

# ACTION PLAN

## INNO INDUSTRY - IMPROVING DELIVERY OF INNOVATION POLICIES WITHIN 4.0 INDUSTRY IN EUROPE.

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## Part I – General information

Project: **INNO INDUSTRY - Improving Delivery Of Innovation Policies Within 4.0 Industry In Europe**

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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:

**Economic Development and Innovation Operational Program PLUS (EDIOP Plus) 1.1.2-21: Hungarian Multinationals Programme – Supporting micro, small and medium-sized enterprises with extraordinary performance and/or significant growth potential**

**Short introduction of the policy instrument addressed:**

At the end of the 2014-20 funding period, and partly as a result of the processes started in the CLUSTERIX2.0 project, Hungarian clusters arrived to a new level of policy involvement – they were targeted to be a partial interface for an innovative funding scheme, and took the challenge if not with flying colours, but with satisfactory absorption.

In the **EDIOP PLUS** programme for the 2021-27 period therefore this trend is slated to be reinforced, and it is a key goal to keep Accredited Clusters especially in a position to drive innovation through their active membership. The first step in this process is going to be the **EDIOP PLUS 1.1.2-21 Hungarian Multinationals Programme** call.

The call is to be published in Priority 1 of the Economic Development and Innovation Operational Programme Plus, which focuses on **SME development**. In its original form the core aim of the call is producing the highest possible impact, and therefore targets SMEs that go through a pre-selection/qualification process to prove their competence. Successful applicants will then be able to receive funding for high-tech and innovative technology development projects including digitalisation and Industry 4.0 solutions.

As the eligible project size falls between 100-2500 MHUF (~280k-7.2M EUR), it is critical that these funds are absorbed by capable companies able to utilise the growth potential.

It is also envisioned that other calls within Priority 1 of the EDIOP PLUS programme will be targeted for high-performing rather than catching-up companies, focusing on generating momentum instead of levelling the field.

**Challenge / Starting point in the project:**

During the development of the INNO INDUSTRY project it was decided that the main goal in Hungary would be positioning the most mature and most dynamic clusters as Industry4.0 hubs and developing their management organisations (CMOs) into digital knowledge transmitters towards and beyond their membership.

The original objective was to have an impact on the 2014-20 programme EDIOP, but due to timing causing the relevant calls to run out of funds for the period it was decided that thanks to the extension of the project it was now possible to directly influence not just the planning but the



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actual implementation of the new programmes. Building on some successes in the previous period, and inspired by some good practices in the INNO INDUSTRY project, the focus was then turned towards ways of integrating, or at least nudging closer and starting a tighter organic weave between the concepts of clusters and value chains with respect to digitalisation.

There is a separate challenge too. While it has been reliably proven that members of clusters, especially Accredited ones are active and in average higher-performing and more innovative than the control group, the total innovation capacity of clusters is still below a critical mass level – that is, the impact of the innovation activity within clusters is still not visible at the level of national economy. This conundrum may be solved by a combination of speeding up the increase of cluster size and the support of intra-cluster innovation networks.

Two Actions have been designed to answer the two challenges, which, paired up with the development of the first comprehensive National Cluster Strategy may help the SMEs active in clusters realise their potential and in turn the clusters themselves becoming drivers of economic development and innovation at both regional and national levels.

One core learning of the past 15 years of cluster development is that in a bottom-up cluster environment the evolution of clusters is an extremely delicate matter. Relevant policies and funding can and should tend and direct this organic growth, but heavy-handed schemes, even the most careful and well-intentioned ones will be exploited and will invariably derail development into unsustainable dead-ends. We are therefore using the Policy Nudge Model developed in our action plan for CLUSTERIX2.0 again to provide context to the actions.

The Policy Nudge Model follows the logic of the classic PDCA-cycle, but in an adapted form:



This support logic differs from the Deming-cycle in that the target impact area is impossible to manage directly. Support is only able to prepare, point the direction and indirectly motivate, as opposed to the traditional production management solutions. Similarly, the give-and-take and switching of planning-focused and action-focused steps is here exchanged to an alternation between Policy and Beneficiary actions respectively. This is reflected in the modified meaning of the 4 steps as well:

1. **Creating the Opportunity:** As a result of earlier/independent planning, negotiation and funding activities the policymaker has access to the tool, with which it can contribute to

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realising the set strategic objectives of the beneficiaries (in this case, cluster organisations). This tool tends to have significant impact, but on the other hand it is relatively complex and rigid. The task in this case is the development of an intervention which is feasible within the constraints of the approvable modification opportunities of the tool, and at the same time enables it to adhere more closely to the set strategic goals. This is possible with the review of the planning parameters and the implementation of simple modifications based on the results of good practices.

In this specific case, and this early in the funding cycle both of our actions belong to this quarter: (1) development of the conditions of the chosen funding tool EDIOP PLUS 1.1.2-21 in order for it to provide impetus for cluster members to participate in the development programme and for innovative companies to join the cluster communities; and (2) developing and submission of a possible small-scale Innovation Voucher system to be managed within and through Accredited Clusters.

2. **Competence development:** In order to exploit the tool in the focus of the Opportunity Creation step efficiently, the beneficiaries need a number of competences, which the fund, due to its objectives and natural constraints is only able to presuppose/ expect. The existence of these competences however is usually difficult to verify during the application process. Ambiguity is increased by two factors: currently neither the specific independent development trajectories of the beneficiaries, nor the supplying market can guarantee the easy, structured, tailored and quality-assured access to these competitiveness competences, or that the existing options are sufficiently utilised. It is therefore necessary on a systemic level that such a harmonizing and service providing interface be established, which would improve the effectiveness of the chosen policy tool, and in general the competitiveness of the target area (in our case, the cluster scene). Should the nudges of the created opportunities prove successful, in this phase the targeted clusters rise to the challenge and find their own rationalisation and path to competence and service development – and in any case react to the stimulus given.
3. **Review:** Even at a theoretical level, the heritage of the PDCA-cycle is the continuous feedback and active realignment. In the case of the indirect support of cluster competitiveness, the system also needs a regular data collection and data analysis structure able to monitor the dynamics of competitiveness and cluster development. A key feature of this structure needs to be the balance between user-friendliness and comprehensiveness, serving the analysis, benchmarking and forecasting demands of both policymakers and cluster organisations.  
The monitoring and benchmarking framework for the cluster scene is an old bottleneck in the Hungarian system. The Ministry of Finance has been working within the constraints to develop the existing possibilities in order to conform to the more strategy-oriented, and more user-friendly approach for the accreditation system to be plotted out in the National Cluster Strategy. It is however outside the scope of this project to forecast the outcome of these efforts – we can only remark that the objective and a level of commitment exists at this point.
4. **Communication:** The final phase of the cycle is the establishment of a position corresponding to the increased competence level, the path towards a new opportunity. Within the policy logic this constitutes success communication, and a repositioning of the beneficiaries through this – gaining and providing approval of their changed possibilities. At the current state of Hungarian cluster development the fundamental goal of the policy is the support of independence of mature clusters in an effort to enable them to play a more

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significant role in development policy, in accordance with their value added. This process can be based on the establishment of a mutually supportive partner relationship and an expectation of independence, and fulfilled by the trusting vis-à-vis shouldering of a regional driver role warranted by the documented results. The three Actions above can provide a solid foundation for this step in the short and medium run. However, its result is heavily dependent not only on those results, but also on the economic policy and its relevant institutions, their internal relations at the time. As in this case these are difficult to accurately predict, in this Action Plan this step is only mentioned as the logical finish of the process and the start of a new cycle – due to the number of parameters and contingencies it would not be prudent to plan a separate action for it.

**With the actions described in Part III of this INNO INDUSTRY Action Plan the Hungarian stakeholders strive for fostering the competitiveness and innovation competences of clusters based on the interregional and regional learnings from the project in three fields:**

- **Positioning clusters as a permanent interface and eventually shortcut to funds targeting higher-performance SMEs.**
- **Encouraging clusters to actively promote high-return development within their membership and open up to active new member companies**
- **Develop a possible way for CMOs to distribute small-scale innovation funds**

The Deputy State Secretariat for Economic Development Programmes, Ministry for Finance, as Managing Authority for Economic Development Programmes in Hungary and responsible for the Hungarian cluster policy was intensively involved in the interregional learning process as well as in the regional interaction with the stakeholder group.

The Department Economy endorses the INNO INDUSTRY action plan developed by West-Pannon Nonprofit Ltd and

More specifically the Deputy State Secretariat:

- Develops the conditions of the targeted policy instrument (EDIOP PLUS-1.1.2-21 call for proposal) in a way that is a direct inspiration of the INNO INDUSTRY good practices in order to provide cluster members an incentive for aggressive technology development and an incentive for active SMEs to integrate into the cluster community (Action 1),
- Is actively working with West-Pannon Nonprofit Ltd. on developing a blueprint-proposal for the introduction of small-scale innovation vouchers into the support system to be realised through cluster organisations. (Action 2)



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## Part III – Details of the actions envisaged

### **ACTION 1 – OPPORTUNITY: USING CLUSTERS AS AN INTERFACE FOR DEVELOPMENT PROGRAMMES**

#### 1.1 - The background

Partners in projects financed in the INTERREG EUROPE programme are expected to realise policy development through influencing specific policy tools. West-Pannon Nonprofit Ltd, together with the International and Cluster Department of the Deputy State Secretariat for Economic Development Operational Programmes within the Ministry for National Economy (today Ministry for Finance) have selected the call EDIOP PLUS-1.1.2-21 “Hungarian Multinationals Programme – Supporting micro, small and medium-sized enterprises with extraordinary performance and/or significant growth potential”. The programme, is expected to be a flagship for aggressive technology development in high-performing companies. The goal of this action is the development of possible conditions to include cluster membership and promote linking value chain development to the networked communities of clusters.

The call is a special one, which incorporates some of the best practices of policy innovation in the previous funding period. First of all, it includes a pre-selection process for applicants, based on the practice developed for the Industry 4.0-enabling structure “Model Factories” (EDIOP 1.1.3-16). SMEs aiming to participate in innovative technology development programmes go through a guided self-assessment phase, which determines their Readiness Rate, a score between 1-100. Methodology for this is already in place, and is an optimised, hassle-free and unbiased rating, providing realistic feedback on the companies’ chances of successfully utilising the opportunity. A threshold score (50) is planned to be set as the entry limit, below which applicants do not become eligible for the funding. This is especially important, since the eligible projects (with 50% funding intensity) can receive 100-2500 MHUF (~280k-7.2M EUR) a relatively high amount with regards to company size, and therefore the pre-selection procedure is expected to mitigate the risk of failed projects.

A rather wide array of technology development options is eligible for funding within this call’s framework, but they need to be linked to transformative technologies as Industry 4.0, digitalisation, nanotech, etc.

The funding structure also uses a construction developed in the latest years: at the time of contracting the whole awarded amount is to be made available for the beneficiary in a repayable setup, but but if the project passes specific quality standards at the 1-year and 2-year milestone checks, it gradually transforms into fully non-repayable. Once again this mitigates the risks of the policymaker, but at the same time provides a lot of flexibility for the beneficiary too.

The call is scheduled to be released in mid-October 2021 with a total budget of 100 BHUF (~285 MEUR) and is scheduled to be open for a year.

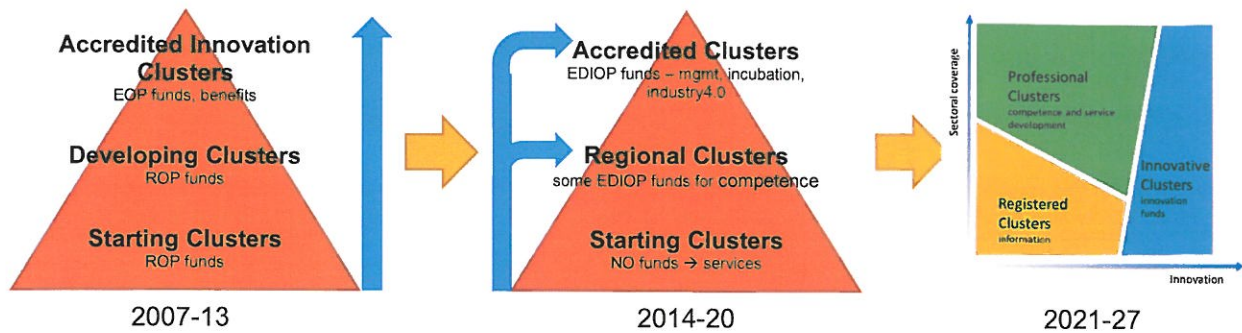
#### *Challenges:*

A fundamental characteristic of the Hungarian cluster support system is that it considers clusters as primarily business-based organisations, and therefore classifies their development within SME- and industrial policy. Beyond the general economic development benefits of cooperation, the primary



coordination body, the Cluster Office of the Ministry of Finance works on presenting the innovation and international role of clusters as well, but the toolset for this is limited at the moment.

A specific opportunity for the Hungarian clusters is the Accreditation system (a Good Practice – now twice for its different aspects), managed by the Cluster Office as well. The system is currently undergoing its 2<sup>nd</sup> major revision in tandem with the preparation of the National Cluster Strategy. This requires adjustment from the clusters themselves, but their involvement in the process is breaking down much of the more difficult resistance.



Source: Own work based on MNE slides

The first two pyramids show the change in policy assumptions between the 2007-13 and 2014-20 planning periods. The first one depicts a “cluster ladder”, which provided dedicated funds for every phase of cluster development, and basically enabled all willing networks to climb to the top and receive accreditation within 5 years. It is evident that the basic narrative here was that of a freshly developing cluster scene, and the main goal was penetration.

The second pyramid paints a radically different picture. It presupposes an essentially mature cluster scene, with no real need for new entries – which no longer receive actual funding. The roles of the top two tiers are different as well. Both are considered mature, the difference being that of competitiveness and scope of influence. This is no longer a ladder, and therefore the role of Accreditation morphs as well: it starts to focus more and more on the clusters with the most potential, paring down their number and recalibrating conditions to match their new status, but at the same time providing more diverse and specific funding options for them.

The third figure represents the new approach in the works during the current funding period. The Accreditation System is being nudged towards being a feedback tool with a meaningful continuous scale and cumulative benefits instead of just thresholds. The perspective is to be open for adjustment in every direction, and clusters are being encouraged to work together in order to select and support the top organisation in every sector, which in turn is to have a responsibility to provide for its sectoral network. The key difference to the earlier iterations though is anticipated to be the partnership between the European Innovation Clusters and the policymakers, including the “spearheads” (a term borrowed from the similar setup in Flanders) in planning and development and using them as a solid means of innovation interface.

Accredited Clusters proved to be a good choice for the pilot call EDIOP 1.2.10-19, where their members were targeted to test the use of the funding construction included in the current PI as well. Yet they are definitely not strong enough currently to be sector-defining channels in larger calls. It is therefore a delicate matter to keep them in a position of gradual spotlight and growth opportunities

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without restraining the effectiveness of the calls – in other words, groom them for later success if they are able to handle the stress and the responsibility. This means that a way is needed to be found to include cluster organisations to some level in the call, which is both meaningful yet not too forceful (see the Opportunity quarter of the Policy Nudge Model), and at the same time easy to implement in the call as well.

*Relevance of CLUSTERIX 2.0 / Lessons learned:*

The chosen solution was inspired by aspects of two Good Practices within the INNO INDUSTRY project. One is the Ecosystem Approach by the Latvian Ministry of Economics, the other is the case of the Slovenian Strategic Research Innovation Partnerships.

**Latvia's Ecosystem Approach** takes a holistic view of the economic development arena, and considers sectoral networks/clusters together with value chain actors as a single system. Selecting broad key sectors reinforces the RIS3, encourages the organic strengthening of the triple and tetra helix strands, and focuses on the global market instead of domestic opportunities right from the start.

The Hungarian political and economic scene is somewhat different, and therefore the approach is not to be applied wholesale, but it provides a great guidance in how to use policy measures to nudge the slow and steady blending of Value Chain and Cluster logic, strengthening both networks through the advantages and experiences of the other. In this case, it became apparent for us that the challenge was not by far to provide an Opportunity for the cluster organisations, as that would show too narrow, and possibly too rigid a view, which would run the risk of unwanted consequences – either negligible impact or the derailing of the initiative. Through listening to and analysing the Latvian GP did the Hungarian team realise that the two prongs of the concept – ie clusters and value chains – work best when they operate together, creating several layers of possible synergies from unified sectoral development concepts to speeding up organic knowledge transfer and providing momentum to innovation and production capacity development at the same time.

Therefore, the conclusion was reached that both directions need to appear consistently in all calls and programmes focusing on either one. This led to a review of the possible modifications to the calls and steered the thoughts toward the simpler – possibly blunter – but more visible, yet less crucial aspects of the call structure and the assessment scoring table.

The **Strategic Research Innovation Partnerships (SRIPs) of Slovenia** are a different approach to the construction of innovative enterprise networks. They are more reminiscent of the Swedish Open Innovation Platforms in the sense that they induce cooperation between private and public actors for specific goals, but the artificial combination of the helical strands, and the double focal points of vertical value chain and horizontal networks is there as well. This setup emphasizes the elimination of the innovation bottlenecks in the system, freeing up stressed capacities through guided cooperations.

From this Good Practice we have also learned the need for a more complex perspective and simpler tools rather than a narrow one with complex, surgically balanced tools. The analysis of the background of the GP also helped us to a fresh appreciation of the competences stored within the mature Hungarian clusters, which still remains partially untapped. Some of the root causes of this state are being investigated and hopefully resolved within the National Cluster Strategy. (As the process is rather close to the end, and yet it is still unsure what exact role the Strategy will be able to play in shaping the Hungarian economic development patterns and trajectory, despite its many

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achievements, it is sadly not possible to showcase it as an Action, or a well-rounded Good Practice for that matter.)

### 1.2 - Description of Action

The Ministry of Finance offered a joint review of the planned programme (under an NDA of course). While the original concept included adding cluster activities as a dimension to the pre-selection methodology of the PI, this was then deleted in a following phase. It proved to be both incredibly complicated to handle, thus raising the cognitive barriers of application, and to not have enough predictive power of the direct innovation/performance potential of the applicants. Besides, the issue was also raised that while including the cluster concept in the pre-selection phase would definitely raise awareness and provide visibility, but at the same time would deflect too many unprepared or low-potential SMEs towards the top clusters, diluting their competence concentration.

Thus, after some deliberation and the analysis of the GPs mentioned above, it was decided that the introduction of a **10 (out of 100) points dimension to the assessment system** for the applications *after* the pre-selection (i.e only to those who will have passed the quality threshold and are willing to participate in the development), which only asks for **proof of membership in an Accredited** (to be redefined, but for the moment using the old terminology) **cluster for a medium term** may prove

- 1) much simpler to assess and monitor
- 2) to be a very clear flag to the active enterprises regarding the future position of clusters, but
- 3) much less direct of a push, as in many cases these points are not strictly *necessary* for a successful application, therefore this does not raise undue and unwanted migration into the clusters. Yet again, this solution can offer
- 4) a significant boost to the results of active cluster members
- 5) a visible policy signal that value chains (which are coded into some of the eligibility criteria) and clusters can and should grow into one another.

In addition, the assessment table is easy to modify later if the planned setup is not achieving the desired results, while the pre-selection criteria may be too complex to rebalance on a short term, while adding this option to the eligibility criteria may open the door too wide and produce type 2 errors, raising the programme's risk index.

### 1.3 - Players involved

- EDIOP Managing Authority
- Ministry of Finance, Cluster Office
- West-Pannon Nonprofit Ltd (consultation)

### 1.4 - Timeframe

- Idea generation: 03-08. 2021
- Modification specification and approval: 08-10.2021
- Publication of call: 11\*.10.2021
- Call closes: 30.09.2022\*
- Assessment and contracting: Q2 2022-Q1 2023
- Implementation of projects: 2022-2025

### 1.5 - Costs

Development of modification: no extra costs, staff cost covered by the respective organisations.



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Costs of projects: an estimated 3 million EUR from the allocation of the call, no shifts necessary.

1.6 - Funding sources:

EDIOP PLUS 1.1.2-21 call, ERDF funds.

1.7 - Monitoring

With a minimum project support of 280k EUR, it is currently expected that at least **10 Accredited Cluster members** will be able to successfully apply for the programme, and therefore be awarded with at least a total of **3 million EUR**. Monitoring these indicators will take place automatically during assessment and contracting. Due to the process timing though, about 60% (**6 successful applicants with a total funding of 1,8M EUR**) of this is foreseen to take place within Phase 2 of the INNO INDUSTRY project though.

It is also expected that at least **10 pre-selected companies will join Accredited Clusters** for both the benefit of the extra points and the benefits of the communities. Monitoring this can take place through the assessment process, but due to the required term of membership, these applications are likely to be submitted at the later sections of the call period, and therefore validation time is likely to run out of the Phase 2 timeframe. Therefore it is proposed that these numbers are tracked via reports from the cluster managers, which would provide the numbers in time, but may not be verified until later.

## **ACTION 2 – OPPORTUNITY: POSSIBILITIES OF IMPLEMENTING OF A VOUCHER-TYPE INNOVATION CALL THROUGH CLUSTERS**

2.1 - The background

Voucher systems are a regular part primarily of innovation funding schemes, but they appear geared towards a variety of purposes from training and competence development to technology development, digital transition, and cybersecurity. Their key benefits, namely the limited size, targeted goal and curated service provider pool make this construction a highly valuable tool for SME competitiveness enhancement, but at the same time pose serious limitations on its efficient application.

The Hungarian SF funding system has historically considered the country a single region in competitiveness and economic development initiatives. This naturally resulted in a situation where voucher schemes could represent only a very minor, less than experimental section of the system, due to the inordinate monitoring burden of all aspects of need, transparency, efficiency and effectiveness or competitive impact – especially if considered in the light of funding size and the number of beneficiaries if rolled out on a national level. Despite this setback though, vouchers have remained on the radar of policymakers due both to their apparent success in European good practices and transnational pilots and to their versatility, pending a stronger demand or a more feasible management structure.

The increase in implicit demand for the voucher structure has arrived with the covid pandemic, which weighted down several traditional modus operandi and resulted in both economic development policy urging to step up the speed of technological development at the SME level and the more agile SMEs realising the dual opportunity-necessity of fleeing forward and embracing a more dynamic, innovation- and digitalisation-driven business model. Now, as noted earlier, a significant portion of

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these SMEs are already concentrated within cluster organisations – and a further increase of competitive density is highly encouraged as well.

SMEs in cluster organisations are willing to take part in the shared-risk innovation possible within the community, but programmed innovation funds are in many cases still outside the scope of either the issues tackled or the capacity of the consortium. This juxtaposition of readiness and ineligibility is not exacerbated by the effects of the COVID-19 pandemic, which on one hand causes enterprises to innovate just to stay in business, but on the other hand limits their financial and growth options significantly. This leads to an increasingly vocal demand for smaller, easier, and much more flexible development packages in these communities, which appears to meet with the ever more pronounced policy direction of utilising cluster organisations as a potent means of targeted SME development.

The challenge then is to identify the sweet spot of feasibility, transparency, impact and potential if it exists, and construct a robust yet flexible funding structure there.

*Challenge:*

During the INNO INDUSTRY Good Practice revision workshops consulting clusters regularly gravitated toward GPs showcasing small-scale innovation support and voucher schemes. Several CMOs reported great results and feedback from their membership when making use such structures in international cooperation projects.

Representatives of the Ministry of Finance at these workshops duly noted the demand, and they were open to involvement in a consulting position in the development of a “cluster voucher call blueprint”, which, if proven feasible will have the opportunity to be raised in planning, and possibly piloted/implemented at a later point in the period.

This Action therefore proposes a draft workplan for the development of such a “cluster voucher call blueprint” within Phase 2 of the INNO INDUSTRY project and its submission to the EDIOP PLUS Managing Authority for review. It needs to be noted that as a policy development experiment, this Action does not aim to contribute directly to the partner-level KPIs set out in the INNO INDUSTRY Application Form and the Policy Reports, but very much focuses on the direct adaptation of Good Practices for the Hungarian setting.

Due to the political nature of some of the decisions involved in the introduction of such a new and extremely targeted construction, it is not possible at the time of preparation of this Action plan to realistically receive commitment from the Managing Authority for the actual implementation of the blueprint. It is fundamentally important though that both the MA and the prospective beneficiaries are to be constantly involved in the development process, granting the most solid professional underpinning of the final deliverable possible.

*Relevance of CLUSTERIX 2.0 / Lessons learned:*

There are several Good Practices within the INNO INDUSTRY project related to innovation voucher schemes – as noted above, these caused the action idea to be floated in the first place. After delving into the Good Practice Database of the Interreg Europe Policy Learning Platform, a further 20 voucher-related GPs may also have some relevance as well. These are not detailed below though, as

- Slovenian Enterprise Fund (SI): **Small-scale Incentives for SMEs – Vouchers**
- COMPETE 2020 (P): **Industry 4.0 Voucher** (Vale Indústria 4.0)

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These are the two direct influencers of the Action. They have different goals, values, and systems, and they showcase how these incredibly limited funds may pave the way to SME innovation and growth potential.

The Slovenian system focuses on innovation, has higher values, and promotes re-application. The task of the SEF is to assess, distribute and monitor. Apparently, it is extremely successful and does a great job in driving home the value of innovation among SMEs. It also shows an inspiring use of intermediary body, which is likely to serve as the first template for the cluster-based distribution of funds in Hungary.

The Portuguese system does not focus on innovation per se, but on innovation and technology development *capacity*. Beneficiaries receive targeted and tailored strategic, technological and optimisation and digitalisation consultations. The policymaker controls the expert pool and monitors implementation progress, which can take up to a year. There is also only one 7500 EUR funding volume. The versatility of competence development is definitely a learning point in this Good Practice, and the difference in funding levels shows a key consideration in the development of the Hungarian blueprint.

Both good practices are inspiring, and both have relevance for the Hungarian situation. One key issue is the size of the potential programme and the inclusion of the prime targets, the clusters in it. If programme size exceeds a threshold, it is infeasible to decentralise the management of the funds to clusters, while on the other hand the programme needs a critical volume to make an impact. A list of other key considerations has been constructed and prioritised during discussions with the parties to serve as a basis for the blueprint document.

It is therefore anticipated that the final proposal will contain a mix of options with clusters disposing funds within their own respective networks and with specific conditions. Synergies with other programmes, like the Digital Hungary OP or the Human Resource OP may be explored too.

## 2.2 - Description of Action

Preparation of a Cluster Voucher Scheme Blueprint document with a proposed call structure, goals and conditions and submitting it to the EDIOP PLUS MA for consideration and possible piloting. The Blueprint is not developed to be a call document per se, but it needs to work out and clarify all major details so that it would be easily translated into a live call. It is also imperative that the Blueprint offered a prioritised list of target objectives and several possible scenarios for reaching combinations of them, dependent on the policy direction at implementation.

A key opportunity in the development of such a targeted construction is that direct connection exists to all relevant actors on both the beneficiary and the policy side, therefore the preparation process can take the form of a mediated discussion with all parties given sufficient time to figure out and elaborate their real interests, motivations, and behaviour patterns in response to different nudges in the prospective call. This unique position enables the solid underpinning of the work and provides the option of an approved consensus or at least compromise from all sides, which in turn can foreshadow a successful and effective absorption of the available funds, realising the policy goals to their possible fullest.

The work is therefore foreseen to include

- polling CMOs on their capacities vs needs, demands from their membership
- regularly consulting with the EDIOP PLUS MA
- producing a coherent rationale and goal structure, and validating it with both parties,



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- developing 2-3 scenarios of condition sets complete with estimations for costs and proposals for assessment and monitoring
  - validating the attractiveness for both sides and submitting it with possible dissemination activities as necessary

### 2.3 - Players involved

- Westpannon Nonprofit Ltd
- EDIOP Managing Authority
- Ministry of Finance, Cluster Office
- A representative selection of mature cluster organisations

### 2.4 - Timeframe

Step 1: 11.2021-03.2022 – Polling, goal clarification and tool selection

Step 2: 04.2022-09.2022 – Scenario development and consultation process

Step 3: 10.2022-12.2022 – Quality assurance, validation, dissemination and submission

### 2.5 – Costs

It is estimated that 0.3 FTE may be needed for the complete development process for the 14 months, which results in an estimated 5-10000 EUR in staff, travel and event organisation costs.

### 2.6 - Funding sources:

The necessary funds are to be provided by the Partner within the framework of its regular operation. Thematically overlapping projects may be covering travel costs if dual objectives are feasible during the specific trips.

### 2.7 – Monitoring

Partial drafts and progress reports are to be provided as deliverables at every milestone, i.e Step. These reports may be offered as presentations in the regular meetings and discussions with the stakeholders.

Key deliverable is the finished Cluster Voucher Scheme Blueprint document, submitted to the EDIOP PLUS MA before the end of the year. Due to the timing of the process, result and impact indicators are not relevant within the monitoring period, however partial results might generate from the negotiation process. Should such results occur, they need to be duly reported and possibly included in the final Blueprint document.

**Place, date:** Szombathely, 2021-11-30

**Signature West-Pannon Nonprofit Ltd:**



## Attachment 1: Letter of Endorsement

Project acronym	INNO INDUSTRY
Project title	Improving Delivery of Innovation Policies within 4.0 Industry in Europe
Name of Organisation (original) including Department (if relevant)	Gazdaságfejlesztési Programok Irányító Hatósága, Gazdaságfejlesztési Programok Végrehajtásáért Felelős Helyettes Államtitkárság, Pénzügyminisztérium
Name of Organisation (English) including Department (if relevant)	Managing Authority for Economic Development Programmes, Deputy State Secretariat for Economic Development Programmes, Ministry of Finance
Name of Policy Instrument addressed (original)	Gazdaságfejlesztési és Innovációs Operatív Program Plusz 1.1.2-21 Magyar Multi Program
Name of Policy Instrument addressed (English)	Economic Development and Innovation Operational Programme PLUS 1.1.2-21 Hungarian Multinationals Programme
Name of Partners concerned in the application form (English)	Westpannon Regional and Economic Development Public Nonprofit Ltd

The Deputy State Secretariat for Economic Development Programmes, Ministry of Finance, as Managing Authority for Economic Development Programmes in Hungary and responsible for the Hungarian cluster policy was intensively involved in the interregional learning process as well as in the regional interaction with the stakeholder group.

The Department Economy endorses the INNO INDUSTRY action plan developed by West-Pannon Nonprofit Ltd and

More specifically the Deputy State Secretariat:

- Develops the conditions of the targeted policy instrument (EDIOP PLUS-1.1.2-21 call for proposal) in a way that is a direct inspiration of the INNO INDUSTRY good practices in order to provide cluster members an incentive for aggressive technology development and an incentive for active SMEs to integrate into the cluster community (Action 1),
- Is actively working with West-Pannon Nonprofit Ltd. on developing a blueprint-proposal for the introduction of small-scale innovation vouchers into the support system to be realised through cluster organisations. (Action 2)

Name of signatory: Péter Keller

Position of signatory: Head of Programme Strategic Department

Date: 31.01.2022

Signature and institution stamp

