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Building Regional Resilience to Industrial Structural Change -Action Plan for the region of Western-Hungary-

Hungarian Partner



Managing Authority



MINISZTERELNÖKSÉG



CONTENT

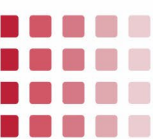
General information.....	3
Policy context	3
Details of the actions envisaged	5
ACTION1 - PROMOTING THE RESILIENCE OF COMPANIES	5
1. Relevance to the project.....	5
2. Nature of the action.....	6
3. Stakeholders involved	9
4. Timeframe	9
5. Indicative costs.....	10
6. Indicative funding sources	10
Endorsement of the action plan.....	11

FIGURE(S)

Figure 1 Planned activities during Phase 2	7
Figure 2 Time allocation.....	9

TABLE(S)

Table 1 Indicative costs	10
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General information

PROJECT	Foundation - Building Regional Resilience to Industrial Structural Change-
PARTNER ORGANISATION:	Pannon Business Network Association
OTHER PARTNER ORGANISATIONS INVOLVED (IF RELEVANT)	N.A.
COUNTRY	Hungary
NUTS2 REGION	HU22- Western-Transdanubia
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Policy context

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

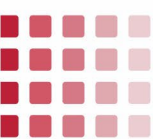
Name of the policy instrument(s) addressed:

Economic Development and Innovation Programme Plus (EDIOP Plus)

The originally targeted Policy Instrument in the FOUNDATION project was the Economic Development and Innovation Programme (EDIOP) which was focusing in the frame of Priority Axis to the “Research, development, innovation” activities. The targeted Policy Instrument was closed already in 2020 therefore PBN as the project partner has to revise the possible new Policy Instruments and the Economic Development and Innovation Programme Plus (EDIOP Plus) was shown as a more relevant tool to be influenced by the project activities. In this written document PBN focuses on EDIOP Plus as new Policy Instrument. Prime Minister’s Office (former Ministry of Finance), Deputy State Secretariat Responsible for Implementing Economic Development Programs is the Managing Authority of the new Policy Instrument (EDIOP Plus) which is the same organisation as in case of the original Policy Instrument (EDIOP). The MA was involved into the FOUNDATION project as stakeholder already from the start of the activities.

The official adoption of EDIOP plus is expected in the summer of 2022.

The policy instrument addressed will be impacted directly by the action foreseen in the document, because within the framework of the Policy Instrument it has an opportunity for implementation of new projects. Therefore, we can implement the dedicated action by financing the Policy Instrument.



Further details on the policy context and the way the action plan should contribute to improve the policy instrument:

The selected policy instrument is targeting the (1) improving the adaptability of employees, (2) supporting knowledge-intensive sectors and (3) balancing different territorial development level.

The representatives of the Managing Authority of the EDIOP are also stakeholders in the regional stakeholder group who are continuously informed about the project results. The EDIOP is currently in the process of negotiation with EU (not accepted yet) - the calls are finetuned on a continuous basis on feedback received.

The Managing Authority of the EDIOP is directly responsible for the policy instrument tackled in the project therefore they are also engaged in the implementation of the Action Plan designed in FOUNDATION project. Due to stakeholder involvement of the Managing Authority (Prime Minister's Office (former Ministry of Finance)) there is a direct impact on the policy instrument.

Based on the [already published information](#) about the EDIOP plus, the following priority axis and subcategory may belong here:

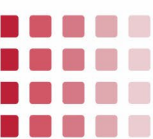
Priority Axis - 2.2 Research, development, innovation

Subcategory - 2.2.2. Skills development for smart specialization, industrial transition and entrepreneurship

The challenges of the 21st century call for Hungarian companies to change their technology, strengthen their digitalisation and innovation skills, and train their employees to increase their productivity and added value. Within the framework of the Economic Development and Innovation Operational Program Plus for the period 2021-2027 (EDIOP Plus), the goal is to support Hungarian enterprises to achieve a more favourable position in the domestic and international markets, as well as to move forward in the global value chains, in accordance with the relevant strategies, by renewing their technology and operations. All this contributes to the growth of the living standards of society, the protection of jobs, the expansion of employment, and the competitiveness of Hungary and the EU.

Furthermore, the general objective of the measure is to strengthen the skills in line with the labour market needs of the S3 priorities, to promote the openness of quadruple helix actors to innovation, to strengthen innovation management methods and approaches and to create cooperation frameworks for smart specialization actors and support for individual strategies and methods, as they play a key role in achieving the goals of the national economic priorities, as set out in S3.

Thus, the action will provide an opportunity for local RDI actors to develop innovative partnerships and strengthen existing ones, and adopt a smart specialization-oriented approach.



Details of the actions envisaged

ACTION1 - PROMOTING THE RESILIENCE OF COMPANIES

1. Relevance to the project

Relevance to the project

Based on the result of the FOUNDATION project we can say that the importance of SMEs and start-ups to the regional economy is widely recognized in terms of the provision of employment, contribution to GDP, driving innovation, and supporting regional resilience.

As one of the **Finnish good practices** has shown, an international standard industrial test and practice environment has an important role in strengthening the resilience of a region. It is also essential to help existing businesses that may have excellent products and strong know-how in their own specialty field, but limited contacts to international markets and low know-how in reaching them. The model presented in the good practices called the **Rural SME internationalization model** is a good example of how a rural start-up can grow to an international company. Another important good practice is called, **the Yritystakomo**, which main theme is the solution for the employment crisis caused by Nokia in Oulu. This good practice (Yritystakomo) had been presented in the framework of Webinar on building resilient economies event in the Interreg Europe Policy Learning Platform event in 17. June 2020, where PBN also participated and had an opportunity to learn more about Yritystakomo (local pre-incubator) that drove the unemployed engineers towards employment or to team up around new business ideas.

As the good practices listed show that an important element of a region's resilience is that businesses in the region are also resilient, thus avoiding the possible exit of a given company from causing huge unemployment, and it is also important to support the export activities of businesses in the region.

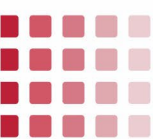
Furthermore, all the Finnish good practices have highlighted, among other things, problems that need to be addressed not only in the Western-Hungarian region, but which can be adapted to countries in the future, such as determining whether a company is resilient and what are the indicators by which a company can become resilient.

Therefore, drawing on the lessons learned from the project and good practices, the PBN team, in collaboration with a number of stakeholders, intends to create a comprehensive action that will have the following impacts on the economic development:

Impact #1: Revitalizing the value-creating capacity of businesses and supporting crisis-proof agile enterprise systems by stimulating growth through new products and new markets.

Impact #2: Effective use of research infrastructure and based on this the extension of innovative developments in the national economy to improve crisis resilience.

Impact #3: The utilization of the dedicated capital fund (s) is increasing therefore the target group's capital investment and financing efficiency are improving.



In order to achieve these impacts, the following chapter (Nature of the action) explains the activities that will be implemented in the phase 2 period and will contribute to the realization of the above mentioned 3 impacts.

2. Nature of the action

The covid-19 pandemic situation already brought negative economic impacts both on a global- and local scale and presumably, further, even greater negative impacts and turbulences are imminent that can easily have a perceivable effect on the individuals' level unlike any other economic downturn in the past few decades. Therefore, to protect companies and keep as many workplaces as possible is essential to take more seriously the field of resilience and its main indicators.

The consortium realized that the resilient attributes, reaction to economic crises and the simple identification of those subjects that had and survived such a negative scenario is gaining more and more attention, that is the reason why this action had been started to develop.

Based on the previously listed project-related good practices, study visits and meetings the consortium elaborated an activity whose main aim is to define the key indicators of resilience and to help companies become more resilient.

There is a strong link between the good practices listed and the activities listed below. First, the definition of resilience and its accurate measurement is essential, and as **Oulu Innovation Alliance** good practice shows, an important element of resilience is cooperation between universities in the city and local firms, which promotes resilience not only for businesses but also for the region. In addition, as good practice in Rural **SME internationalisation model** has shown, it is important to mentor businesses to help them reach the right international market for their products, thus making it very clear that local experts have a huge role to play in with the appropriate expertise to assist local economic operators in gaining access to international markets. Finally, **Yritystakomo** good practice is a great example of how useful education and retraining of workers can be in the event that a major industry marches out for some reason. In order to prevent this, continuous education and development of employees is essential, which is not only beneficial for the company, but can also help the creation of new businesses.

The main elements of the actions:

In order for the economic development effects listed above to be realized and thus for the economy to develop in a positive direction and to contribute to the identification and support of resilient companies, the following activities have been realized.

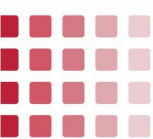
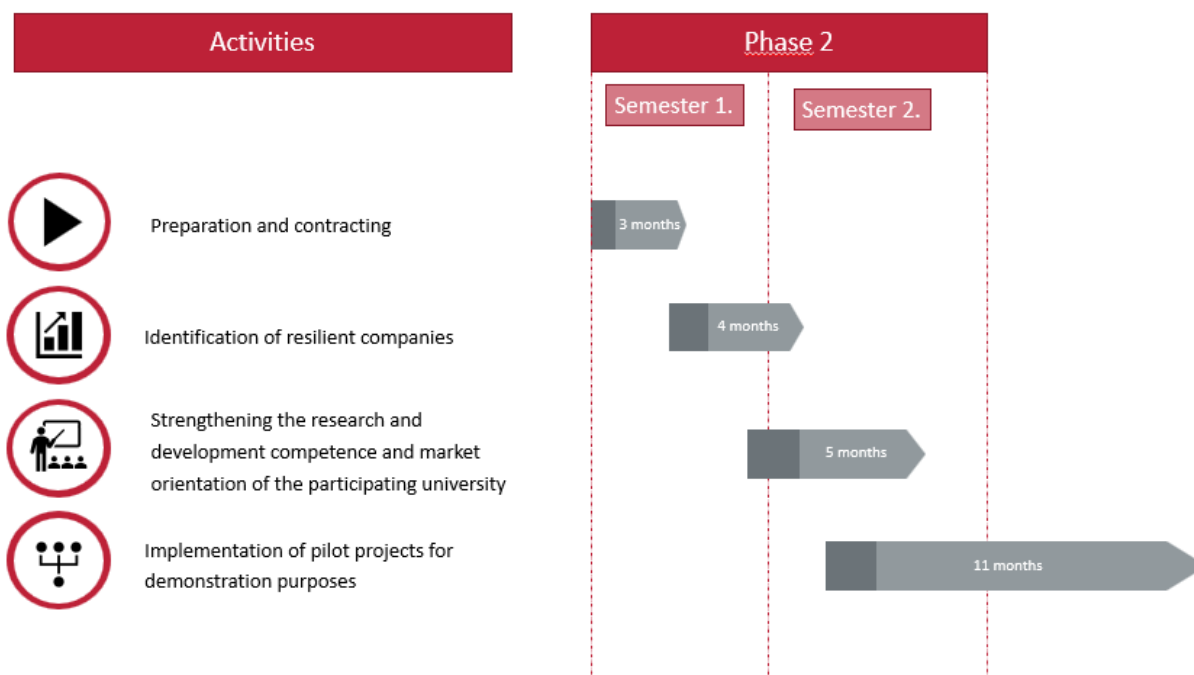


Figure 1 Planned activities during Phase 2



To arrange the listed activities within the framework of the action, the stakeholders involved will undertake the following tasks within the activities during Phase 2.

0. Preparation and contracting (3 months)

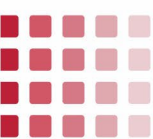
During the preparation, the resources required for the implementation of each task and activity will be specified. Contracts will then be concluded between the interested parties in order to finalize them.

Related tasks and connected measurable result:

- At least 3 meeting between the stakeholders (consultation, clarification, contracting)
- 1 task definition document creation (definition of tasks and related institutions)
- 1 contract (Signed by stakeholders acknowledging their duties and related costs)

1. Identification of resilience companies (4 months)

This activity consists of several subtasks, in the performance of which the main role is played by the Scientific Association for Mechanical Engineering on the stakeholder list and the Pannon Business Network. As part of the activity, a database containing 10.000 data will be analysed. During the analysis, segmentation, classification, and correlation analysis of the factors will be performed. Furthermore, in order to better understand some of the figures, a minimum of 20 companies will be interviewed and will be able to point out other important conclusions. The aim of the analysis is to identify the factors that determine corporate resilience. After identifying the factors influencing corporate resilience, the goal is to create a so-called resilience composite index. The index also makes it possible to classify companies in terms of crisis resilience. As part



of this activity, it is important not only to identify resilient firms, but also to take stock of the assets that can increase the competitiveness and value-creating capacity of resilient firms.

Related tasks and connected measurable results:

- At least 8 online/in person meeting between the experts and consortium members to discuss the results of the analysis of the database.
- 20 in-depth interviews with the selected companies.
- 1 joint study, based on the result of the database and the interviews. Study will also contain possible development points which could help to increase the resilience of a company.



2. Strengthening the research and development competence and market orientation of the participating university (5 months)

As part of the task, European and non-European service provider university samples will be mapped, with a particular focus on knowledge transfer organizations with the help of EIT Manufacturing. Following this, the know-how of the University of Óbuda will be increased based on the well-known domestic and international good practices. The knowledge gained in this way will be used in the implementation of pilot projects in the next activity, thus, to support Pannon Business Network in the successful and efficient implementation of pilot projects.

Related tasks and connected measurable results:

- At least 10 online/in person meeting between the experts and consortium members for the successful implementation of the activities.
- Organize at least 3 study visits (international) to visit research and development universities / centres like the consortium partner University of Óbuda.
- Preparation of 3 summary document related to the study visits. Which should include the elements that the University of Óbuda intends to take over to carry out more efficient research and development activities.
- Implementation of identified efficiency measures within University of Óbuda.



3. Implementation of pilot projects for demonstration purposes (11 months)

The first step in the implementation of the pilot projects for demonstration purposes is that a development offer will be developed, for the primarily identified domestic manufacturing companies. on the basis of the resilience composite index. Packages made up of a portfolio of services include custom enhancements that can provide efficient and measurable solutions for the operation of a growth-driven company.

Related tasks and connected measurable results:

- Organizing at least 20 dissemination events (national) with the participation of 500 companies, in the framework of which the archived results will be presented, and the possibility of a pilot project.
- Successful involvement of a minimum of 200 companies on which the developed resilience composite index can be tested.
- Involvement of 40 companies in the implementation of pilot projects.
- Implementation of 40 pilot projects (with continuous consultation between experts and the company)

- Preparation of 40 summaries of pilot projects, which must include the pre-determined company-specific problem, the proposed solution process and the solution implementation process.

3. Stakeholders involved

Óbuda University - The university plays a major role in the development of the corporate resilience identification and the related resilience composite index, and in the preparation of related curricula.

Pannon Business Network - With the professional experience of the organization, PBN assists the Óbuda University in the preparation and finalization of the related study of the related resilience composite index. In addition, PBN plays a key role in coordinating individual pilot developments.

Scientific Association for Mechanical Engineering - It plays a role in creating an international standard industrial test and practice environment, as well as helping to implement individual pilot developments.

EIT Manufacturing - The organization plays a role in the implementation of the extended internationalization task. This includes integrating the knowledge of related international and domestic strategic knowledge providers and increasing the resource absorption of resilient companies for innovation.

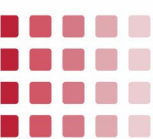
4. Timeframe

The duration of the planned action is 2 years.

Figure 2 Time allocation

	2022					2023							2024															
	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	
PHASE 2	s1	s1	s1	s1	s1	s1	s2	s2	s2	s2	s2	s2																
0. Preparation and contracting																												
Duration of the project																												
Project management incl. communication																												
1. Identification of resilience companies																												
2. Strengthening the research and development competence and market orientation of the participating university																												
3. Implementation of pilot projects for demonstration purposes																												
4. Validation and extension of a resilient model																												

* s1 - semester 1 of Phase 2
 ** s2 - semester 2 of Phase 2



5. Indicative costs

Table 1 Indicative costs

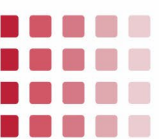
Column1	Column2	Column3	Column4
Project management	Activity	Expenditure (HUF thousand)	%
	Project management and coordination	980,00	28
			2%
Technical tasks			
	Identification of resilient companies for innovation developments	707,50	35
			3%
	Strengthening the research and development competence and market orientation of the participating university	557,50	169
			14%
	Implementation of pilot projects for demonstration purposes	498,00	699
			58%
	Validation and extension of a resilient model	742,50	60
			5%
	Dissemination, promotion	950,00	37
			3%
Supporting tasks			
	Other development costs	000,00	24
			2%
	Marketing and communication services	000,00	24
			2%
	Extension, regional on-site meetings for TIP platform members	188,00	107
			9%
	General overhead	000,00	12
			1%
Total:			
		1 199 623,50	100%

6. Indicative funding sources

The amount of dedicated funding will be announced in the framework of EDIOP plus, approximately 3.181.255 EURO, also related to the next priority axis and subcategory.

Priority Axis - 2.2 Research, development, innovation

Subcategory - 2.2.2. Skills development for smart specialization, industrial transition, and entrepreneurship. The program is under preparation; accurate information is expected later. We have been in constant contact with the Managing Authority for up-to-date information.



ENDORSEMENT OF THE ACTION PLAN

The Pannon Business Network Association and the Prime Minister's Office (former Ministry of Finance), hereby agree to support and promote the implementation (and where appropriate implement) the actions detailed above.

The undersigned confirm that they have the required authority of their organisations to do so and that the required authorisation process in each organisation has been duly carried out.



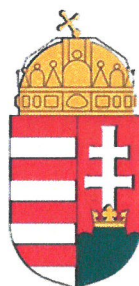
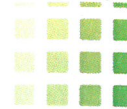
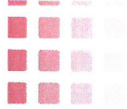
Name and Job Title: Balázs Barta - managing director of Pannon Business Network Association

Signature:

Date: 14th June 2022

Stamp of the Organisation:

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Bank: 18203198-06013691-40010010



MINISZTERELNÖKSÉG

Name and Job Title: Péter Keller - Head of Programme Strategic Department, Prime Minister's Office

Signature:

Date: 14th June 2022

Stamp of the Organisation:





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