MA for the economic development OP – is indispensable. EGTC as multi-country organisation needs to be involved if pilot scheme is bilateral. Sub-regional units of chambers of commerce and/or County Development Agencies (in CR) and SME development agencies (in HU) could be beneficial to outreach beneficiaries and deliver assistance. To deliver the scheme effectively, a proper mix of technical, financial and management expertise will need to be available. It may require preliminary training of participants and building capacities of intermediary institutions.</p>
<p>Human resources:</p>	<p>EGTC and its staff, seems to be the organization that could initiate the process and build network for the new scheme. Lack of proper human capacities in the region (not only in the EGTC organisation) is one of the most important weaknesses regarding the applicability of Adelante or any other regional scheme. Thus, reorganisation within the region would not address the problem. More fundamental changes – a shift of capacities from central level to regional levels – could improve the situation, however, it is not a realistic scenario in the coming years.</p>

<p>Timeline and action plan</p>	<ol style="list-style-type: none"> 1. Assess feasibility of the scheme in detail, including the compilation of additional information: 4 months 2. Devising a concept note and workplan regarding the establishment of the scheme: 2 months 3. Negotiations with local stakeholders and central government: 2 – 3 months 4. Detailed implementation plan and arrangements: 3 – 4 months <p>Preparation may start by elaborating a proposal for competent government organisation until end June 2021. Further steps are conditional upon the reactions received on this document.</p>
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APPLICABLE GOOD PRACTICE II

Good practice general information	
Title of the practice	Call for Internationalization Line 2019 – Lombardy region and Lombardy region’s Union of Chambers of Industry and Trade to finance structured projects to initiate/consolidate SMEs’ presence and capacity of action in foreign markets
Thematic objective of the practice	Governance models and support schemes for the SME internationalization
Region in which the Project Partner wants to replicate it	Pannon EGTC’s whole territory

Good practice targeting the Policy Instrument	
What gaps/weaknesses does this good practice target in the Policy instrument?	<ol style="list-style-type: none"> 1. No specific criteria applied in the PI to support internationalization 2. No evaluation procedures are built in the PI
How does this good practice target these gaps/weaknesses?	<p>GP directly supports the internationalization of SME’s through a regional support scheme that provides financing to structured projects to initiate or consolidate the presence and capacity of action of Lombardy-based SMEs in foreign markets.</p> <p>Scheme is assessed yearly, evaluated regularly, so that experiences can be built in the new rounds of the scheme, improving its impact.</p>
What changes should be made in the good practice to target more gaps/weaknesses in the Policy Instrument?	<p>Practice should be adapted to specific institutional system of either the EGTC or of the national administrations of Croatia or Hungary. Changes shall include</p> <ul style="list-style-type: none"> – adjust selection criteria – adjust decision-making structures and processes. <p>Any introduction to the Hungarian, Croatian or joint systems shall require generic steps like</p> <ul style="list-style-type: none"> – a concept note on the changes is to be drafted – the selection criteria for the supported SME’s need to be amended – a supporting system to prepare and guide the potential applicants needs to be organized. <p>Resources would serve to implement necessary adjustments by drafting of documents related to topics above and to negotiate with both local stakeholders and representatives of central governments. On average, human capacities of a full-time employee with proper skills and qualification for 12 – 16 months would be sufficient. Occasionally, for purposes of analysis, data gathering or expert’s advice specific external resources need to be made available as a temporary arrangement. Expert’s input is estimated as . 60 – 80 days.</p>

Feasibility of the good practice in the particular region	
Do you have proper and reliable support?	<p>Regional level political support in Hungary could be gained in case it meets government's preferences. Expecting independent initiative by politicians does not seem to be feasible. In Hungary, support for the internationalization of companies is more concentrating on attracting FDI and promoting Hungarian investment abroad, but lack the focus on SME's and all measures are managed centrally, with no regional variations or influence on the decisions regarding these schemes.</p> <p>EGTC has only limited access to political decision-makers at national level, so that lack of their support remains a serious threat to the success of any regionally operated scheme.</p>
Is there a stable funding option to support the good practice application in the long term?	<p>Funding schemes are in both counties managed by the central governments and, in many cases, are linked to EU's programming circles. For attracting FDI and promoting Hungarian investments abroad, domestic funds are also involved. They're also managed centrally, with an unclear set of criteria and decision-making process. Thus, stability from a regional perspective is difficult to assess properly. In the perspective of the 2021 – 27 EU programme period stability could be achieved, if the idea of the targeted scheme could be introduced in the national level economic development OP.</p>
Are there any factors (of political or economic nature) that can clearly prevent implementation of this good practice?	<p>Final decision-making power about any funding lies with the national level. This can bring about rejection of regional proposals regarding the introduction of a focused scheme, based on national-level priorities. Hungarian policies favor more the focus on larger companies both in the area of FDI promotion and the promotion of Hungarian investments abroad.</p>
Are there any factors (of political or economic nature) that can clearly foster its implementation?	<p>There is a great role of SME's in the economy of area of the Pannon EGTC on both sides of the border, practically no large production plants / manufacturing companies are present. Support for SME's is the practically only way to boost internationalization. Promoting border-crossing business relations and mutual investments is among the political objectives of both the Croatian and the Hungarian governments. Institutional support to SME's is well developed on both sides of the border.</p>

Adaptation of the good practice in the particular region	
Can the existing design of the good practice be applied as it is?	<p>As Pannon EGTC's area is a cross-border region, the practice either needs to be adapted to such situation or to the national systems of the two states. Still, if latter option is implemented, adjustment of the implementation mechanisms and the selection criteria to specific local needs is inevitable. Apart from this, all basic elements are implementable.</p>

To what extent does the application of the good practice target the problems in the application area?	It is a very suitable instrument to target problems like low level of international linkages of the local SME's and their weakness regarding skills and knowledge in international trade.
Which aspects of the good practice would you have to change in order to adapt them to the needs of your region?	More emphasis should be put on the preparation of SME's for a more international presence – to increase their competences in market research, trade, e-commerce, etc.
How do you plan to change them?	Selection criteria and eligible activities shall be reviewed and adjusted in the first part of the process that leads to the application of the scheme in Hungary. Pilot scheme can be introduced through successful negotiations with the future MA of the economic development OP 2021 – 2027 or of the Hungary – Croatia Interreg CP.

Transferability/applicability of the good practice in the particular region	
Target groups involved:	<p>Companies in the SME sector of our region are fundamentally different from the ones the original scheme in Lombardia has been designed, this is why the re-design of selection criteria is essential for applicability.</p> <p>Activities to be implemented within the framework of a new instrument could build on some initiatives (projects, proposals, own initiatives) designed or delivered with the participation of local institutions: Chambers of Commerce on both sides of the border, County development Agencies in Croatia and local authorities of counties and major towns could play an important role in the design and the operation of the scheme. Most important national level institutions responsible for SME support and FDI-promotion needs to be involved and their role to be found both in the design and implementation phase, although it does not seem to be an easy task today.</p>
Multi-level and multi-professional approach:	<p>Competences of the SME's and people have not been assessed thoroughly in the region, apart from the analysis drafted in current Interventures project. One risk of the application of the practice could be that it is not at the sufficient level, or, actual number of SME's with proper capacities to effectively take advantage of an internationalization-promoting scheme is not sufficient. To address this potential problem, scheme shall support the development of internal capabilities of the small firms, probably linked with employment promotion measures that would be able to help make available transitory trained staff for the SME's (similarly to what Lithuanian partners have implemented at national level, as presented during the study visit)</p> <p>Similarly, clear risk of inadequate capacities to properly prepare the application of the scheme within the EGTC (or any other regional organisation) can be identified</p>

Human resources:	EGTC and its staff, seems to be the organization that could initiate the process and build network for the new scheme. Lack of proper human capacities in the region (not only in the EGTC organisation) is one of the most important weaknesses regarding the applicability of Adelante or any other regional scheme. Thus, reorganisation within the region would not address the problem. More fundamental changes – a shift of capacities from central level to regional levels – could improve the situation, however, it is not a realistic scenario in the coming years.
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Timeline and action plan	<ol style="list-style-type: none"> 1. Assess feasibility of the scheme in detail, including the compilation of additional information: 4 months 2. Devising a concept note and workplan regarding the establishment of the scheme: 2 months 3. Negotiations with local stakeholders and central government: 2 – 3 months 4. Detailed implementation plan and arrangements: 4 – 6 months
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Good practice general information	
Title of the practice	Xpande Programme, run by Chamber of Commerce of Burgos and the local public authority to support internationalization processes in local SME's
Thematic objective of the practice	Governance models and support schemes for the SME internationalization
Region in which the Project Partner wants to replicate it	Pannon EGTC's whole territory

Good practice targeting the Policy Instrument	
What gaps/weaknesses does this good practice target in the Policy instrument?	Local SME's are not prepared to increase their activities on international markets and are often not even aware of the benefits and ways of internationalization of their activities. Regional institutional structure for support exists, but their experience does not cover internationalization support.
How does this good practice target these gaps/weaknesses?	GP provides a working example of a two-step process that help to prepare SME's by offering a combination of drafting the individual (company-specific) plan and its implementation with experts' professional support and funding. GP also gives example of involving Chambers of Industry and Trade into SME-development processes more actively.
What changes should be made in the good practice to target more gaps/weaknesses in the Policy Instrument?	<p>Practice should be adapted to specific institutional system of either the EGTC or of the national administrations of Croatia or Hungary. Changes shall include</p> <ul style="list-style-type: none"> – adjust selection criteria – adjust decision-making structures and processes. <p>Any introduction to the Hungarian, Croatian or joint systems shall require generic steps like</p> <ul style="list-style-type: none"> – a concept note on the changes is to be drafted – the selection criteria for the supported SME's need to be amended – a supporting system to prepare and guide the potential applicants needs to be organized. <p>Resources would serve to implement necessary adjustments by drafting of documents related to topics above and to negotiate with both local stakeholders and representatives of central governments. On average, human capacities of a full-time employee with proper skills and qualification for 12 – 16 months would be sufficient. Occasionally, for purposes of analysis, data gathering or expert's advice specific external resources need to be made available as a temporary arrangement, altogether for 3-4 man-month.</p>

Feasibility of the good practice in the particular region	
Do you have proper and reliable support?	<p>Regional level political support in Hungary could be gained in case it meets government's preferences. Expecting independent initiative by politicians does not seem to be feasible. In Hungary, support for the internationalization of companies is more concentrating on attracting FDI and promoting Hungarian investment abroad, but lack the focus on SME's and all measures are managed centrally, with no regional variations or influence on the decisions regarding these schemes.</p> <p>EGTC has only limited access to political decision-makers at national level, so that lack of their support remains a serious threat to the success of any regionally operated scheme.</p>
Is there a stable funding option to support the good practice application in the long term?	<p>Funding schemes are in both counties managed by the central governments and, in many cases, are linked to EU's programming circles. Thus, stability from a regional perspective is difficult to assess properly. In the perspective of the 2021 – 27 EU programme period stability could be achieved, if the idea of the targeted scheme could be introduced in the national level economic development OP. Funding structure as applied by the GP needs to fit to local circumstances, especially as no realistic chance of local funding partner can be identified, neither in Croatia, nor in Hungary. Scheme needs to be fully funded by the state.</p>
Are there any factors (of political or economic nature) that can clearly prevent implementation of this good practice?	<p>Final decision-making power about any funding lies with the national level. This can bring about rejection of regional proposals regarding the introduction of a focused scheme, based on national-level priorities. Hungarian policies favor more the focus on larger companies both in the area of FDI promotion and the promotion of Hungarian investments abroad.</p>
Are there any factors (of political or economic nature) that can clearly foster its implementation?	<p>There is a great role of SME's in the economy of area of the Pannon EGTC on both sides of the border, practically no large production plants / manufacturing companies are present. Support for SME's is the practically only way to boost internationalization. Promoting border-crossing business relations and mutual investments is among the political objectives of both the Croatian and the Hungarian governments. Institutional support to SME's is well developed on both sides of the border.</p>

Adaptation of the good practice in the particular region	
Can the existing design of the good practice be applied as it is?	<p>As Pannon EGTC's area is a cross-border region, the practice either needs to be adapted to such situation or to the national systems of the two states. Still, if latter option is implemented, adjustment of the implementation mechanisms and the selection criteria to specific local needs is inevitable. Funding structure needs to be changed, as local co-funding capabilities</p>

	<p>are extremely limited. State, via EU funds, must be the financier alone.</p> <p>Apart from this, all basic elements are implementable.</p>
To what extent does the application of the good practice target the problems in the application area?	It is a very suitable instrument to target problems like low level of international linkages of the local SME's and their weakness regarding skills and knowledge in international trade.
Which aspects of the good practice would you have to change in order to adapt them to the needs of your region?	More emphasis should be put on the preparation of SME's for a more international presence – to increase their competences in market research, trade, e-commerce, etc.
How do you plan to change them?	Selection criteria and eligible activities shall be reviewed and adjusted in the first part of the process that leads to the application of the scheme in Hungary. Pilot scheme can be introduced through successful negotiations with the future MA of the economic development OP 2021 – 2027 or of the Hungary – Croatia Interreg CP.

Transferability/applicability of the good practice in the particular region	
Target groups involved:	<p>Companies in the SME sector of our region are different from the ones the original scheme in Burgos has been designed, this is why the re-design of selection criteria is essential for applicability.</p> <p>Activities to be implemented within the framework of a new instrument could build on some initiatives (projects, proposals, own initiatives) designed or delivered with the participation of local institutions: Chambers of Commerce on both sides of the border, County development Agencies in Croatia and local authorities of counties and major towns could play an important role in the design and the operation of the scheme. Most important national level institutions responsible for SME support and FDI-promotion needs to be involved and their role to be found both in the design and implementation phase, although it does not seem to be an easy task today.</p>
Multi-level and multi-professional approach:	<p>Competences of the SME's and people have not been assessed thoroughly in the region, apart from the analysis drafted in current Interventures project. One risk of the application of the practice could be that it is not at the sufficient level, or, actual number of SME's with proper capacities to effectively take advantage of an internationalization-promoting scheme is not sufficient. To address this potential problem, scheme shall support the development of internal capabilities of the small firms, probably linked with employment promotion measures that would be able to help make available transitory trained staff for the SME's (similarly to what Lithuanian partners have</p>

	<p>implemented at national level, as presented during the study visit)</p> <p>Similarly, clear risk of inadequate capacities to properly prepare the application of the scheme within the EGTC (or any other regional organization) can be identified</p>
<p>Human resources:</p>	<p>EGTC and its staff, seems to be the organization that could initiate the process, then Pécs-Baranya Chamber of Commerce and Industry could build network for the new scheme, together with Croatian Chambers and County Development Agencies. Lack of proper human capacities in the region (including in the Chamber's organization) is one of the most important weaknesses regarding the applicability of Adelante or any other regional scheme. Thus, reorganization within the region would not address the problem. More fundamental changes – a shift of capacities from central level to regional levels – could improve the situation, however, it is not a realistic scenario in the coming years.</p>