Clusters & Cooperation for Regional Development
in Central Europe
(2CE202P1)

EXCHANGE OF EXPERIENCES
DEDICATED TO THE IDENTIFICATION OF GOOD PRACTICES - Regional Policies Recommendation

Executive Summary

<table>
<thead>
<tr>
<th>Deliverable</th>
<th>Executive summary on policy recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work Package</td>
<td>3. EXCHANGE OF EXPERIENCES DEDICATED TO THE IDENTIFICATION OF GOOD PRACTICES</td>
</tr>
<tr>
<td>Activity</td>
<td>3.4.3 – Regional Policies Recommendation</td>
</tr>
<tr>
<td>WP Responsible partner</td>
<td>PPS Mid-Pannon Regional Development Company</td>
</tr>
<tr>
<td>Version</td>
<td>draft</td>
</tr>
<tr>
<td>Date</td>
<td>20/02/2013</td>
</tr>
<tr>
<td>Type</td>
<td>Executive summary</td>
</tr>
<tr>
<td>Responsible partner</td>
<td>All partners</td>
</tr>
</tbody>
</table>

This project is implemented through the CENTRAL EUROPE Programme co-financed by the European Union and the Hungarian Government
# CONTENTS

**INTRODUCTION** ............................................................................................................................ 5

**BEST PRACTICES** .......................................................................................................................... 6

**BENCHMARKING** ........................................................................................................................... 6

**META CLUSTERS** .......................................................................................................................... 7

**CHALLENGES, GOALS, INSTRUMENTS** ....................................................................................... 7

- Challenges ........................................................................................................................................ 8

- Suggested goals of the policy recommendations .......................................................................... 9

- Instruments ....................................................................................................................................... 10

- Hindering factors and potential risk hindering effective cluster policies .................................... 11

**REGIONAL POLICIES RECOMMENDATION BY PROJECT PARTNERS** ........................................ 11

**LP Regional Development Agency of Usti Region, PLC – Czech Republic** .................................. 12

1. Situation analysis – state of play ................................................................................................. 12

2. Institutional background of clustering policy ............................................................................. 13

3. Current Instruments of supporting clusterization ....................................................................... 13

4. SWOT analysis ............................................................................................................................ 15

5. Goals of the policy recommendations ....................................................................................... 16

6. Proposed policy instruments ..................................................................................................... 16

**PP2 Stuttgart Region Economic Development Corporation (WRS) - Deutschland** ................. 19

1. Situation analysis – state of play ................................................................................................. 19

2. Institutional background of clustering policy ............................................................................. 20

3. Current Instruments of supporting clusterization ....................................................................... 20

4. SWOT analysis ............................................................................................................................ 20

5. Goals of the policy recommendations ....................................................................................... 21

6. Proposed policy instruments ..................................................................................................... 21
1. Situation analysis – state of play .......................................................... 24
2. Institutional background of clustering policy ........................................ 24
3. Current Instruments of supporting clusterization ................................... 25
4. SWOT analysis ...................................................................................... 26
5. Goals of the policy recommendations .................................................. 27
6. Proposed policy instruments ............................................................... 27

1. Situation analysis – state of play .......................................................... 29
2. Institutional background of clustering policy ........................................ 31
3. Current Instruments of supporting clusterization ................................... 32
4. SWOT analysis ...................................................................................... 34
5. Goals of the policy recommendations .................................................. 35
6. Proposed policy instruments ............................................................... 35

1. Situation analysis – state of play .......................................................... 41
2. Institutional background of clustering policy ........................................ 41
3. Current Instruments of supporting clusterization ................................... 43
4. SWOT analysis ...................................................................................... 46
5. Goals of the policy recommendations .................................................. 48
6. Proposed policy instruments ............................................................... 48

1. Situation analysis – state of play .......................................................... 51
2. Institutional background of clustering policy ........................................ 51
3. Current Instruments of supporting clusterization ................................... 52
4. SWOT analysis ...................................................................................... 53
5. Goals of the policy recommendations .................................................. 53
6. Proposed policy instruments .......................................................... 54

PP9 “ARLEG” S.A. Regional Development Agency - Poland .............................................. 56

1. Situation analysis – state of play ......................................................... 56
2. Institutional background of clustering policy ......................................... 57
3. Current Instruments of supporting clusterization ....................................... 58
4. SWOT analysis .................................................................................. 61
5. Goals of the policy recommendations .................................................. 61
6. Proposed policy instruments ............................................................... 62

PP10 Centre for research, innovation and regional development – Czech Republic ............ 67

1. Situation analysis – state of play ......................................................... 67
2. Institutional background of clustering policy ......................................... 70
3. Current Instruments of supporting clusterization ....................................... 71
4. SWOT analysis .................................................................................. 72
5. Goals of the policy recommendations .................................................. 75
6. Proposed policy instruments ............................................................... 77

PP11 BSC, Business Support Centre, Ltd, Kranj ............................................................ 80

1. Situation analysis – state of play ......................................................... 80
2. Institutional background of clustering policy ......................................... 84
3. SWOT analysis .................................................................................. 86
4. Goals of the policy recommendations .................................................. 86
6. Proposed policy instruments ............................................................... 88
INTRODUCTION

Business and geographical clusters have proven to be an effective regional economic development tool, in particular in peripheral/less competitive areas, where the concentration of interconnected businesses, suppliers and associated institution in specific fields increase the productivity where companies, especially SMEs, can compete at national, EU and global levels. Clusters can contribute to regional economic development through increasing the productivity of companies, driving innovation in their respective field and stimulating new businesses. CLUSTERS-CORD is an interregional cooperation project comprising 10 partners and covering 8 countries, jointly looking for answers to improve regional capacity in the management and development of clusters, through the exchange of experiences and good practices and development of direct cooperation among existing actors. This objective is reached via the promotion of the exchange of best practices in cluster management, as well as enhancing cooperation among clusters from identical thematic fields but different geographical origin.

The concrete activities of the projects acting towards the set goals were the following:

- Collection of Best Practices
- Benchmarking study and conference
- Creation of Meta clusters

The Clusters-Cord project concentrates on the following sectors of industry:

- Energy and environment
- Information and communications technology
- Health sciences
- Food industry
- Tourism
BEST PRACTICES

As a result of the project practice-oriented best practices have been identified and drafted in a unified template covering a wide range of thematic and management fields such as food security, energy, biotechnological research, culture and education as well as project collection, promotional action organisation.

BENCHMARKING

An important output of the project is the Benchmarking Study presenting the current state of play of the involved clusters both in terms of thematic coverage, management structures, and capacities. The study also formulated strategic proposals for policy development. The following figure presents the classification of the policy related issues.

Source: Constructed by Mid-Pannon Regional Development Co, Benchmarking Study

Based on joint research & analysis was executed focusing on cluster policies, environment, management structures, cooperation activities, provided services, cluster strange.
META CLUSTERS

The cooperation of interregional actors is promoted through the creation of “Clusters-Cord Meta-clusters”, with the assistance of the interregional cooperation and networking among different actors interested in the cluster-development in CE Area.

Meta-cluster is a group of similar organizations, especially clusters gathered together and sharing their knowledge to improve the results in their particular sector. It is a form of transnational clusters cooperation based on the cooperation of clusters from the same industries from different CE regions. Support of creating of meta-clusters in key industries in sustainable way is very efficient way to increase the competitiveness of Central Europe. Meta Cluster is in fact a strategic Network, striving towards combining individual aims to support different clusters. Creation of meta-cluster brought a lot of benefits to members of each cluster and most of all it was the first step in the internationalization activities. 4 Cooperation Agreements were signed in the following sectors:

- Energy and Environmental
- Food Industry
- ICT
- Tourism Industry

The objective of these agreements is to foster international co-operations and partnerships among clusters and SMEs, to support innovation by implementing common services, projects and policies; to up-scale the results of innovation and to carry out common innovative projects raising the innovativeness and competitiveness; to involve the policy makers at regional, national and European level, associated institutions and other relevant actors into the continuous process of improvement of the conditions.

CHALLENGES, GOALS, INSTRUMENTS

Challenges as well as goal and instruments reflect the specific regional conditions under which actors of the project worked. At the same time there are some common areas that surfaced at a number of partners and that are worth taking into consideration upon thinking about the future of policy development.
**Challenges**

Challenges identified could be grouped into:

**a) Financial**

Financial resource related issues: The actions and management of clusters strongly depend on external financial resources, they cannot generate enough revenue. (Defined by 3 from 5 partners)

**b) Co-operational**

Low level of cooperation:
- There is no sufficient cooperation regarding clusters among the relevant actors. Missing fields of cooperation are the following:
  - common marketing and developments,
  - regular exchange of information,
  - lack of action areas/joint services and cooperation with R&D units
  - data/information transmission networks/platforms
- International cooperation is weak or missing, there is no significant knowledge transfer with foreign clusters.

**c) Knowledge related types**

Low level of knowledge about
- clusters: Low level of knowledge about the advantages that can be realised through being a cluster-member and operating in networks,
- about foreign markets and business opportunities.

**d) Economic impact, competitiveness**

- Relatively low interest in innovation
- Unfavourable situation of the labour market

**e) Institutional background**

- Lack of long-term cluster support strategies and policies
- Legislative and administration barriers, bureaucracy
Suggested goals of the policy recommendations

The goals well reflect the above challenges identified thus point out the importance of cooperation and the need for key clusters.

According to the project partners

- intensified cooperation among clusters,
- knowledge-sharing
- closer cooperation inside clusters and
- raising awareness of clusters

would increase the ability for innovation and competitiveness of the economy.

Regarding the need for key clusters, some goals recommend

- to establish or develop the existing well-grounded clusters to have a higher possibility for business successes,
- to function as a central point of contact and
- to have specific functions and services on both regional and national levels that would increase competitiveness.
**Instruments**

In order to achieve the above goals 23 instruments were proposed by project partners. 3 main streams of instruments could be identified so far, these are:

- support to organisational development,
- support for reinforcing the clusters and
- fostering cooperation.

**Instruments to support organisational development enhance efficiency of the operations of clusters and could be implemented by**

- establishing of formal organisational structures of clusters partial decentralisation of the cluster-support organisations,
- enabling cluster-support organisations to provide ‘soft’ support to clusters, meaning that cluster supporting should involve professional support for cluster management organizations/companies to help them to cope with more complicated tasks that emerge during the operation of clusters,
- establishing interdepartmental board as a leading body of cluster development,
- develop supporting framework in order to improve the innovation potential of regions and ease to access to technologies.

**Support for reinforcing the clusters aims at developing clusters that they become strong, well-functioning organisations and be able to execute their initiatives, and these are:**

- simplified application and easily accessible funds for the promising initiatives
- additional finances for specific functions and services both at regional and national level
- providing educational services for clusters

**Instruments for fostering cooperation could be:**

- anticipate and subsidize new trends, like networking between clusters, META clusters and common development projects
- development of decentralised cluster support organisation to ensure smooth communication between clusters
- enable clusters support organisations to give soft support to clusters
- fostering international networking
- cluster cooperation projects funded by the regional government for innovative companies
- networking services (organising cluster meetings or workshops would be to create opportunity to exchange experiences, joint working out solutions to problems)
Hindering factors and potential risk hindering effective cluster policies

Numerous hindering factors have been identified, the most outstanding ones are:

- lack of skilled personnel working at cluster organisations
- lack of long-term policies
- changes of the government – political instability
- financial resources are not enough or available
- devaluation of the importance of clusters

REGIONAL POLICIES RECOMMENDATION BY PROJECT PARTNERS
1. Situation analysis – state of play

The cluster concept was first launched in the Czech Republic in 2002 when CzechInvest implemented the pilot project called Clusters in North Moravia. The project Clusters in North Moravia was divided into two phases. The first phase focused on industrial sectors identification with growth potential for cluster development. In the second phase there were businesses localized and interviewed to discover their interests in cluster concepts and conditions of cluster creation. The project Clusters in North Moravia was divided into two phases. The first phase focused on industrial sectors identification with growth potential for cluster development. In the second phase there were businesses localized and interviewed to discover their interests in cluster concepts and conditions of cluster creation. The conclusions of the project were used to design a system of the state-assisted cluster development.

The government of the Czech Republic has approved the National Strategy for Cluster development on 13 July 2005 to support innovation and competitive business in regions of the Czech Republic. The National Cluster Strategy was launched for the years 2005 – 2008. The Strategy’s main activities were:

- To coordinate and targeted usage of clusters to boost cooperation among Ministry of Industry and Trade, Ministry of Regional Development, Ministry of Labour and Social Affairs and the regions of the Czech Republic – integrate programme measures of other strategies and concepts of SMEs, innovation, R&D, exports, education and infrastructure.

- To facilitate communication with regions, universities, private sector

- To identify and support of industries with necessary growth potential and willingness to increase competitiveness.

- To develop the framework for analysis, monitoring and effectiveness of cluster initiatives, their impact on regional and national economy, benchmarking of clusters with Czech and foreign clusters

- To manage a national cluster study in the Czech Republic identifying industries with export potential in regions. Develop a study of industrial structure in the Czech Republic, which contributes to planning of support programmes from Structural funds.

The development of clusters in years 2007 – 2013 is characterised by the programme of support Cooperation. This programme was included in the Operational programme Enterprise and Innovation (OPEI). General objective of the programme Cooperation- Clusters is continuous creation of favourable business climate, improving conditions for business development and innovations and building a sustainable competitive advantage by enhancing the quality of relationships among research institutions, universities and business sector.
The specific objective of this programme is to support establishment and development of cooperative sectoral alliances - clusters, on regional and national level as a tool for stimulation of international competitiveness and acceleration of economic growth.

In the Programme OPEI (2007-2013) – Cooperation – Clusters two calls were announced up till 2011. The third call was announced in January 2012.

2. **Institutional background of clustering policy**

Ministry of Industry and Trade of the Czech Republic was determined as the managing authority of the cluster concept. CzechInvest Agency was appointed as responsible for the implementation of the determined measures. Other state institutions, regions, regional chambers of commerce and development agencies were involved in the process of cluster concept implementation, as well.

The concept of clustering was adopted on national level, but it was still relatively new and unknown among its beneficiaries on national and regional level. It became inevitable that promotional activities had to be initiated.

CzechInvest organized workshops where more than 220 representatives of regions, 60 representatives of universities, associations’ leaders and more than 60 representatives of ministries and other state institutions were acquainted with the cluster concept and possibilities with its implementation in the Czech Republic. There were satisfaction questionnaires distributed during the seminars, which showed that workshops met with positive reactions.

CzechInvest organized programme for training and certification of cluster facilitators. During the certification project CzechInvest educated and certified more than 80 cluster facilitators who immediately actively participated in cluster creations in regions.

The development of clusters in years 2007 – 2013 is characterised by the programme of support Cooperation. This programme was included in the Operational programme Enterprise and Innovation (OPEI). The managing authority of the OPEI is the Ministry of Industry and Trade of the Czech Republic and the implementing agency is the Business Development and Investment Agency – CzechInvest.

3. **Current Instruments of supporting clusterization**

The Operational Programme Enterprise and Industry contained the fundamental form of support for clusters, namely the programme Clusters in the area of support 1.4 Development of information and consultancy services. The aim of the measure was to improve the institutional framework for the provision of high-quality services to the industrial sector through the establishment of collaborative networks of enterprises and innovative sectoral and regional clusters.

Another significant document mentioned in the National Cluster Strategy was the National Cluster Study.
The cluster development in years 2004 – 2006 was characterised by the programmes of support clusters launched within the Operational programme Industry and Enterprise. There were two priorities defined and technical assistance. Subsequently nine areas of support were defined and eleven support programmes. The main programme from the OPEI focused on support of clusters was the programme Clusters.

The support programme Clusters was approved by the government of the Czech Republic in April 2004. It realizes OPIE’s measure No 1.4 Development of information and consulting services, Priority Development of business environment. The aim of the programme is to support establishment and development of sectoral groupings on regional and cross-regional level. For purposes of Clusters programme administration, clusters were defined as regionally located set of mutually connected companies, associated institutions and organizations that compete with each other but also cooperate, and whose bonds have the potential to strengthen and increase their competitiveness. The support programme Clusters lays down the basic rules and conditions for the provision of support in the form of grants for projects aimed at creation, management and development of clusters and networks of companies with the goal of improving the ability of SMEs to compete through innovation and collaboration. Clusters can be formed by companies mainly in the same sector, specialized suppliers, service providers, and associated research and educational institutes, all at the regional, national, or cross-border level.

In the Programme OPEI (2007-2013) – Cooperation – Clusters two calls were announced up till 2011. The third call was announced in January 2012.

The 1st Call of the programme Cooperation – Clusters represents support of clusters was opened in October 2008 and closed in May 2009.

The programme is to support establishment and development of sustainable and efficient clusters which contribute to the increase of competitiveness and economic growth. It was expected that the support will lead to the development of up to 50 cluster organizations. The 2nd call of programme Cooperation – Clusters was opened in January 2010 and closed in September 2010.

The 2nd Call is divided in two parts. The first part of the programme was opened for newly established clusters or cluster established in the past, but which had not received support from the 1st Call. The second part of the programme was aimed at clusters which have already achieved support from the 1st Call and wanted to expand the portfolio of cluster projects with transnational R&D cooperation projects, e.g. in the network CORNET.

Expected results - the programme is to support the establishment and development of sustainable and efficient clusters which contribute to the increase of competitiveness and economic growth. The programme supports successful involvement of Czech clusters in transnational R&D cooperation projects.

Overall conclusion

Developments over the last two years - Cluster policy is dealt with in the framework of the international project Cluster-Coop. Findings are as follows: we currently do not have a separate
Cluster policy, it is part of other concepts and documents. Since the national cluster strategy since 2008, nothing happened, some steps have been implemented. The political representation has changed and CzechInvest activities were discontinued. Breaking the continuity of cluster development from strategic point of view is fatal. Today only the Cooperation program to support clusters within the operational program runs.

Cluster policy is hereby limited to financial support. At the regional level, there is no shift to support clusters, the problem is the involvement of political representation in the region. Activity of the region is reflected in CHEMCLUST project - an effort to establishing an international chemical cluster, the problem is distrust and rivalry especially among the owners of manufacturing companies. Activities are newly directed to the cooperation in the field of education and awareness.

Forward looking activities: Tomas Bata University Zlín was awarded a grant from the Technology Agency of the Czech Republic in socio-economic research in the field of national and regional cluster policies and their sustainability. Through this project the creation of certified methods will be done for the state and regions. National policy should promote clusters of excellence. Regional policy should promote the development of local clusters.

### SWOT analysis

**Strengths**
- Sustainable cluster projects focused on competitiveness strengthening and innovation
- Continuity in cluster supporting action
- Cooperation with cluster representatives in development of cluster supporting policy
- Strengthening and creation of linkages among universities, business sector and R&D institutions
- Increasing of technology transfer followed by increase of technological level
- Regional development
- Establishment of R&D laboratories
- Growth of employment
- 80 trained cluster facilitators
- Identification of potential clusters based on mapping
- Platform supporting and representing the clusters – National Cluster Association
- Existence of grant for socioeconomical survey of

**Weaknesses**
- Dependence on cluster supporting programs
- No clusters in Prague region
- No clusters in services and other not supported industries
- Low possibility of measurement of impact of cluster supporting policy
- Lack of mutual coordination between the announcing of calls
- Legislative and administration barriers
- Bureaucracy connected with EU
- Organizing of cluster meetings and conferences
- At this moment support from CI is limited, no support for cluster establishment, no education methodology
- Absenting of strong, large companies – potential leaders
### cluster policies

#### Opportunities
- Continuous support of excellent cluster projects
- Support of international cluster projects through CE program
- Use of European cluster supporting programs
- Cooperation with other European countries in harmonization of cluster supporting policies
- Social development and education
- Good cluster image may attract
- Possibility to share international experience
- Possibility to study cluster policies on universities
- National Cluster Association – KLUNET initiative – cooperation between clusters and universities for developing human resources specialized in clusters

#### Threats
- Sustainability of clusters without any financial support
- Changes in management of cluster members
- Efficiency of financial support without revision of supporting system
- Orientation of support policy only on manufacturing, no care about emerging sectors
- No interdepartmental body for dealing with cluster policy

### 5. Goals of the policy recommendations

**Goal No. 1:** Creation of interdepartmental board as a partner for development of further cluster policy in Czech Republic

**Goal No. 2:** Creation of raising public awareness in clusters contribution to competitiveness

### 6. Proposed policy instruments

<table>
<thead>
<tr>
<th>Name of the instrument</th>
<th>1. Interdepartmental board as a leading body of cluster development in CR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short description of its content</td>
<td>Interdepartmental board as a leading body of cluster development in CR, which coordinates the policy development and facilitates the dialogue of other members – National Cluster Association, clusters, other bodies</td>
</tr>
<tr>
<td>Target groups</td>
<td>Policy makers, members of public administration, interested subjects, CzechInvest, Innovation Centers, ....</td>
</tr>
<tr>
<td>Potential executor (e.g. members of parliament, clerks at the</td>
<td></td>
</tr>
</tbody>
</table>
### Expected results and impacts on the target groups – please use SMART results and impacts as much as possible

<table>
<thead>
<tr>
<th>Expected results and impacts</th>
<th>Well operating clusters increasing the value of financial resources invested in.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Well functioning board creating the environment.</td>
</tr>
</tbody>
</table>

### Hindering factors to implement policy: Any factor exerting a negative impact on policy implementation. (For example change of government can influence negatively any legal changes)

<table>
<thead>
<tr>
<th>Hindering factors</th>
<th>Instability of the system and public administration, the lack of long-term department dealing with cluster policy, as well as at the regional level, the lack of staffing</th>
</tr>
</thead>
</table>

### Best practice if relevant

<table>
<thead>
<tr>
<th>Name</th>
<th>The case of Hungary, where there is the Ministry of Economy, that supports cluster Policies of horizontally, not just manufacturing. Furthermore, there is a system of accreditation clusters division according to the degree of development, excellence clusters are accredited and invited to public contracts.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country/Region</td>
<td>Hungary</td>
</tr>
</tbody>
</table>

### Name of the instrument

<table>
<thead>
<tr>
<th>Name</th>
<th>2. Conference /meeting/ of cluster representatives, policy makers and international representatives</th>
</tr>
</thead>
</table>

### Short description of its content

<table>
<thead>
<tr>
<th>Description</th>
<th>Meeting for assessment of the current situation and talk about the new possibilities</th>
</tr>
</thead>
</table>

### Target groups

<table>
<thead>
<tr>
<th>Group</th>
<th>Clusters</th>
</tr>
</thead>
</table>

### Potential executor (e.g. members of parliament, clerks at the ministries, etc)

<table>
<thead>
<tr>
<th>Executor</th>
<th>Interdepartmental board</th>
</tr>
</thead>
</table>

### Expected results and impacts on the target groups – please use SMART results and impacts as much as possible

<table>
<thead>
<tr>
<th>Expected results</th>
<th>System of education, mutual information, NCA is not able to do a nationwide communications platform</th>
</tr>
</thead>
</table>

### Hindering factors to implement policy: Any factor exerting a negative impact on policy implementation. (For example change of government can

<table>
<thead>
<tr>
<th>Hindering factors</th>
<th>Instability of the system and public administration, the lack of long-term department dealing with cluster policy, as well as at the regional level, the lack of staffing, financial insufficiency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Influence negatively any legal changes</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------</td>
<td></td>
</tr>
</tbody>
</table>

**Best practice if relevant**

**Name** Europa Intercluster, Cluster Days Austria, Regional Cluster Conferences in Sweden, Hungary.

<table>
<thead>
<tr>
<th>Name of the instrument</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>3. Drafting guidelines for training, education and accreditation</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Short description of its content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drafting guidelines for training, education and accreditation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Target groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutions providing educational services for clusters</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Potential executor (e.g. members of parliament, clerks at the ministries, etc)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional development agencies as regional centers of cluster competencies</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expected results and impacts on the target groups – please use SMART results and impacts as much as possible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving of professional level of cluster managers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Hindering factors to implement policy: Any factor exerting a negative impact on policy implementation. (For example change of government can influence negatively any legal changes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Favorable political climate, lack of partner at the executive level</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Best practice if relevant</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
</tr>
</tbody>
</table>

KÖZÉP-PANNON REGIONÁLIS FEJLESZTÉSI ZRT.

At BRIDG Central Europe
1. Situation analysis – state of play

Cluster policy in Stuttgart Region

After a detailed study on regional innovation structures in Stuttgart, the WRS GmbH set up a regional competition in 1999 to organise the already existing informal Cluster structures in the Stuttgart Region, asking for cross-sectoral networking concepts. Local actors from economy, research community, local administration developed either themselves or with the help of intermediates own co-operations structures and concepts. Each group consisted of stakeholders interested in promoting innovation in a specific issue or technology. The concepts were assessed by an independent jury towards consistency, level of integration of relevant actors, development and innovation potentials by the Development Corporation.

WRS supported the realisation of the successfully assessed concepts by funding the formation of so-called Regional Competence and Innovation Centres with a 2 million Euro contribution programme as a financial base for the first 3 years. The 2 million Euro initial public funding was followed by about 20 million Euro private investments in the competence and innovation centres during the following years. In order to support sustainability of the initiated networks, WRS asked for a formal institutionalisation of the networks including financial commitments of the participating partner institutions (e.g. annual membership-fee) as well as a general network management focussing on the needs and demands of the network members. After an official evaluation of the Institutional Funding Phase at the end of 2002 / beginning of 2003, the Project-oriented Funding Phase (250.000,-€ per year for cooperation projects) was started in the second quarter of 2003.

At present, 18 municipalities of the Stuttgart Region, more than 500 companies (mostly SMEs) and nearly 55 university institutes and research facilities committed themselves to participate actively in several innovative networks, that have own facilities spread over the whole region. More or less, nearly every competence centre is a registered association with a part- or full-time manager, running an office.

There are 13 Centres concentrating on different innovation fields like mechatronics, fuel cell, internet applications, VR technology and solar technologies. They support network creation and provide an instrument for economic development, which assist especially small and medium-sized companies to meet the challenges of global competition.

www.kompetenzzentren.region-stuttgart.de (portal) providing general information and an overview about the existing networks in the Stuttgart Region. Further details about all existing networks can be found on their own websites (linked via the portal)
2. **Institutional background of clustering policy**

In Germany the Cluster policy is on federal state level. The state of Baden-Württemberg started to map the relevant cluster. This activity results in the Regional Cluster Atlas Baden-Württemberg (see pdf-file including all existing clusters and cluster organizations. Additionally the Cluster Analysis identified the 18 relevant fields of state wide cluster activities. Cluster department in State ministry for economics, regional economic development agencies, in Stuttgart Region it is WRS.

3. **Current Instruments of supporting clusterization**

   Baden-Württemberg: enable ERDF-funding scheme for identified relevant clusters. (500.000 EUR / 3 Years for cluster management and projects)

   Stuttgart Region: regional programme for establishing regional competence centre as cluster organisation. (Initial funding scheme 200.000 EUR / 3 Years for cluster management followed by project funding phase with a volume of 40.000 EUR / Year

   Internationalization strategy for regional cluster: ministry for economics started a programme “Internationalization strategy for regional clusters” to develop a strategy for the 18 relevant clusters and to support the cluster manager in the approach of internationalization e.g. study visits, exchange and corporation on international level. (10.000 EUR for Strategy development and study visits).

4. **SWOT analysis**

   **Strengths**
   - Unification of firms with special knowledge in specific technology fields/branches
   - Offering scientific expertise as a paid service
   - Making individual participants part of the regional network with a focus on science/technology
   - Preferred terms for members, associates or participating firms
   - Canvassing services for all participants
   - Stimulation and support for cooperative enterprises
   - Creation of new, modern and attractive workplaces
   - Preservation of regional expertise

   **Weaknesses**
   - Initial Start and basic financing was limited: Initial start of the Competence Centre Programme (Institutional Funding Phase) providing a regional budget for the contribution programme (2 Mio. € in sum for three years).
Opportunities

- Contact mediation and the initiation of innovative, groundbreaking projects
- Information transfer between science/research, teaching and practice
- Shared public relations work (e.g. use of a common logo)
- Shortening innovation cycles
- Maintaining and increasing the region’s appeal as a business location
- Initiation of start-ups (interlink ages to entrepreneurial and university support within R&D department)
- Concerning international co-operative actions, the regional Competence Centres act as a mediator for their members.
- They are a contact point and generator for national and international cooperation projects.

Threats

- Evaluation may fail after three years: Evaluation of the Institutional Funding to define the level of service. Basis for second stage finance project oriented

5. Goals of the policy recommendations

6. Proposed policy instruments

<table>
<thead>
<tr>
<th>Name of the instrument</th>
<th>Short description of its content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target groups</td>
<td></td>
</tr>
<tr>
<td>Potential executor (e.g. members of parliament, clerks at the ministries, etc)</td>
<td></td>
</tr>
<tr>
<td>Expected results and impacts on the target groups – please use SMART results and impacts as much as possible</td>
<td></td>
</tr>
</tbody>
</table>
Hindering factors to implement policy: Any factor exerting a negative impact on policy implementation. (For example change of government can influence negatively any legal changes)

<table>
<thead>
<tr>
<th>Best practice if relevant</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name</strong></td>
<td>Regional Competence and Innovation Center Strategy</td>
</tr>
<tr>
<td><strong>Country/Region</strong></td>
<td>Germany, Baden-Württemberg, Stuttgart Region</td>
</tr>
<tr>
<td><strong>Organisation</strong></td>
<td>Wirtschaftsförderung Region Stuttgart</td>
</tr>
<tr>
<td><strong>Years of use</strong></td>
<td>10 Years</td>
</tr>
</tbody>
</table>
| **Results/impacts**       | Regional Competence and Innovation Centres support network creation and provide an instrument for economic development, which will assist even small and medium-sized companies to meet the challenges of global competition in line with regional policies. They are especially focussed on: Networking regional expertise
  - Optimal networking and handling of corporate cooperation.
  - Optimization of work with universities and research institutes.
  Encouraging the development of special expertise
  - Basis for cluster building. Competence Centers are clusters at the first stage of development.
  Organizing dialogue between competition and cooperation
  - Competitors as potential cooperative partners.
  - Competence Centers as catalysts for cooperation and for competitiveness.
  - Structured organization of this dialogue. |
| **Why is it applicable in your** | In the future, a company's competitiveness will depend largely |
region/ country?

upon their willingness to co-operate with other companies, universities and/or research facilities. Cluster management strategies like Regional Competence and Innovation Centres support successful network creation and provide a sustainable instrument for economic development in technology-oriented branches, which will assist even small and medium-sized companies (SME) to meet the challenges of global competition (especially by abbreviating product life and innovation cycles).

The regional approach allows for the fact that the implementation of a sustainable cluster management is not a self-fulfilling prophecy. E.g. it has to be based on a well-sized location-based ("short ways") density of know how of one technology field to meet the thematic focus and also on a well-structured inter sectional support in order to accomplish the regional specific and non specific initial conditions of sustainable company-driven networking.

For every Euro Public Money the Industry (SME focus) contributed 10 EUR.
1. Situation analysis – state of play

Actually there are existing 4 types of clusters in the Slovak republic – in the field of electronics, energetic, cluster for development of tourism and cluster for automotive industry.

Till this year there did not exist any national law regarding cluster policy. In the year 2012 first attempt to elaborate such a national law and strategy regarding clusters was launched and elaborated.

The Strategy’s main activities and topics covered:

- To coordinate and targeted usage of clusters to boost cooperation among Ministry of Industry and Trade, Ministry of Regional Development, Ministry of Labor and Social Affairs and the regions of the Slovak Republic – in order to integrate program measures of other strategies and concepts of innovation, R&D, exports, education and infrastructure.

- To facilitate communication with regions, universities, private sector.

- To identify and support the industries with necessary growth potential and willingness to increase competitiveness.

- To develop the framework for analysis, monitoring and effectiveness of cluster initiatives, their impact on regional and national economy, benchmarking of clusters with Slovak and foreign clusters.

- To manage a national cluster study in the Slovak Republic identifying industries with export potential in regions. To develop a study of industrial structures in the Slovak Republic, which contributes to planning of support programs from Structural funds.

2. Institutional background of clustering policy

In the Slovak republic there does not exist any national strategy of the clustering policy valid in the whole Slovak republic.

Each of the regions (based on its economical, social, cultural, natural etc conditions), is responsible for elaborating of its has its own clustering policy strategy.

There are many features, which all of the strategies should have in common (facilitate communication with companies, regions, developing the frameworks for analysis, monitoring, effectiveness of cluster initiative, identification and supporting the industries for its growth and willingness to increase competitiveness…) however based on the different conditions and relationships in the regions, each of the regional strategies shows up its own feathers.
3. **Current Instruments of supporting clusterization**

The Operational Programme Enterprise and Industry contained the fundamental form of support for clusters, namely the programme Clusters in the area of support 1.4 Development of information and consultancy services. The aim of the measure was to improve the institutional framework for the provision of high-quality services to the industrial sector through the establishment of collaborative networks of enterprises and innovative sectoral and regional clusters.

Self region of Trnava has developed its own program for development and sustainability of the clusters. Based on this program 4 types of the clusters were founded in the Slovak republic during years 2008-2010 - in the field of electronics, energetic, cluster for development of tourism and cluster for automotive industry.

In the Programme OPEI (2007-2013) – Cooperation – Clusters two calls were announced up till 2011. The third call was announced in January 2012.

The 1st Call of the programme Cooperation – Clusters represents support of clusters was opened in October 2008 and closed in May 2009. The programme is to support establishment and development of sustainable and efficient clusters which contribute to the increase of competitiveness and economic growth. It was expected that the support will lead to the development of up to 50 cluster organizations. The 2nd call of programme Cooperation – Clusters was opened in January 2010 and closed in September 2010.

The 2nd Call is divided in two parts. The first part of the programme was opened for newly established clusters or cluster established in the past, but which had not received support from the 1st Call. The second part of the programme was aimed at clusters which have already achieved support from the 1st Call and wanted to expand the portfolio of cluster projects with transnational R&D cooperation projects. Expected results - the programme is to support the establishment and development of sustainable and efficient clusters which contribute to the increase of competitiveness and economic growth. The programme supports successful involvement of Czech clusters in transnational R&D cooperation projects.

**Overall conclusion**

Developments over the last two years - Cluster policy is dealt with in the framework of the international project Cluster-Coop. Findings are as follows: we currently do not have a separate cluster policy, it is part of other concepts and documents. Since the national cluster strategy since 2011, nothing happened, some steps have been implemented. The political representation has changed and activities were discontinued. Breaking the continuity of cluster development from strategic point of view is fatal.

Cluster policy is hereby limited to financial support. At the regional level, there is no shift and actually no political will to support clusters, the problem is the involvement of political representation in the region. Activities are newly directed to the cooperation in the field of education and awareness.

Forward looking activities: National policy should promote clusters of excellence, there should be opened wide discussion about this problematic. Regional policy should promote the development of
local clusters, however due to lack of money and support from national structures it is very difficult aim.

4. SWOT analysis

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Continuity in cluster supporting action</td>
<td>• Dependence on cluster supporting programs</td>
</tr>
<tr>
<td>• Cooperation with cluster representatives in development of cluster supporting policy</td>
<td>• No clusters in services and other not supported industries</td>
</tr>
<tr>
<td>• Strengthening and creation of linkages among universities, business sector and R&amp;D institutions</td>
<td>• Low possibility of measurement of impact of cluster supporting policy</td>
</tr>
<tr>
<td>• Increasing of technology transfer followed by increase of technological level</td>
<td>• Lack of mutual coordination between the announcing of calls</td>
</tr>
<tr>
<td>• Regional development</td>
<td>• Legislative and administration barriers</td>
</tr>
<tr>
<td>• Establishment of R&amp;D laboratories</td>
<td>• Bureaucracy connected with EU</td>
</tr>
<tr>
<td>• Growth of employment</td>
<td>• Organizing of cluster meetings and conferences</td>
</tr>
<tr>
<td>• 20 trained cluster facilitators</td>
<td>• Absenting of strong, large companies – potential leaders</td>
</tr>
<tr>
<td>• Identification of potential clusters based on mapping</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Continuous support of excellent cluster projects</td>
<td>• Sustainability of clusters without any financial support</td>
</tr>
<tr>
<td>• Support of international cluster projects through CE program</td>
<td>• Changes in management of cluster members</td>
</tr>
<tr>
<td>• Use of European cluster supporting programs</td>
<td>• Efficiency of financial support without revision of supporting system</td>
</tr>
<tr>
<td>• Cooperation with other European countries in harmonization of cluster supporting policies</td>
<td>• Orientation of support policy only on manufacturing, no care about emerging sectors</td>
</tr>
<tr>
<td>• Social development and education</td>
<td>• No interdepartmental body for dealing with cluster policy</td>
</tr>
<tr>
<td>• Good cluster image may attract</td>
<td></td>
</tr>
<tr>
<td>• Possibility to share international experience</td>
<td></td>
</tr>
<tr>
<td>Possibility to study cluster policies on universities</td>
<td></td>
</tr>
</tbody>
</table>
5. Goals of the policy recommendations

Goal No. 1 Creation of interdepartmental board as a partner for development of further cluster policy in the whole Slovak Republic.

Goal No. 2 Creation of raising public awareness in clusters contribution to competitiveness and challenging business environment.

6. Proposed policy instruments

<table>
<thead>
<tr>
<th>Name of the instrument</th>
<th>1. Interdepartmental board as a leading body of cluster development in the Slovak republic.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short description of its content</td>
<td>Interdepartmental board as a leading body of cluster development in the SR, which coordinates the policy development and facilitates the dialogue of other members – National Cluster Association, clusters, other bodies</td>
</tr>
<tr>
<td>Target groups</td>
<td>Policy makers, members of public administration, interested subjects, Innovation Centers, ...</td>
</tr>
<tr>
<td>Potential executor (e.g. members of parliament, clerks at the ministries, etc)</td>
<td></td>
</tr>
<tr>
<td>Expected results and impacts on the target groups – please use SMART results and impacts as much as possible</td>
<td>Well operating clusters increasing the value of financial resources invested in, increasing the value of the region they are located in. Well functioning board creating the environment, challenging business environment.</td>
</tr>
<tr>
<td>Hindering factors to implement policy: Any factor exerting a negative impact on policy implementation. (For example change of government can influence negatively any legal changes)</td>
<td>Instability of the system and public administration, the lack of long-term department dealing with cluster policy, as well as at the regional level, the lack of staffing.</td>
</tr>
<tr>
<td>Best practice if relevant</td>
<td>-</td>
</tr>
<tr>
<td>Name of the instrument</td>
<td>2. Conference/meeting of cluster representatives, policy makers and international representatives.</td>
</tr>
<tr>
<td>------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Short description of its content</td>
<td>Meeting for assessment of the current situation and talk about the new possibilities.</td>
</tr>
<tr>
<td>Target groups</td>
<td>Clusters</td>
</tr>
<tr>
<td>Potential executor (e.g. members of parliament, clerks at the ministries, etc)</td>
<td>Interdepartmental board</td>
</tr>
<tr>
<td>Expected results and impacts on the target groups – please use SMART results and impacts as much as possible</td>
<td>System of education, mutual information, NCA is not able to do a nationwide communications platform</td>
</tr>
<tr>
<td>Hindering factors to implement policy: Any factor exerting a negative impact on policy implementation. (For example change of government can influence negatively any legal changes)</td>
<td>Instability of the system and public administration, the lack of long-term department dealing with cluster policy, as well as at the regional level, the lack of staffing, financial insufficiency</td>
</tr>
<tr>
<td>Best practice if relevant</td>
<td>The case of Hungary, where there is the Ministry of Economy, that supports cluster Policies of horizontally, not just manufacturing. Furthermore, there is a system of accreditation clusters division according to the degree of development, excellence clusters are accredited and invited to public contracts.</td>
</tr>
<tr>
<td>Name</td>
<td>Best practice for instruments supporting the institutional and supporting background of clusters</td>
</tr>
<tr>
<td>Country/Region</td>
<td>Hungary</td>
</tr>
</tbody>
</table>
1. Situation analysis – state of play

For the last several years (from the mid of the 2000’s) the cluster policy in Hungary could be identified with the Hungarian Pole Programme which was a comprehensive economic development program funded by Structural Fund sources with strong focus on the 8 pole cities in Hungary (Budapest, Miskolc, Debrecen, Szeged, Pécs, Székesfehérvár, Veszprém, Győr) and cluster development. Objectives of the Pole Program will be reached through the improvement of the business environment and cluster development.

The programme consisted of the following 2 pillars:

1. Horizontal economic development pillar: focusing on the evolvement of competitive business environment in pole cities;

2. Cluster development pillar: enhancement of competitiveness of domestic companies and clusters mainly in export oriented, innovative industrial fields with high added value.

The cluster development model established and implemented by the Pole Programme supported Hungarian clusters and cluster initiatives in four phases and this model is still effective, however, the priorities had been modified and the currently (from 2011 and onwards) the support and means are rather concentrated on more mature clusters than start-ups. These phases are the following:

- 1st phase: START-UP INITIATIVES
  Aim: Giving opportunity to all initiatives

- 2nd phase: DEVELOPING CLUSTERS
  Aim: Support to the active co-operations to help further development

- 3rd phase: ACCREDITED CLUSTERS*
  Aim: Support to clusters with proven cooperation

- 4th phase: POLE INNOVATION CLUSTERS
  Aim: Complex background infrastructure for the most successful clusters

An important part of the Programme was the establishment of the system of cluster accreditation which is still an active and significant instrument. Cluster accreditation in Hungary means that before the 3rd phase (Accredited Clusters) of the cluster development model clusters have to get through a rigorous expert evaluation system with the aim of selecting the most promising initiatives.

Due to the Pole Programme during the last several years (from the beginning of the current EU programming period, 2007) approximately 200 clusters or cluster initiatives were established and
supported in Hungary by EU grants which enables in the future (especially in the next 2014-2020 EU programming period) to concentrate on supporting those clusters that are evidently the most pregnant and most profitable and might grow into a significant clusters even in macro-regional or international level.

From 2010 the Pole Programme was integrated into the new economic development plan and programmes of the government. The ‘Új Széchenyi Terv’ (ÚSZT, in English: New Széchenyi Plan) which redistributed the EU funds available for Hungary. From 2011 grants for clusters are available in Business Development Programme and Science-Innovation Programme within the ÚSZT. In the frame of these changes the system of cluster accreditation was also revised and amended according to ÚSZT’s objectives, and from 2011 stronger criteria were introduced in the selection process in exchange for the significant amount of grants that are solely available for them.

The main objective of the accreditation process is to ensure the providers of funds that the potential applicants’ results are real, their development and co-operation is well-founded and verified by the market, so the implementation and sustenance of their projects entail lower risks. The main advantages of the cluster accreditation for the clusters are the following:

• it is a development policy tool which is officially supported and verified by the EU;
• the ‘Accredited Innovation Cluster’ (AIC) is an internationally recognized brand.

The principles of the new AIC-system and its evaluation process are the following:

• it is line with the ÚSZT’s objectives aiming to establish a network-based economy;
• the aspect of employment is also part of the evaluation system;
• the holders of the title of ‘Accredited Innovation Cluster’ should be recognized as clusters which are fulfilling high quality requirements;
• take into account the development possibilities and their exploitation offered to clusters during the last 3 years;
• consider the variegation and industrial differences among clusters;
• the evaluation of cluster strategies is more stressed now;
• the necessary administration capacity for maintaining the system was significantly reduced (there are 14 instead of 35 evaluation system);
• the current level of accreditation of the set of requirements was significantly shifted;
• the power and rights of decision of the Accreditation Committee was significantly expanded;
In line with the above principles, the applications for accreditation are evaluated through the following five groups of aspects: employment, SME-orientation; export-orientation, cooperation, innovation.

Currently (September 2012) there are 20 accredited clusters in Hungary, generally established as bottom-up initiatives, responding and reflecting on real business demand and interests of their founders. Regarding the sectorial distribution of accredited clusters the following industries are the most represented: ICT, health industry and eco-energetic industry. The institutional background of these clusters is rather dispersed, but approximately 80% of their founders are SMEs, which are mostly oriented to Hungarian and not to international markets.

2. Institutional background of clustering policy
The institutional system operating the Hungarian Pole Programme existed till 2010 was radically modified in 2011. Currently the management and coordination of the Hungarian cluster development is assigned to the MAG Hungarian Economic Development Centre Ltd. (MAG) and its department, the Office for Cluster Development (In Hungarian: Klaszterfejlesztési Iroda).

MAG is Hungary’s intermediate body for economic development programmes financed from European Union resources. The primary goal of MAG is to provide the highest level of cooperating service for development policy planners and managers, the beneficiaries of the grant programmes and the affected enterprises as well as the realization of goals set down in the business plan.

The main tasks and services provided by the MAG Office for Cluster Development:

- preparation of analysis in the field of clusters;
- information of the clusters on the governments development policy and funding opportunities;
- coordination of public consultations and dialogue on cluster policy and existing and future granting schemes;
- management of the call for applications of Accreditation of Innovative Clusters and participation in other calls for applications concerning cluster development;
- supporting cluster development policy;
- international networking and management of transnational project;

Until the revision and amendment of the cluster development and support system in Hungary also regional development agencies had a more significant role in cluster development on regional level. As being the intermediary bodies of EU subsidies they are assigned to execute the Regional Operational Programme (ROP) in their own region launching calls for proposals, evaluating project proposals and controlling-evaluating-monitoring the systems. In the period 2007-2011 ROP’s included calls for proposals on the field of supporting cluster-initiatives and developing clusters. On the other hand, the agencies planning departments are responsible for regional planning, programming, project pipeline systems and project-based international co-operations. Since all of the subsidies aiming cluster development within ROP’s were called in/spent till 2012, regional development agencies currently are managing the cluster’s projects under implementation.
Consequently, regional development agencies might have a significant role in planning the prioritisation and distribution of subsidies that might be available for clusters in the 2014-2020 programming period as they are the organisations that have the most relevant and day-to-day experience relating the management of such funds and their feedback might have a real added value to the planning process.

Clusters are also supported by several regional and local organizations, municipalities working in the field of economic development. Among them the most relevant and active are the regional offices of Hungarian Investment and Trade Agency and the Chambers of Commerce and Industry in each county. Both organizations support clusters through ‘soft’ support activities and only exceptionally offer them grants or any other forms of means.

3. Current Instruments of supporting clusterization

Financial instruments for cluster in Hungary are almost exclusively available through the national distribution system of the EU funds based on the national strategic reference framework for 2007-2013 approved by the European Commission. Until the NSZP was introduced subsidies to clusters were distributed through the Economic Development Operational Programme (EDOP, in Hungarian: GOP) and 7 Regional Development Programmes (ROP). Within the NSZP subsidies are offered via Business Development and Science-Innovation Programmes, however, the biggest part of the means dedicated for clusters within NSZP were contracted and called down till the end 2011. Due to national redistribution of EU funds additional subsidies were available in 2012, but those were also called down within quite a short time and by the mid of the year 2012 all the calls for proposals for clusters were closed.

Call for applications till the end of 2010 were available in EDOP and 7 ROPs.

EDOP - Field of Action No. 1.2: Supporting of joint cluster projects (accredited and pole innovation clusters) Subsidies in EDOP were designated to more mature clusters (which had been already in phases 3\textsuperscript{rd} or 4\textsuperscript{th}.

There were 2 fields of interventions, one for the accredited clusters (3\textsuperscript{rd} phase) and one for the pole innovation clusters (4\textsuperscript{th} phase).

CTOP - (Central Transdanubian Operational Programme) - Field of Action No. 1.2: Promotion of networking and co-operation of businesses

The clustering and networking initiatives, already seen in several industries, are mostly undeveloped, and require more pronounced management, increase of volumes and efficiency of joint business activity, and improvement of shared services. Types of Action

Encourage strategic co-operation, networking, and clustering of businesses;

Launch innovative experimental projects (experimentation).

Fields of interventions within the CTOP aimed to support 1\textsuperscript{st} and 2\textsuperscript{nd} phase clusters.
From 2011 in the framework of NSZP the following call for applications were launched supporting clusters (3rd and 4th phase) that has been already accredited.

**NSZP Business Development Programme**

*Co-operation of businesses and support to clusters* (a standard call for proposals for each region) primarily aiming to support clusters in phase 1 and 2 through the following activities:

- co-operation of SME’s joint investments (with the participation of at least 3 SME)
- support of management activities of start-up cluster initiatives
- support to complex projects of developing clusters

**NSZP Science-Innovation Programme**

*Call for applications for obtaining the title ‘Accredited Innovative Cluster’*

Within this call for proposal no direct subsidy is offered for clusters, this is the framework for cluster accreditation which is described in details under point 1. General introduction.

*Support to accredited cluster member businesses’ complex technological innovation*

Activities within this call support cluster member companies’ innovation to foster the further development of their already existing, marketable products, services and technologies.

*Support of joint technological innovation of the AICs*

The main objective of this call is to support co-operation of innovative companies within clusters via joint project companies in the field of agriculture, medicine or sciences. The main criteria in the evaluation of this call is that the target product/service/technology of the project must be marketable and profitable.

In line with the regular tasks of the MAG Office for Cluster Development (i.e. providing a wide range of information to clusters) the office has introduced a new initiative in September 2012, the ‘Club for cluster managers’. This event is planned to be held quarterly, every event in different region. The guests of these events, beside the representatives of the accredited innovative clusters and the government, the start-ups and other active clusters in the hosting region. The aim of these meetings is to provide current and relevant information to managers of clusters and also to give chance for informal meetings to foster their co-operation. On each event an official visit to an AIC-cluster member functioning in the given region will be organized.
4. **SWOT analysis**

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• innovative companies revealed the significance of co-operation and the</td>
<td>• the concentration of available means for supporting the most pregnant initiatives was not enough to</td>
</tr>
<tr>
<td>benefits of clusterization;</td>
<td>reach a critical mass in clusterization and support most fruitful clusters;</td>
</tr>
<tr>
<td>• clusterization is strongly supported by the public sector and relevant</td>
<td>• cluster support system is too centralized, in local and regional level there are no means and</td>
</tr>
<tr>
<td>public institutions;</td>
<td>enough competence in decision making;</td>
</tr>
<tr>
<td>• the model for cluster development introduced at the beginning of EU</td>
<td>• significant part of existing clusters strongly depend on subsidies and are not self-sustainable</td>
</tr>
<tr>
<td>2007-2013 planning period is still effective and operating, with slight</td>
<td>economically;</td>
</tr>
<tr>
<td>amendments only;</td>
<td>• existing clusters are not competitive on European and international level;</td>
</tr>
<tr>
<td>• the system of cluster accreditation is elaborated and operating;</td>
<td>• international and cross-border cooperations of Hungarian clusters are weak, rare and not based on</td>
</tr>
<tr>
<td></td>
<td>effective (technological) cooperation;</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• to create a well-established and more appropriate and transparent system</td>
<td>• existing clusters reduce or quit its operation without subsidies;</td>
</tr>
<tr>
<td>and intervention plan for cluster support in the next EU programming period</td>
<td>• existing clusters will stagnate and won’t be able to reach the professional level of the most</td>
</tr>
<tr>
<td>2014-2020;</td>
<td>developed (European) clusters</td>
</tr>
<tr>
<td>• to better prepare clusters for international competition;</td>
<td>• clusters will be primarily present only in few, supported sectors while other industries won’t be</td>
</tr>
<tr>
<td>• to foster international co-operation, especially with partners from</td>
<td>involved in clusterization;</td>
</tr>
<tr>
<td>neighboring countries;</td>
<td>• no new initiatives will arise without financial support for start-up clusters;</td>
</tr>
<tr>
<td>• to give the regional/county level adequate competencies in cluster</td>
<td></td>
</tr>
<tr>
<td>support policy</td>
<td></td>
</tr>
</tbody>
</table>
5. Goals of the policy recommendations

Policy recommendations for the near and mid-future of Hungarian cluster support policy will have to focus principally on **strengthening the existing, well-grounded, accredited clusters** which has been already proving that they agglomerate the critical mass of relevant companies and marketable ideas, products, services and technologies that might be competitive and profitable at international level, too. The fulfillment and results of this **overall objective** and related activities can be monitored, supervised and evaluated by few relevant indicators, although there are several possibilities, several potential factors and type of actions which can contribute to the fulfillment of this objective.

The above mentioned overall objective can be best reached through the implementation of the following fields of actions, the

In order to reach the above mentioned overall objective the Hungarian cluster development policy has to focus on the implementation of activities of the following fields of action in short and mid-term:

- the development and amendment of cluster management organizations of existing clusters via organizational development and process reorganization and introduction of new, relevant and profitable services;
- fostering the cooperation or even mergers among Hungarian clusters operating in the same industry;
- fostering international networking of clusters aiming to develop effective co-operation with marketable outputs and potential to long-term co-operation;

To support investments of the cluster members companies in the field of R+D, applied sciences and product development which has the real potential to reach the market.

6. Proposed policy instruments

A: Instruments supporting the institutional and supporting background of clusters

<table>
<thead>
<tr>
<th>Name of the instrument</th>
<th>1. Partial decentralization of the cluster support organization (MAG Cluster Development Office)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short description of its content</td>
<td>Beside a central coordinating and managing body for cluster development (MAG Office for Cluster Development) and subsidy management it is preferable to have decentralized offices or affiliates in regional level, in order to establish smooth communication with clusters, better understand and respond their needs and build an effective link between the central cluster support body and clusters. The decentralized level might be established either on the base of MAG Office for Cluster Development or currently existing institutions (e.g. Regional Development Agencies) can be delegated these tasks.</td>
</tr>
<tr>
<td>Target groups</td>
<td>MAG Office for Cluster Development or Regional Development Agencies or other existing organization working in the field of economic development or innovation</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Potential executor (e.g. members of parliament, clerks at the ministries, etc) | Ministry for National Economy  
Ministry for National Development  
National Development Agency |
| Expected results and impacts on the target groups – please use SMART results and impacts as much as possible | Operating decentralized cluster development offices  
More effective project implementation on the level of clusters  
Faster and effective management of EU funds aiming at cluster development |
| Hindering factors to implement policy: Any factor exerting a negative impact on policy implementation. (For example change of government can influence negatively any legal changes) | Ambitions of the government to have a stronger (central) control over the management of EU funds  
The elimination of institutions in regional level financed by public means in Hungary  
The operation of the decentralized level requires more means than a solely centralized system, even if might be more cost-efficient on mid or long-term |
| Best practice if relevant | - |

<table>
<thead>
<tr>
<th>Name of the instrument</th>
<th>2. Organizational development/transformation of cluster support organizations to be able to provide and manage ‘soft’ support to clusters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short description of its content</td>
<td>Cluster supporting should not only mean to manage subsidies aiming at cluster development, besides that it should involve professional support for cluster management organizations/companies to help them to cope with more complicated tasks that emerge during the operation of clusters, especially at mature clusters with growing international presence. In order to give these organizations appropriate support the supporting organization(s) should be prepared first for such challenges. It means that it should not only</td>
</tr>
</tbody>
</table>


recruit experienced staff but (at least) part of the organization (preferably department) should be assigned with these tasks and should be devoted to such aims. Twinning projects, on-the-spot visits, trainings, coaching and several other tools might be adequate to make the cluster support organization prepared for this role.

<table>
<thead>
<tr>
<th>Target groups</th>
<th>MAG Office for Cluster Development</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regional Development Agencies</td>
</tr>
<tr>
<td></td>
<td>Regional Innovation Agencies</td>
</tr>
<tr>
<td></td>
<td>Innovation and/or industrial business parks, business development foundations etc.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Potential executor (e.g. members of parliament, clerks at the ministries, etc)</th>
<th>Newly recruited staff at target group organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Experienced professionals from mature, foreign clusters</td>
</tr>
<tr>
<td></td>
<td>External consultants</td>
</tr>
</tbody>
</table>

| Expected results and impacts on the target groups – please use SMART results and impacts as much as possible | Persons/departments within the cluster support organization who/which are prepared and assigned to provide ‘soft’ support to clusters |
|                                                                                                         | Successful operation of cluster management organizations with reduced/without dedicated subsidies for their (day-to-day) operation |

| Hindering factors to implement policy: Any factor exerting a negative impact on policy implementation. (For example change of government can influence negatively any legal changes) | No understanding for this kind of tasks financed by public means from the part of decision makers within the government |
|                                                                                                         | Financial means won’t be enough/available for appropriate preparation of the cluster support organization and staff |

| Best practice if relevant | - |

B: Instruments supporting clusters themselves

<table>
<thead>
<tr>
<th>Name of the instrument</th>
<th>3. Simplifying and concentrating the funding system aiming</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>at cluster development in the next EU programming period</strong></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>Short description of its content</strong></td>
<td>The main goal of this instrument is to establish a transparent and sound national funding system/scheme for clusters within the economic development programme which would be applied during the whole next programming period. The simplification primarily relates to the concrete call for applications and also implies that the funds will be easily accessible for those applicants who had already proved their maturity and produced evident results. Concentration implies that the bigger part of the funds should be allocated to existing clusters in order to consolidate the well-managed and most promising ones, thus to facilitate them to become internationally competitive clusters. Beside this concentration funds should be also available for new initiatives as well but only for those ones that arise in priority sectors defined by the central and/or regional government.</td>
</tr>
</tbody>
</table>
| **Target groups** | National Development Agency  
Intermediate Body for economic development programme(s) financed by the EU |
| **Potential executor (e.g. members of parliament, clerks at the ministries, etc)** | Ministry for National Economy  
Ministry for National Development |
| **Expected results and impacts on the target groups – please use SMART results and impacts as much as possible** | A separate scheme/system will be available for cluster development (on national level)  
The available funding for clusters increase  
Part of the existing clusters become internationally competitive actors  
The profitability of clusters member companies increase |
| **Hindering factors to implement policy: Any factor exerting a negative impact on policy implementation. (For example change of government can influence negatively any legal changes** | Change of government during the programming period  
Serious problems in the operations of the established system |
<table>
<thead>
<tr>
<th>Name of the instrument</th>
<th>4. Fostering international networking of Hungarian clusters</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Short description of its content</strong></td>
<td>To enhance the international, European networking activity of Hungarian clusters concrete tools should be used both for motivating and obligating them to participate in international cooperations and/or to be the initiators of such networks. This instrument fits best in cross-border and transnational cooperation programmes where this aim has been already present, but not on adequate level and goals, but applications involving transnational activities might be evaluated with higher scores even in call for applications with solely national territorial scope. The creators of the funding system in the next EU programming period should try to establish a consistent funding system where means for supporting the networking of clusters in national, cross-border and transnational programmes build up a correlating, transparent and complimentary funding scheme</td>
</tr>
</tbody>
</table>
| **Target groups** | Clusters which have been already participating in transnational networks  
Clusters operating in industries with dense international connections, with companies founded by foreign investors (e.g. automotive industry)  
Developing clusters with n/little international experience |
| **Potential executor (e.g. members of parliament, clerks at the ministries, etc)** | Ministry for National Economy  
Ministry for National Development  
National Development Agency  
Intermediate Body(ies) for economic development programmes financed by the European Union  
Managing Authority of the EU financed programmes |
| **Expected results and impacts on the target groups – please use SMART results and impacts as much as possible** | Direct overlappings in programmes, priorities and supported activities are minimized;  
Increasing number of clusters participating in international
networks;
Increasing funds for clusters’ networking available for Hungarian clusters

| Hindering factors to implement policy: Any factor exerting a negative impact on policy implementation. (For example change of government can influence negatively any legal changes) | Competencies of planning of different EU programmes are at different institutions, often seated in different countries, so the conciliation is rather complicated and circumstantial
Different interest of different countries should be applied in CBC and especially in transnational programmes
General EU rules for funding do not encourage clusters to build their international networking on marketable investment activities |

| Best practice if relevant | - |
1. **Situation analysis – state of play**

Currently in Poland, not one representative study, which shows the existing clusters. According to the European Cluster Observatory in Poland there are 246 cluster initiatives with different potential. The report of the Polish Agency for Enterprise Development (PARP) shows that between 1997 and 2009 in Poland was founded about 178 para-cluster initiatives from which only a part is active. But it is hard to talk about the final number of cluster. Constantly creates new cluster initiatives, as demonstrated by a number of applications submitted in contests regarding the development of clusters.

The clusters operating in Poland have little economic importance. According to PARP studies, which involved 47 formal clusters, the employ a total of about 250 thousand employees, in relation to employment in Poland (approx. 15.8 million in 2009) is about 1.6%. This ratio is very low. The share of employment in clusters in relation to employment in the EU is 20.7%. The main reasons for this is the inadequate financial recourses. Approx. 44% of them within the last two years did not have any funds derived from the outside, and over 70% do not charge any membership fees. The result of this state of affairs is the difficulty in financing activities coordinators rarely take action on large scale and often can not fully engage in carrying out the service cluster.

Although the vast majority of clusters, working in innovative industries, they devote few resources to research and development. Very low is also employment in the R & D (only 5% of the employees of 47 surveyed clusters). Clusters also do not take such action, as the patent protection of innovations introduced by its members and cooperation with scientific units, R & D units, make little use of the potential that gives them the cooperation with foreign institutions and clusters. A major obstacle is the low awareness of entrepreneurship acceding to cluster initiatives. Companies associate the clusters - above all - with the possibilities of the use of EU funds allocated for this purpose. They often expect to achieve quick results, without involving their own resources. Conducted in 2010 the study of clusters shows that the ability to raise funds to projects is one of the most important reason for the presence on entrepreneurs in cluster initiatives.

In summary: Actions taken by the clusters in most cases do not lead to improved innovation and competitive position of its members. The declared activity concerns rather of development of cooperation and human resources.

2. **Institutional background of clustering policy**

Analyzing institutional support for cluster, it should be noted, that it is at least on good level, both at national level and the level of Silesia.

Silesia province is an industrial region covering an area of 1233.4 thousand ha (3.9% of the country), of which 3.2% of the area occupied residential areas and 1.7% are industrial areas (first place in the country). Region is inhabited by about 4.64 million people, representing 12.2% of Polish population. The region is the most urbanized region in Poland (78.1% of people live in urban areas), with the
highest rate of population density — 376 persons per km\(^2\) (national average: 122 persons per km\(^2\)). The industry employs about 38% of total employment in the region.

Province is characterized by a high concentration areas of economic and industrial activities. It is a strong economic region, which produces 167,948 million zlotys, this is 13.2% of GDP. Registered unemployment rate is 9.4% and the average gross monthly salary is 3,185.54, which represents 102.7% of the average remuneration in the country\(^1\).

In Silesia region is located a considerable part of the national potential of research and development sector (second place in the country). In the region is located 5 units of the Polish Academy of Science (the 77 branches in the country) and 17 R & D units (over 130 in the country). These units generate knowledge and carry out the study, with the results can be used by the enterprises and are prepared to work with them.

A relatively high is also potential for education in the Silesia province. It includes 45 universities, representing approximately 10% of the total number of universities in the country (second place), including 10 public universities (third place). In the region is located in one university, four technical schools, fourteen economics, two teaching, two arts, one theological, sixteen vocational and the medical academy and academy of physical education. In the 2009/2010 academic year at universities in the region were educated more than 178 thousand students — 10.6% of all students in the country (second place)\(^2\). The region ranks second in the country in terms of participation of people with tertiary education constitute a resource for science and technology - 11.8%\(^3\).

The units employs 7,145 people — an average of 3.7 people per thousand economically active (sixth place), which represents 9.6% of total employment in R & D units in Poland (third place). Among the employed 744 are a person with the title of professor, 1083 with the degree of habilitated doctor, and 4375 with a doctoral degree. Unfortunately, exchanged units have relatively unused scientific research apparatus. The degree of use of research equipment, included in the fixed assets is 77% (the average for the Polish - 77.8%)\(^4\).

In the region there are about 200 companies of the business environment, that provide the necessary infrastructure for the development of clusters and cooperation between industry and science. It is noted growing number of industrial parks, technological and business incubators. The major institutions include: Upper Silesian Regional Development Agency (GARR), which serves as a Financing Institution, Upper Silesian Agency for Enterprises Restructuring (GAPP) and the Upper Silesian Fund SA\(^5\). Among the institutions operating in the region are identified include:

\(^4\) Ibidem, pp. 81-511.

• centres for the training and consultancy,
• business incubators, including academic incubators,
• incubators and technology parks,
• industrial parks,
• loan funds, guarantee funds and venture capital funds.

We can also talk about appropriate support from local, regional or central authorities, which take into account horizontal needs of companies in clusters.

Silesia province is the first region in the country that created the innovation strategy and began implementation of specific strategic areas. “Regional Innovation Strategy of Silesian Province for the years 2003-2013” was developed by representatives of companies, R & D units, supporting institutions and local government under the project RIS-Silesia by means of financial support of the European Commission under the competition 5 Framework Programme for Research and Development of the European Union.

3. Current Instruments of supporting clusterization
Cluster policy in Poland at the national level is not defined as a separate policy, and is essentially an element of innovation policy formulated in the document “Strategy for increasing the innovativeness of the economy in 2007-2013”, which was adopted by the Government on 4 September 2006. In towards "Infrastructure for Innovation" highlights the importance of promoting joint actions taken by entrepreneurs, aimed at implementing innovative projects. The activities are to be implemented, among others by:

• increase the awareness of entrepreneurs about the benefits of cooperation with scientific institutions and other enterprises,
• the establishment of effective public-private partnership,
• ensuring the conditions for networking,
• support for the development of clusters,
• support the development of technology platforms in high-tech sectors.

In the context of backing to clustering at the national level, the most important is "Operational Programme Innovative Economy, 2007-2013" (PO IG). Interventions under this program include direct support for enterprises, institutions, business and scientific entities providing businesses with...
high quality services, and support system to develop the institutional environment for innovative enterprises.

The PO IG was designed several instruments of support for the operation of cluster structures. Greatest importance for the promotion of cluster development is contained in Priority 5 "Diffusion of Innovation" Measure 5.1 "Supporting cooperative relations of supra-regional". The goal of Measure 5.1 is to strengthen the competitive position of enterprises by supporting the development of links between enterprises and scientific research\textsuperscript{11}.

Under the measure 5.1 may be funded following types of projects\textsuperscript{12}:

- purchase of fixed assets and intangible assets associated with new investment,
- advice on the development of plans for development and expansion of the association (cluster),
- participation in national and international meetings to exchange experiences,
- purchase of mainstream research infrastructure (laboratory, space for testing),
- infrastructure of broadband networks,
- promotion link to recruit new companies to participate in the grouping,
- management of open-access technical background of the cluster,
- organization of training programs, workshops and conferences to promote knowledge sharing and networking between members of the relationship.

In addition to Measure 5.1, important for the support of clusters is Measure 5.2 "Supporting the pro-innovation network of business support institutions of supra-regional". Within the framework of Measure 5.2 are supported pro-innovative business support institutions, such as science and technology parks, technology incubators, technology transfer centres, etc\textsuperscript{13}.

The "Operational Programme Innovative Economy, 2007-2013" is supported trans-regional clusters, which means financing only projects implemented by final beneficiaries operating in two or more provinces. Potential support from the action can thus obtain a strong and relatively large spatial clusters or cluster initiatives. Support for regional clusters, that is located on the territory of one province, provides for the Regional Operational Programmes (RPO).

In Silesia region provided support for clusters within Priority I. Research and development (R & D), innovation and entrepreneurship. Measure 1.3. Transfer of technology and innovation, in which states among other things Creation and development of clusters of local and regional level\textsuperscript{14}. This allows to cover tasks such as:

\textsuperscript{11} Ibidem, p. 114.
\textsuperscript{13} Ibidem, p. 86-89.
\textsuperscript{14} Regional Operational Program of Silesia 2007-2013, Katowice 2007, p. 87.
1. information sessions within the cluster,
2. advice on cluster development plans,
3. promotional activities, including through participation in fairs, exhibitions, trade meetings,
4. implementation and commercialization of technologies and products/services innovation.

His activity can also finance the construction, reconstruction and repair of infrastructure and/or retrofitting of equipment of specialist industrial and technology parks and technology transfer centers of local and regional services of a specialist in the field of innovation and/or technology transfer, as well as construction, reconstruction and repair of infrastructure and/or retrofitting of equipment of specialist research units that provide services for the economy, including forming part of Advanced Technology Centers and Centers of Excellent unincorporated.

Support for clustering is also in the "Operational Programme Human Capital", in particular in Measure 2.1 "Development of human resources for modern economy." The main goal of this Priority is to improve the competitiveness of enterprises through increased investment in human capital enterprises and improving the quality and availability of training and consulting services to support business development. The measure is implemented through three sub-measures: 2.1.1 "Development of human capital in enterprises", 2.1.2 "Partnership for enhancing adaptability" and 2.1.3 "System support for increasing adaptability of workers and enterprises".

---

### SWOT analysis

#### STRENGTHS

1. Many cluster initiatives with different potential.
2. High activity in the area to raise funds of UE for the creation and development of clusters.
3. High activity in the area to raise funds of UE for the construction and development of infrastructure and/or retrofitting of equipment specialized industrial parks and transfer technology centers.
4. The development of business environment.
5. Support of cooperation science-industry.
6. Support of regional authorities to create highly specialized products zones (clusters).
7. A large number of educational units, which can prepare suitable qualified staff for the cluster.
8. Many scientific and R & D units.
9. The openness of the R & D units for cooperation with enterprises.
10. High potential of industries in the region, country.
11. High development of SME sector.

#### WEAKNESSES

1. Cluster have little economic importance.
2. Low employment rate in relation to the total employment in Poland – 1.6% (the rate of the EU – 20.7%)  
3. Insufficient financial resources of clusters that prevent implementation of action of the cluster.
4. Clusters base their actions only on external sources of founding.
5. Low expenses of clusters on R & D.
6. Low employment in the R & D field within the clusters.
7. There are no active cooperation between members of the cluster and research units and R & D units. Collaborations is limited to sign the declaration of accession to the cluster.
8. No or low use of technology parks and technology transfer centers for the development of the cluster.
9. Clusters are not focused on activities leading to the increase of competitiveness and innovation cluster member.
10. Clusters do not conduct activities to patent of innovation of cluster members.
11. Unwillingness or inability to learn from institutions and foreign clusters, with a greater potential.
12. Low knowledge of members of the cluster on the real benefits of membership in the cluster. Companies associate the development of clusters mainly with the possibilities of the use of EU funds allocated for this purpose.
13. Low efficiency of the activities of the cluster initiatives. Reporter activity concerns the development of cooperation and human resources, does not concern improve innovation and competitiveness of the members.
14. Too small production capacities/services impending placement of new investments.
15. Scientific units are not geared to research on leading technologies.
16. Insufficient or outdated equipment of scientific and R & D units.
17. Insufficient or outdated equipment of scientific and R & D units.
18. Few customer of research (offer research units is not adjusted to needs of the business; lack of interest in SME achievements of science and R & D).
OPPORTUNITIES

1. Support the creation and development of cluster initiatives at national and regional levels (cluster development is included as meta-project in the Regional Innovation Strategy of Silesian Province 2013-2020).
2. The inclusion of cluster development strategy to the strategy of the development of many regions in Poland (including the province of Silesia) and mainstreaming of cluster policy in the design support from the EU.
3. Development of cooperation between the R & D units, universities and businesses.
4. Increase innovation and competitiveness of enterprises in clusters.
5. The growing importance of the development of the clusters in the policy development of the region, the state.
6. Stimulating innovation at the enterprise level, region, the entire economy.
7. Continuous process of monitoring and analysis of cluster policy.
8. Attracting foreign investment.
9. Increase the competitiveness of polish clusters at the international market.
10. Increase trust between partners.
11. Growth the number of companies operating in the cluster structures.
12. The creation of new jobs.
13. Positive impact on the image of the region.
14. Development of the region, the country.
15. The relatively high level of economic infrastructure.
16. Strong support from the business environment.
17. Cooperation or merger of cluster at the level of trans-regional and trans-national.

THREATS

1. Low knowledge about the actual business benefits of membership in the cluster, which translates into a lack of interest in the functioning of the cluster structures.
2. Improper use of UE funds for the establishment and development of clusters.
3. The occurrence of intermediate bodies absorbing the resources devoted to the development of clusters.
4. Emigration of skilled researchers, graduates and qualified personnel, which could be a resource for the development of clusters.
5. Changing regional and national policies regarding the development of clusters.
6. High internal clusters competition (from other Polish regions).
7. The relatively low level of development of social infrastructure.
8. Insufficient financial outlays for investment, modernization and development of enterprises.
9. Insufficiently strong local market for many of specialized clusters.
5. Goals of the policy recommendations

Goal 1. Targeting support not only to the coordinator of the cluster, but also to other actors in the cluster.

A cluster development is largely decided the quantity and quality of relationships with internal and external environment, created by entities operating in the agglomeration. The expected support of clusters should be directed not only to the coordinator of the cluster, but also actors in the cluster, in particular to enterprises, R & D units, scientific units, institutions that create business support infrastructure such as incubators, science and technology parks, technology transfer centers, etc.

Goal 2. Increase innovation and competitiveness of clusters.

The main objective of the cluster is to increase innovation and competitiveness of the enterprises operating in the cluster, leading to improve their competitive position. Established support should:

1. take into account the activity and stage of development of the cluster,
2. a greater degree than previously require the introduction of new products, services and technologies,
3. a greater degree than previously require the implementation and development of products, services and technologies protected by the law,
4. take into account and promote the reporting of inventions and industrial designs to the Patent Office,
5. activate the cooperation of all actors in the cluster.

Goal 3. Improved knowledge about the benefits of clusters.

Low knowledge of companies and other potential members of the clusters on the clustering and the benefits arising from the operation within the framework of the cluster causes a small involvement of stakeholders in the creation and development of clusters. Companies associate the development of the cluster initiatives mainly with the possibilities of using allocated for this purpose EU funds. They show a lack of trust in the other members which prevents cooperation within the cluster and – consequently – contributes to the low rate of development of clusters. Education about the benefits of clusters should convince the actors to work in clusters and their development. In addition, education at the regional level would result in greater efficiency, because the beneficiaries could be wider group of recipients, including potential cluster members.

6. Proposed policy instruments

<table>
<thead>
<tr>
<th>Name of the instrument</th>
<th>1. Development of financing instruments of clusters.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2. Education about the clusters.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Short description of its content</th>
<th>Support of cluster should activate all participants, not just the coordinator of the cluster. Resources devoted to the development of clusters should be directing to different entities in the cluster. The financing of cluster development should be taken into</th>
</tr>
</thead>
</table>
account to a greater extend (eg. through extra bonus points):
- activity and cluster development phase,
- the introduction of new products, services and technology (rate occurring now, but without a minimum threshold),
- implementation and development of products, services and technologies protected by the law,
- reporting of inventions and industrial designs to the Patent Office,
- cooperation of all actors in the cluster.

Education about the clusters should include: objectives of clusters, the benefits for members of the cluster and be implemented through seminars, study visits, development of cooperation between domestic and foreign clusters, etc.

| Target groups | Members of the cluster: enterprises, R & D units, scientific institutions, institutions which form business support infrastructure such as an incubator, science and technology parks, technology transfer centers. Clusters / cluster coordinators. SMEs, large enterprises, R & D units, scientific institutions, business institutions that are or are not members of the cluster. |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------
<table>
<thead>
<tr>
<th>Implementation. (For example change of government can influence negatively any legal changes</th>
<th>financial support for clusters.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best practice if relevant</td>
<td>VINNVÄXT Program – The change in the financing of clusters. Money was not transferred to the poor and not coping, but those who have proven themselves and prove their competence. Advertised contests pay attention to: innovation of projects, conducting R&amp;D, cooperation.</td>
</tr>
<tr>
<td><strong>Country/Region</strong></td>
<td>Sweden</td>
</tr>
<tr>
<td><strong>Organisation</strong></td>
<td>VINNOVA Agency</td>
</tr>
<tr>
<td><strong>Years of use</strong></td>
<td>Since 2000 (the budget of 1 milion of EUR per year for 10 years)</td>
</tr>
<tr>
<td><strong>Results/impacts</strong></td>
<td>1. Improving competitiveness and innovation of clusters. 2. Increasing the involvement of all actors in cluster. 3. Increased cooperation between entities within the cluster. 4. Faster development of clusters.</td>
</tr>
<tr>
<td><strong>Why is it applicable in your region/ country?</strong></td>
<td>Changing conditions in a competition procedure aimed at supporting clusters.</td>
</tr>
</tbody>
</table>
1. **Situation analysis – state of play**
Within the last years, Upper Austria has positioned itself as a competent region for clusters and networks. The policy for economic development and technology is cluster and network oriented and is consequently realized – as a strategy for companies to sustain innovation and competition. This idea will be continued systematically in the future on base of the strategic program “Innovative Upper Austria 2010plus”. Since 1998, clusters were gradually developed in important economic branches in Upper Austria: automotive, plastics, eco-energy, furniture & timber construction, food, health technology, mechatronics and environmental technology. In addition, inter-branch networks have been set-up in the fields of human resources, design & media, logistics and resource- and energy efficiency. Small & medium sized enterprises (SMEs) are particularly supported in our policy. In Upper Austria the Clusters are driven by the Cluster idea of Michael Porter (Porter’s Diamond Model). His diamond model offers a method that can help understand the comparative position of a geographic region in global competition. Clusters are groups of interconnected firms, suppliers, related industries and institutions that arise in certain locations. Clusters give a key position with a sustainable competitive advantage over other companies. Another formula for success are the advisory boards in each cluster, these provide support in strategic questions. Each Upper Austrian Cluster is following that model.

In terms of food processing, the Upper Austrian Food Cluster (UAFC) with its 270 members has established itself as the most prominent player in Austria with its vision and competence. It combines the most important actors needed for success in agro-food field such as expertise and equipment within the established universities and research centres to conduct applied research; ambitious companies to develop and produce with the use of latest technology; and a central cluster organization supported by the strong commitment of Upper Austrian Government.

2. **Institutional background of clustering policy**
All the clusters derived top-down from the regional government. Accordingly the overarching objectives of the clusters are in line with the regional policy objective that is to strengthen the regional economy by stabilising existing companies. Concerning the Upper Austrian Food Cluster the business focus is exclusively on the production and processing of safe and high quality food products. The Upper Austrian Chamber of Commerce, who is in charge of the cluster organisation, supports its members with customised information, networking events, information exchange and training events, as well as advice on project and IP management and funding. The cluster organization is composed of 5 FTE together with two committees, namely “Scientific” and “Business Advisory” ones composed of scientists and industry representatives, respectively.

Six clusters and three networks are part of Clusterland Upper Austria, which is operationally active since January 2006 by the Clusterland Oberösterreich GmbH. Legitimate owners are TMG with 61%, Upper Austrian Chamber of Commerce, and the Federation of Austrian Industry with each 19.5%.
Automotive Cluster  
Plastics Cluster  
Furniture & Timber Construction Cluster  
Health Technology Cluster  
Mechatronics Cluster  
Environmental Technology Cluster  
Network Human Resources  
Network Design & Media  
Network Resource- and Energy Efficiency

Two Upper Austrian clusters and one network have different owners:

The Food Cluster is coordinated by the Upper Austrian Chamber of Commerce.  
The Eco-Energy Cluster is coordinated by the Upper Austrian Energiesparverband.  
The Network Logistics is coordinated by the Association of Network Logistics.

3. Current Instruments of supporting clusterization

Financial instruments: The Upper Austrian Government has introduced the OOE 2010+ initiative, an economic plan to stimulate the competitiveness and to foster economic growth in the region. One of its core objectives is to strengthen collaboration networks and clusters (Slogan: “Innovation through collaboration”). In total, € 600 million are made available for this initiative. The OOE 2010 initiative is not the first of its kind. In fact the Upper Austrian Technology Network was the object of targeted expansion in the 1990s, particularly in connection with the realisation of the "Upper Austria 2000+ Strategic Programme". Three strategic programmes and a record investment of EUR 1.5 billion designated for the period from 1998 to 2013 have resulted in a steady improvement in Upper Austria’s position.

The UAFC was created under the context of the Upper Austria 2000+ Strategic Programme by the regional government which was incentivizing the establishment of network and cluster structures with important funding.

In general, members can apply for LC-Förderung (project funding provided by the cluster, i.e. the Upper Austrian Government). A maximum of 30% of the costs will be covered and the payment is restricted to a maximum of € 15K for organizational projects and € 45K for technological oriented projects. Further funding possibilities are provided by the FFG who is the national funding agency for R&D. The ERP Fonds and its sub-funds provide companies low-interest credit opportunities. The latter are all part of the Austria Wirtschaftsservice, the Austrian economic development bank that offers a wide range of funding instruments.
The Non-financial support is provided by the organization of information events to gain awareness for special topics and to exchange specialist knowledge and to generate new knowledge. This support consists also in the organization of tailor-made qualification trainings, image work for the Upper Austrian food sector to increase of Upper Austria's attractiveness as a business location. Further company visits and visits of international trade fairs are organized and screening of potentially interesting exporting markets is done.

4. **SWOT analysis**

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Good networking in the SME sector</td>
<td>• No tangible service package for large companies until now</td>
</tr>
<tr>
<td>• Wide range of services</td>
<td>• Services not currently geared to specific customer groups</td>
</tr>
<tr>
<td>• Common link between agriculture and industrial economy</td>
<td>• Very broad strategy and objectives.</td>
</tr>
<tr>
<td>• Triple helix cluster</td>
<td>• Many decision-makers and influential organizations</td>
</tr>
<tr>
<td>• Biggest Food Cluster in Austria</td>
<td></td>
</tr>
<tr>
<td>• Good mixture within the partners between SMEs and big companies</td>
<td></td>
</tr>
<tr>
<td>• Upper Austrian Food Cluster as driver for R&amp;D activities</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Clusters may be conducive to promoting the implementation of such a merger to facilitate larger production units for many small businesses.</td>
<td>• Companies want advocacy from the clusters</td>
</tr>
<tr>
<td>• Concerning the food sector UAFC could win in the convenience / Functional Food more profile. Especially for the 50+ segment is evident potential for development.</td>
<td>• Large companies do not support the UAFC any more if current services offered by the cluster are not needed.</td>
</tr>
</tbody>
</table>

5. **Goals of the policy recommendations**

- Increasing competitiveness, Strengthening economic power by establishing strategic networks and innovatory strength through co-operation
Clusters should have the leadership in the areas critical for success in the respective business networks and should be seen as the central point of contact at regional level. For this reason they should be in close contact with their partners and support the development of collaborative solutions based on their needs.

Clusters should be are suppliers of specialized know-how and organizers of knowledge transfer. They are promoters of a positive industry image and increase the visibility of the partners in their region.

- Increasing (food) competence through R&D projects

For this reason it is necessary that the cluster has a position which allows a close cooperation with regional R&D institutions and governmental institutions which provide financial support for R&D projects.

6. Proposed policy instruments

<table>
<thead>
<tr>
<th>Name of the instrument</th>
<th>Cluster co-operations projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short description of its content</td>
<td>Co-Operations projects funded by the regional government for innovative companies.</td>
</tr>
<tr>
<td>Target groups</td>
<td>Small and medium sized companies, willing to cooperate and to innovate</td>
</tr>
<tr>
<td>Potential executor (e.g. members of parliament, clerks at the ministries, etc)</td>
<td>Regional government in collaboration with professional cluster management team</td>
</tr>
<tr>
<td>Expected results and impacts on the target groups – please use SMART results and impacts as much as possible</td>
<td>Innovative products who are competitive on the international market</td>
</tr>
<tr>
<td>Hindering factors to implement policy: Any factor exerting a negative impact on policy implementation. (For example change of government can influence negatively any legal changes)</td>
<td>Dependence on the attribution of financial means by the representatives of the government</td>
</tr>
<tr>
<td>Best practice if relevant Name</td>
<td>Exchange forum for operational supervisors in food producing companies and for food traders.</td>
</tr>
<tr>
<td><strong>Country/Region</strong></td>
<td>Upper Austria</td>
</tr>
<tr>
<td>--------------------</td>
<td>--------------</td>
</tr>
<tr>
<td><strong>Organisation</strong></td>
<td>Lebensmittel-Cluster OÖ</td>
</tr>
<tr>
<td><strong>Years of use</strong></td>
<td>8</td>
</tr>
<tr>
<td><strong>Results/impacts</strong></td>
<td>The exchange forums aim to bring into contact employees from different companies but who face the same challenges concerning questions of personal resources and/or other topics. Within the regular meetings the participants can share their experiences and develop a network for solving problems together.</td>
</tr>
<tr>
<td><strong>Why is it applicable in your region/country?</strong></td>
<td>The big advantage of this best practice lies in the fact that there are so many food producing SMEs in Upper Austria facing the same challenges especially in the field of operationally active executives. By sharing experiences any participant gains benefit for his company.</td>
</tr>
</tbody>
</table>
1. Situation analysis – state of play

Judging by the analysis of the documents on clusters, it appears that there is not one complete cluster research done in Poland. Existing reports usually describe the actual state of clusters in Poland. Cluster research is typically conducted by means of surveys in five areas of cluster activity. The analysis of such acquired data allows to determine followed patterns and good practices the implementation of which may help to intensify cluster development. Recommendations are next handed over to entities operating within clusters and to institutions creating cluster policy on both national and regional levels.

European Cluster Observatory estimates that there are about 246 of them (clusters) in Poland, each of them showing different potentials. The Polish Agency for Enterprise Development conducted a benchmarking research on 47 formalised clusters. The majority of them, that is 74.5%, are relatively young while 54% of the clusters under research are in the preliminary stages of their development which can be defined as an incubation or embryonic period. That being said, 47% of clusters are in their growth stage which means that none of the clusters under research are in their final development stage. The researched clusters represent various industries, from highly innovative (IT, aviation, eco-energy sectors), of medium innovativeness (hotel industry, tourism), to those of low innovativeness (construction, printing, timber and furniture industry).

It is estimated that the overall employment within clusters in Poland is not higher than 250 thousand employees. If we compare this with the number of people employed in the whole country in general, the quotient would amount to only 1.6%. Formalised clusters associate mainly enterprises yet in almost each of them there are other types of institutions such as research and development units, support institutions, non-governmental sector and public administration.

The vast majority of clusters under research have their own strategies for development. As mentioned before, 53 of researched subjects are only in the preliminary stage of the cluster development which means that their main goals are to establish cooperation, shape relations within the industry, promote and develop companies. The existing cluster policy in Poland provides indirect influence on the development of clusters by means of financing cluster coordinators and their actions which aim at creating a cooperation network. The analysis of the current definition of cluster policy in Poland indicates that we are moving from cluster policy in its strict sense to a more selective cluster based development policy. The new model of cluster policy assumes coordination and concentration of various instruments of public policy around clusters with the biggest potential for development. The difference between the previous and current models is that

---

16 Opening report on Polish cluster policy, pp. 11-12
17 Cluster Benchmarking in Poland – 2010, pp. 32-33
18 Opening report on Polish cluster policy, p. 12
the financial support would not only target cluster coordinators but directly cluster members too\textsuperscript{19}. Clusters typically operate in one specific sector and it is essential for them to be able to cooperate with other entities and get new projects using their resources for development. It is equally important to exchange the know-how and experiences especially between research and development units and enterprises. Being a cluster member facilitates establishing cooperation with universities which allows using their experiences, research and technologies. Conducted research indicates that many clusters lack active cooperation with research and development units, even though the former are members of the initiative. It is not connected with hard access to research tools but with the lack of innovative ideas. The activity of clusters contributes to the development and promotion of both the region and country. It is highly visible in clusters of strong regional roots and those in underdeveloped regions\textsuperscript{20}.

The previously mentioned research indicates that cluster undertakings do not lead to improvement in innovativeness and their competitive advantage. The main reason for that is their limited activity when it comes to joint offers, distribution or products. Clusters also seem to neglect the potential which cooperation with foreign institutions and clusters may offer.

\section*{2. Institutional background of clustering policy}

MINISTRY OF ECONOMY

The Ministry of Economy defines a cluster as ‘a flexible form of horizontal cooperation between three groups of subjects: enterprises, scientific research agencies and public authorities which form environment facilitating intensive processes of interaction and cooperation between individual participants of national and regional innovation systems.’ A structure defined in such a way is named a triple helix\textsuperscript{21}.

Actions carried out by the Minister of Economy for the benefit of enterprises and entrepreneurship aim at creating favourable conditions for their development by means of e.g. strengthening competitive advantage and thus causing steady economic growth in the long run. Such actions are directed at first and foremost facilitating companies in accessing capital, encouraging entrepreneurship, institutional, organisational and financial strengthening of the surrounding of companies, and what is more, bridging the information gap by making the analyses of private sectors competitiveness available. Actions performed by the Ministry of Economy will enable establishing more competitive companies, improve their economic situation and ensure their ability to compete on both national and EU and international markets. On one hand it will contribute to the economic growth based on knowledge, on the other one, make capital more accessible and

\textsuperscript{19} Opening report on Polish cluster policy, pp. 3-4
\textsuperscript{20} Cluster Benchmarking in Poland – 2010, p. 36
\textsuperscript{21} http://www.klastry.org/o-klastrach/31-wprowadzenie/90-coto
companies more active in their investments. All these actions will also play a vital role in creating new permanent workplaces in industry sectors of the highest development potential22.

POLISH AGENCY FOR ENTERPRISE DEVELOPMENT

The Polish Agency for Enterprise Development is a government agency subordinate to the Minister of Economy. It came to existence by virtue of the Act of November 9, 2000. Its task is to manage State Budget and European Funds for the support of entrepreneurship, innovativeness and human resources development23.

3. Current Instruments of supporting clusterization

- Financial instruments provided for clusters – EU and national funds for 2007-2013 period, description of the relevant programmes, what kind of services are available for what kind of clusters (start up, already functioning, etc.)
- Non-financial support provided - What kinds of services are available for what kind of clusters (start up, already functioning, etc.)

The main instruments for the support of cluster activity and development on the national level are programs subsidised from the European Funds as part of operational programmes. The support for clustering is provided for in the Human Capital Operational Programme, especially in Measure 2.1 'Development of human resources for modern economy' the main goal of which is to increase competitive advantage of enterprises by means of investing more in their human capital and improving the quality and accessibility to training and advisory services supporting the development of entrepreneurship. Cluster initiatives may also take up on offers within other support programmes carried out on the national level. It concerns, among others, selected activities within the Innovative Economy Operational Programme (in particular Measure 5.1 'Support for the development of supra-regional cooperative relations'). There are also those directed at specific economic sectors: Rural Development Programme which may provide funds for developing cooperation in the agricultural sector by creating producer groups or the Operational Programme Development of Eastern Poland.

Such measures are implemented by The Polish Agency for Enterprise Development which also takes a variety of measures which indirectly support cluster development ('Human resources development by promoting knowledge, transferring and popularising innovation' and 'Cooperation relations between Polish companies').

The Innovative Economy Operational Programme, Measure 5.1 Support for the development of supra-regional cooperative relations

22 Source: www.mg.gov.pl
23 Source: www.parp.gov.pl
The aim of the measure is to strengthen the competitive position of enterprises through the development of cooperative relations between individual companies and entrepreneurs as well as business support institutions together with scientific entities. The funds are given to a cluster coordinator who is responsible for the correct realisation and accounting of a given project.

Financial support can be granted for:

- **an early stage of the development of cooperation relations of technological and industrial profile** to: create technological and organisational conditions for the functioning of cooperation relations, devise common development strategy of cooperation relations and implement it at least until the end of the project. Financing can be granted for the purchase of fixed and intangible assets of training and consultancy character as well as personnel and administrative costs.

- **the development stage of cooperation relations** for the joint creation of an innovative product or service and its introduction to the market. Financing can be granted for investment, consultancy and training programmes or any other connected with industrial research, development, international cooperation, cooperation relations or personnel and administrative costs.

The Operational Programme Development of Eastern Poland, Measure 1.4. Promotion and cooperation – on cooperation

Its aim is to establish a constant cooperation platform between regions of Eastern Poland by, among others, creating clusters. The support can be granted to create and develop a cluster which includes at least: 5 companies, 1 scientific entity, an entity whose activity focuses on economic development or an entity focusing on innovativeness and whose registered offices are in at least two voivodeships of Eastern Poland.

The Innovative Economy Operational Programme, Measure 2.1.3 Systemic support for increasing the adaptability of employees and enterprises

The main objective of systemic projects is to increase qualifications of employers and employees so as to adapt the functioning of enterprises to modern economy.

There are two systemic projects realised within the above-mentioned measure where the Polish Agency for Enterprise Development is the immediate beneficiary and cluster members and coordinators are the end beneficiary: „Human resources development by promoting knowledge, transfer and popularisation of innovation” - a promotional and informational project and „Cooperation relations between Polish companies” - a training project.
As to project no. 1: its goal is to strengthen Polish clusters, improve their competitiveness and innovative abilities by human capital development and increasing the efficiency of creating cluster policy.

As to project no. 2: its goal is to provide knowledge and experiences on creating cluster and cluster initiatives, devising a vision of cooperation.

Measures within the project:

- workshops,
- trainings,
- consultancy on creating clusters, their functioning and animating cluster initiatives,
- study visits in EU countries.

The Polish Agency for Enterprise Development is also a part of an international project which supports the development of clusters and cluster policy.

**Transnational Alliance of Clusters Towards Improved Cooperation Support – TACTICS**

TACTICS aims at using international cooperation of institutions which implement programmes and instruments for clusters to support European clusters of an international importance by preparing recommendations in the area of cluster policy. The project is realised within CIP Programme (Competitiveness and Innovation Framework Programme) in a consortium of 7 organisations from the following countries: France, Sweden, Italy, Poland, Austria, the UK and Belgium.

There are also many instruments not directly connected with clusters yet still influencing their development. Actions like: building local partnerships, networks of cooperation between the economy and R&D or carrying out research and development projects by joint forces of companies and research institutions may serve as examples.

**Selected Regional Funds – Lower Silesia Voivodeship**

Every year the Board of Lower Silesia Voivodeship holds an open competition for offers to carry out public services within activities supporting economic growth and development of entrepreneurship as part of the development of Clusters in Lower Silesia Voivodeship in 2012.

The aim of the competition is to support activities for the development of Clusters of the Lower Silesia Voivodeship. The competition involves activities for the development of Clusters of the Lower Silesia Voivodeship – activities connected with building partnership between cluster members, stimulating cooperation network growth, motivating economic relations between cluster members and promoting clustering ideas among entrepreneurs of the Lower Silesia region. The key elements

---

24 Source: www.parp.gov.pl
here are actions supporting the promotion and internationalisation of the Lower Silesia Clusters such as:

- training sessions and workshops on the development of cooperation within clusters including cluster members meetings,
- promoting clusters on international markets by taking part in fairs, markets, exhibitions and study visits in industrial clusters,
- propagating information and cluster initiatives by means of creating cluster logos, information materials (also in foreign languages),
- creating professional websites (in foreign languages as well) and improving communication systems within a cluster,
- initiating cluster connections,
- initiating cooperation between clusters and scientific research agencies.

4. **SWOT analysis**

<table>
<thead>
<tr>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>lower transactional costs resulting from gathering specialised resources,</td>
<td>low cooperation level (weak interactions and connections) between potential cluster partners</td>
</tr>
<tr>
<td>informal connections and information flow</td>
<td>low level of knowledge about clusters (rules of functioning and attainable benefits)</td>
</tr>
<tr>
<td>higher productivity, profitability and innovativeness</td>
<td>low activity of subjects which could potentially be cluster members</td>
</tr>
<tr>
<td>know-how and experiences exchange between cluster members</td>
<td>too few subjects promising participation in clusters</td>
</tr>
<tr>
<td>promotion and development of companies</td>
<td>lack of strategic visions</td>
</tr>
<tr>
<td>promotion and development of regions</td>
<td>lack of identified cluster action areas and a catalogue of new joint services/ventures</td>
</tr>
<tr>
<td>cheaper, faster and more effective actions</td>
<td>no cooperation in the form of a network</td>
</tr>
<tr>
<td>transfer of technology</td>
<td>no forms of information exchange between subjects</td>
</tr>
<tr>
<td></td>
<td>- low creativity in the development of system of services</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>cooperation between companies and academic institutions</td>
<td>higher competition</td>
</tr>
<tr>
<td>growth in innovativeness and development of companies</td>
<td>no investment policy</td>
</tr>
<tr>
<td>joint works on new technologies, products, services</td>
<td>no interest in participating in initiatives on the part of scientific research agencies</td>
</tr>
<tr>
<td></td>
<td>too little accessibility to loans and guaranteed loans</td>
</tr>
</tbody>
</table>

5. **Goals of the policy recommendations**

The strategic aim of cluster policy on national, regional and local levels is to strengthen innovativeness and competitiveness of Polish economy. This aim should be reached by devising long-
term, national and regional programmes of cluster support, adapted to how clusters work and what problems they face. The national programme supported key national clusters, while regional key clusters were supported from the regional level.

Stimulating the development of key clusters (national and regional) should be realised by means of oriented support from not only a cluster coordinator but also from cluster actors (companies and institutions of the surrounding such as universities, academic institutions, schools, specialised business support institutions etc.). Cluster support should involve co-financing of various kinds of set investments key in development.

The support for realising basic coordination functions within clusters was available on the regional level. It should be available to the coordinator of key national clusters on the national level and dedicated to activities connected with internationalisation (including marketing, branding, national and international networking). Coordinators should also be able to get additional financing to realise specific functions and services on both regional and national levels.

It is desired to devise mechanisms in the area of the support for cluster coordinators which could be implemented by all regions to eliminate the risk of some voivodeships not offering any instruments of such support.

6. Proposed policy instruments

The main aim of future cluster policy should be to strengthen innovativeness and competitiveness of Polish economy based on intensified cooperation, interaction and know-how flow within clusters as well as supporting the development of strategic economic specialisations (key clusters). Defined ways and assumptions of cluster policy provide for two-way influence on fulfilling the aim.

The first one involves a wide support for the existing and forming clusters by means of financing cluster coordinators (mainly from the regional level) and their cluster initiatives. Such solution ensures the functioning of institutions key for the development of cooperation, interaction and know-how flow within the areas of economic activity and thus increasing their competitiveness and innovativeness. The second one is about an integrated access to public support around clusters of key importance and competitive potential for the national economy (central support) and specific regions (regional support) becoming part of national and regional intelligent specialisations. It is suggested to direct some of the available support at co-financing a bunch development programmes agreed upon within national key clusters. Those projects would be realised by companies associated within a cluster, academic institutions, business support institutions or consortia created by them. They would involve research&development activities, investments in common academic infrastructure, human capital development, internationalisation etc. The effect would be and
integrated and coordinated use of instruments of various policies – innovation, research&technology, pro-export, human capital development etc

The future cluster policy is based on the necessity of help from the state which should support diffusion processes, create and update efficient and effective tools levelling the difference in development stages and life conditions. There is also a need to devise new forms of the support for academic circles on regional and national levels; for creative clusters within regions and metropolises as well as clusters with highest competitive potential and presenting international competitiveness or providing chances for building such competitiveness in the future.

Cluster support should particularly involve:

- research&development activity,
- support for international expansion of companies,
- development of the quality of human capital in companies,
- stimulating trade cooperation,
- creating new companies.

Cluster policy on the regional level should support cluster organisations and other subjects dealing with management within a cluster. Creating a cluster organisation or a cooperation network should be supported by authorities on the regional level by increasing cooperation between administrative and academic circles. It is also essential to enhance companies’ capability of innovativeness connected with carrying out innovative investments, economic diversification and reorientation towards a knowledge-based production and services by means of strengthening connections between academic institutions. Solutions such as: supporting cooperation and cooperation relations in economy, creating an evaluation system for cluster initiatives or building a network of long-term twining projects for cluster cooperators serve that purpose. Clusters should develop on the basis of regional innovation systems which leads to creating a high technology sector and increasing competitiveness of Polish economy by making an attractive offer for direct foreign investments and forming industrial clusters with high innovative potential and capable of independent competition on the global market.

A: Instruments supporting the institutional and supporting background of clusters

<table>
<thead>
<tr>
<th>Name of the instrument</th>
<th>1. Creating unified Cluster Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short description of its content</td>
<td>At present there is no consistent document on cluster development. Clusters are mentioned in a few strategic documents yet not always under the same names. It would be</td>
</tr>
</tbody>
</table>

25 Directions and assumptions of Polish cluster policy until 2020, pp.12-13
26 Opening report on Polish cluster policy
It would be advisable to devise a consistent document on cooperation which takes a form of clusters. It would allow to standardize directions of cluster development in Poland.

### Target groups

| The Ministry of Regional Development |

### Potential executor (e.g. members of parliament, clerks at the ministries, etc)

| Polish Government |

### Expected results and impacts on the target groups – please use SMART results and impacts as much as possible

| Creating a strategic document which would determine directions for the cluster based development. |

### Hindering factors to implement policy: Any factor exerting a negative impact on policy implementation. (For example change of government can influence negatively any legal changes)

| Public policy towards clusters may prove ineffective because the official authority has its own dealings and priorities (and is on one hand subject to a political cycle, and bureaucratic control procedures on the other) or may be acting under a strong influence of group interests (so called government capture). Cluster support policy or cluster based development policy, due to its cross-sectional character, may play a correctional role unless it is structured in a way which avoids risks connected with imperfections of politics. |

### Best practice if relevant

| - |

### B: Instruments supporting clusters themselves

#### Name of the instrument

| 2. Financial support for cluster functioning |

#### Short description of its content

| It would be advisable to provide financial support with an aim to integrate cluster members, reinforce their commitment to cluster development, overcome lack of trust between entrepreneurs, devise cluster functioning strategy and its constant review, especially in the preliminary development stage of cluster initiatives. In case of already developed key national or regional clusters, funds would be allocated for internationalisation. |

#### Target groups

| The Regional Development Agency, Beneficiaries (Clusters), Companies associated within clusters |

#### Potential executor (e.g. members of parliament, clerks at the ministries)

<p>| The Ministry of Regional Development, The Polish Agency for |</p>
<table>
<thead>
<tr>
<th>ministrys, etc</th>
<th>Enterprise Development, Marshal's Offices</th>
</tr>
</thead>
</table>
| Expected results and impacts on the target groups – please use SMART results and impacts as much as possible | - Creating key national clusters  
- Creating key regional clusters  
- Growth in innovative services offered by clusters  
- More clusters taking part in international projects |
| Hindering factors to implement policy: Any factor exerting a negative impact on policy implementation. (For example change of government can influence negatively any legal changes | - no national policy for economic development based on clusters in Poland  
- 'de minimis' support which strongly limits cluster development in Poland. Unwillingness of SMSs to use this kind of support |
| Best practice if relevant | - |

<table>
<thead>
<tr>
<th>Name of the instrument</th>
<th>3. Institutional and organisational support for clusters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short description of its content</td>
<td>The aim of organisational support in the form of organising cluster meetings or workshops would be to create opportunity to exchange experiences, joint working out solutions to problems etc.</td>
</tr>
</tbody>
</table>
| Target groups | Regional Development Agencies  
Beneficiaries (Clusters) |
| Potential executor (e.g. members of parliament, clerks at the ministries, etc) | The Ministry of Regional Development, The Polish Agency for Enterprise Development, Marshal's Office |
| Expected results and impacts on the target groups – please use SMART results and impacts as much as possible | - joint projects realised by clusters.  
- growth in devised and implemented products or innovative services |
| Hindering factors to implement policy: Any factor exerting a negative impact on policy implementation. (For example change of government can influence negatively any legal change | - No involvement of local authorities in such activities.  
- Uncertainty of cluster coordinators and cooperating companies as to the new EU budget for years 2014-2020 – whether cluster support is going to be included in it. |
<table>
<thead>
<tr>
<th>Name of the instrument</th>
<th>4. Support in the form of low-interest loans, long-standing and permanent tax relief on investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short description of its content</td>
<td>Regional clusters usually form an association of Small and Medium-sized Enterprises. Both the association and entrepreneurs themselves do not have high credit rating and more often than not are not able to obtain big resources for investments. They could use some support for investments. The possibility to create a loan system with a 12-month waiting period or loans where the interest would be remitted if the investment is flourishes and provides new workplaces.</td>
</tr>
<tr>
<td>Target groups</td>
<td>Clusters, Companies associated within clusters</td>
</tr>
<tr>
<td>Potential executor (e.g. members of parliament, clerks at the ministries, etc)</td>
<td>The Ministry of Regional Development, The Polish Agency for Enterprise Development, Marshal’s Offices</td>
</tr>
</tbody>
</table>
| Expected results and impacts on the target groups – please use SMART results and impacts as much as possible | • Measured synthetically by the increase of value added generated in clusters which is the difference between the value of produced goods or services and the sum of external expenditures on tangible assets used to produce a particular good.  
• Growth in devised and implemented investments.  
• Numbers of new investments realised within Clusters |
| Hindering factors to implement policy: Any factor exerting a negative impact on policy implementation. (For example change of government can influence negatively any legal changes | • No resources on local levels.  
• Budgetary debts of local government units  
• Limitations caused by legal requirements |
| Best practice if relevant | - |
1. **Situation analysis – state of play**

In essence, cluster policy is not an isolated, independent and well-defined discipline. It embraces all policies that affect the development of clusters, taking into account the synergies and interchanges between these policies. Many policies labelled under different headings (regional policy, industrial policy, innovation policy, etc.) are in fact cluster policies in the sense that they contribute to create an environment of co-operation among the stakeholders at local and/or regional level. Consequently, countries that do not have officially labelled “cluster policy” might still have many policies impacting on clusters.

From previous research cluster policy can mainly be divided into two types:

- To support the growth of existing or embryonic regional clusters
- To let the knowledge of how industrial development occurs in clusters inform policy making in general.

Those two approaches imply some characteristics:

- Cluster policy entails a shift of focus from individual firms to local/regional systems of firms and firms’ value adding environment.
- Cluster policy also means less reliance on large firms and more interest in local agglomerations of SMEs.
- This kind of policy also concentrates on indigenous growth processes in contrast to efforts to attract inward investments.
- The notion of regional clusters may also bring forth a policy based on the idea of ‘picking the winners’, as the focus is on stimulating the already strong or potentially strong parts of regional industry. The ‘picking’ can be organised as a bottom-up process involving local authorities, industry and experts.
- The notion of clusters also leads to stimulating social processes, e.g. encouraging trust-based interaction to increase the flow of knowledge between local players, rather than intervening, for instance, through financial incentives.
- Finally, the idea of clustering points to the role of public authorities as facilitator or broker between companies, and between companies and the knowledge infrastructure.
Czech Republic introduced a cluster support programme in order to overcome barriers for collaboration and economic costs of SMEs’ isolation and incorporated it into the national cluster strategy affected from 2005 – 2008. The main indicators measuring the impact of the support program were addressing:

- The number of joint R&D projects led by the cluster organisation and performed by universities and research institutions.
- The number of joint R&D projects involving the R&D facilities owned and managed by the cluster organization.
- The average number of cluster members participating in R&D joint projects.
- The number of products, technologies or processes developed or commercialised as a result of joint cluster activities.
- The number of education and research organisations involved in cluster activities and the number of person-days dedicated by external researchers to cluster activities.

However, although these indicators are key elements of the cluster assessment in Czech Republic, the evaluation should also consider the value of cluster members’ interactions which one is not necessarily revealed by the number of patents or technology transfers. For instance, the industry-relevant research performed by universities, the increased capabilities of cluster members, the SMEs’ profits and investments that can be linked to the cluster activities might also be regarded as cluster policy’s outcomes.

<table>
<thead>
<tr>
<th>Czech Republic Responsible Authorities</th>
<th>Cluster Policies or Initiatives</th>
<th>Main Objectives</th>
<th>Main Areas of Focus</th>
<th>Financial Support</th>
<th>Results &amp; Examples of Clusters</th>
</tr>
</thead>
</table>
- Education  
- Development of common purchase, sales, marketing and education | Public funds – Czech Moravian Guarantee & Development Bank (max. €50.000 p.a. per cluster) | 39 projects supported in 2002 |
The cluster policy in the Czech Republic was an integral part of the general policy on support to SMEs approved by the Czech Government in December 2000 for the period 2001-2004. Initiatives to promote the establishment of SMEs clusters are mainly undertaken under the COOPERATION programme, elaborated by the Ministry of Industry and Trade.

Later in 2004, the national cluster strategy was prepared in order to support the existing clusters to reach the economic goals and exploit the benefits of clusters as well as to support and promote the developing of new clusters from different sectors.

In the Czech Republic, there are currently the following cluster organizations and cluster initiatives, mainly as a result of the aforementioned cluster policies and initiatives:

<table>
<thead>
<tr>
<th>National Government</th>
<th>National cluster strategy (2005 – 2008)</th>
<th>Support to clusters and promotion of the development of clusters</th>
<th>- support to the SME’s - identification of the potential - Education - support the regions - raise the quality of tertiary educational sector</th>
<th>416 mil Kč</th>
</tr>
</thead>
<tbody>
<tr>
<td>Czech Invest</td>
<td>Structural fund OPP – Clusters (2004–2006)</td>
<td>Supported the creation and development of cooperative sectorial clusters. Was divided into two phases.</td>
<td>Development of communication and cooperation between companies, universities, scientific research institutes and other institutions.</td>
<td>1st phase (mapping of companies to participate): 0,2 – 1 mil Kč 2nd phase (creation and development of cluster): 1 – 45 mil Kč</td>
</tr>
<tr>
<td>Czech Invest</td>
<td>Structural fund: OPEI Cooperation – Clusters (2007-2013)</td>
<td>Support of development of already facilitated and operated clusters</td>
<td>-common technology platforms -common projects in the field of innovations know-how and HR - cluster promotion and operation</td>
<td>Not available</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>26 clusters supported through 2 calls of proposals</td>
<td></td>
</tr>
</tbody>
</table>
2. Institutional background of clustering policy

In the Czech Republic, the main provider of cluster organisation support on the national level is Ministry of Industry and Trade of the Czech Republic (MPO) with its Investment and business development agency – Czech Invest. Financial instrument of Ministry for clusters support is Operational Programme Enterprise and Innovations (OPEI) 2007 – 2013 – Cooperation programme co-financed by EU Structural Funds.

Besides the state framework of support there is National Cluster Association – NCA registered from 2008 as non-profit organization. NCA acts as knowledge platform for clusters, co-ordinates and develops cluster activities, associates and represents their interests towards national and international partners. The main target audience is cluster organizations and initiatives, universities, development and innovation agencies, consulting companies etc. National Cluster Association (NCA) matches subjects and individuals with the aim of coordination and sustainable development of cluster activities and development of cluster policies in the Czech Republic. It’s activities are based on concentration of knowledge, experience and expert’s findings for strengthening of competitiveness of the Czech Republic.

The mission of NCA is to coordinate sustainable development of cluster initiatives and to support the evolution of cluster policy in the Czech Republic. NCA is currently working with relevant national
stakeholders (Ministry of Industry and Trade and Czech Invest) on the formulation of national strategy policy framework documents for the cluster facilitation and development to strengthen competitiveness in different regions following S3 approach. NCA is creating awareness across regional government about the important role of clusters for the competitiveness of regions and for the supporting of innovative environment. Final objective of this activity is inclusion of the clusters as the part of the innovation environment into the regional innovation strategies in different regions in the Czech Republic.

Furthermore Czech Invest is the institution providing the cluster support on the national level as well. The main objective of Czech Invest, the Investment and Business Development Agency, is to advise and support existing and new entrepreneurs and foreign investors in the Czech Republic.

3. Current Instruments of supporting clusterization

Financial instrument of Ministry for clusters support is Operational Programme Enterprise and Innovations (OPEI) 2007 – 2013 – Cooperation programme co financed by EU Structural Funds.

Currently existing network of technological parks does not provide services for technology transfer on the same level as in developed countries of the European Union. Important innovation potential in the enterprise sector of the Czech Republic will be realised through forming sectorial groups in the form of clusters. This represents a continuation of one of the priorities of the OPIE 2004 – 2006.

The Operational Programme Enterprise and Innovation builds on the Operational Programme Industry and Enterprise (OPIE) which ran from 2004 to 2006 following the Czech Republic’s accession to the European Union. The OPEI has been compiled in the context of the main strategic documents of the Czech Republic (the Economic Growth Strategy, the Strategy of Regional Development, the Sustainable Growth Strategy, the National Innovation Policy etc).

An important goal of the OPEI is the improvement of the entrepreneurial environment in the Czech Republic as one of the key elements of the future successful development of the Czech economy. A dynamic entrepreneurial environment creates conditions for successful start-ups and development of competitive firms that create new jobs and strengthen economic and social cohesion where clusters play an important role.

OPEI is focused on support of development of already facilitated and operated clusters. It focus is turned to common technology platforms, common projects in the field of innovations know-how and HR, cluster promotion and operation.
4. **SWOT analysis**

The SWOT analysis containing an overall evaluation of strengths and weaknesses, opportunities and threats represents a basis for the formulation of proposed priorities of the OPEI. The SWOT analysis is focused on specifying key areas resulting from the socio-economic research and analysis of the sector of industry for the purpose of adopting an optimum strategy for resolving and development of identified areas.

In order to be as comprehensive as possible, the SWOT analysis also identifies, in addition to the areas (weaknesses) supported by the Operational Programme from EU Structural Funds, areas which cannot be supported from Structural Funds, and which must be addressed through national-level measures.

<table>
<thead>
<tr>
<th>Strengths</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Joining the EU advanced the stabilisation of the economy of the Czech Republic and the process of its convergence to the average standard of living of EU-25</td>
</tr>
<tr>
<td>• High growth of the economy - from the point of view of the growth factors and within the EU a healthy growth of the economy exceeding the average</td>
</tr>
<tr>
<td>• Price stability with a low inflation rate and low growth of the cost of production</td>
</tr>
<tr>
<td>• Relatively high degree of the labour force qualifications</td>
</tr>
<tr>
<td>• Relatively high degree of the market liberalisation</td>
</tr>
<tr>
<td>• Growth of the Czech industry’s competitiveness and its important role in reaching positive foreign trade balance in 2005</td>
</tr>
<tr>
<td>• Ability of manufacturing industry to cope with a faster growth of domestic prices and with the increased strength of the Czech crown</td>
</tr>
<tr>
<td>• Significant position of small and medium-sized enterprises in Czech industry</td>
</tr>
<tr>
<td>• Financial instruments for the support of SMEs</td>
</tr>
<tr>
<td>• Effective functioning of governmental agencies for enterprise, investments and export support</td>
</tr>
<tr>
<td>• Benefits from foreign investments supported the policy of governmental investment incentives – for the regions and for the export of goods and services</td>
</tr>
<tr>
<td>• Development of the national “cluster strategy” and the system of supporting sub-suppliers of final global manufacturers located in the territory of the Czech Republic</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Relative rigidity of the labour market, low mobility of labour force</td>
</tr>
<tr>
<td>• Sustained long-term unemployment</td>
</tr>
<tr>
<td>• Difficult employment of the graduates of some universities, persons over 50 and females on the labour market</td>
</tr>
<tr>
<td>• Low interest in starting a business and reluctance to bear the risks involved</td>
</tr>
</tbody>
</table>
• High energy and material intensiveness of the Czech economy exceeding the EU average and dependence on their import
• Low offer of vacant jobs in the regions with high unemployment
• Insufficient relation between the offer of vacant jobs and the demand for concrete professions and qualifications
• High tax burden which de-motivates investors in innovative activities
• Low labour productivity in the manufacturing industry within the Eurozone, particularly among SMEs
• More difficult access of SMEs to investments into modern technologies and licences
• Insufficient quality and high cost of fast data transmission networks
• Lag in the number of patent applications and granted patents
• Insufficient entrepreneurial infrastructure and offer of appropriate and economically affordable business sites and real estate
• Insufficient use of the potential of brownfields
• Insufficiently developed service sector for industry
• Insufficient capacity of the providers of services in general; in particular of the services related to increasing the quality of human resources
• Low capital strength of SMEs for financing large projects
• Weak position of SMEs in the competition for orders
• Low ability of SMEs regarding hiring qualified workers
• Insufficient extent of modern managerial methods’ application
• Directing foreign investments to less sophisticated production
• Low level of special skills development among SMEs, including those engaged in international trade
• General lack of commercial/marketing proficiency including capability to prepare international benchmarking analyses of competitors etc.
• Low knowledge of foreign markets and foreign business opportunities among SMEs
• Low share of GDP spent on expenditures into R&D, below the European average
• Undeveloped risk financing of companies focused on innovation
• Low interest of SMEs in innovative activities, the use of research and development and increasing human resources quality
• Insufficient share of the use of renewable energy sources in the primary consumption of the energy sources
• Insufficient readiness of SMEs to cooperate with each other or to cooperate with science and research institutions
• Lack of qualified personnel in specific technical professions in some regions
• Lagging effectiveness of transfer of R&D results to the industrial use compared with developed
countries of the Eurozone

- Lack of workplaces with effectively functioning transfer of R&D results
- Lower economic accessibility to foreign know-how, technologies and patents for most SMEs including high costs of intellectual property protection

**Opportunities**

- Revitalisation of the world economy namely in the EU
- Reducing regional disparities with the use of the Structural Funds in the period 2007 - 2013
- Further inflow of foreign capital and investments, mainly to sophisticated sectors
- Growth and innovation potential of medium-sized enterprises to large ones
- Stability and attractiveness of the Czech economy advantageous geographic location of the Czech Republic in the EU
- General improvement of qualification structure and of the educational system according to the needs of knowledge economy
- Dynamics of foreign trade of the Czech Republic that significantly contributes to GDP growth
- Big share of SMEs in the structure of enterprises and their potential
- Improvement of the environment for investments
- Increasing business real estate offer
- Increasing the share of industrial products with higher technological level in foreign trade
- Diversification of the export offer and diversification of export markets
- Development of services
- Forming clusters in which SMEs and research and development institutions participate
- Development of modern possibilities of “mobility” and organising contacts, information exchange and cooperation between enterprises and R&D institutions
- Interconnecting Czech R&D capacities with European R&D structures
- Inflow of foreign investments focused on development of technological centres and high-tech and medium-tech enterprises
- More extensive use of renewable, possibly also secondary energy sources

**Threats**

- Long-term continuation of current economic recession in main areas of world economy
- Enduring low enforceability of law
- Increasing dependency of the Czech economy on strong capital multinational corporations
- Increasing foreign competition on world markets, mainly from cheap products coming from Asian countries
- Outer “shocks” caused by the price increase of oil on the world markets, prices of energy and other raw materials
5. Goals of the policy recommendations

Goals of the present policy recommendations are twofold:

A) Inclusion of clusters as supporting actors to the regional innovation policies following S3 – Smart Specialisation approach

Currently one of the most criticised approach related to the public money spending (which also affecting and was also reflected in cluster policy tools in Czech republic) was the situation that there was possible to invest in any region to any industrial supporting actor (cluster, technology park, centre) etc. without taking in consideration the real economic structure, resources and competitive position in the region. This situation is partly tackled by the S3 and actually also implemented in the future Cohesion Policy. Thus the Structural funding should be better targeted to support industries and their R&I activities which has real base, resources, history and thus potential to use invested money in the most efficient way.

Additionally, currently there are no clusters included into the regional innovation policies in almost any Czech region, which is not reflecting the real role of clusters in regional innovation environment (now even strengthen by the implementation of financial policy tool OPEI).

Objective of the recommendation:

Regional innovation strategies should in near future focus on the identified prioritised industries, which should be supported by the public funds in the matter of R&I development.
Our recommendation is to revise the regional innovation strategies not just in the matter of the smart specialisation, but also in the matter of the role of clusters in the regional innovation environment.

Clusters (from identified key regional industries) are ready to be strong and important partner of the regional government. They are representing the regional industry, academic and research institution, so they should be playing the intermediate roles between the private industrial actors in region and regional government, in the fact they should represent this industry towards regional public administration. Additionally, they should be used for the implementation of targeted policy tools (targeting selected industries) from side of regional government.

B) Promote and create awareness about the importance of international cooperation of clusters

Business supporting actors from Czech Republic are/were playing significant role in the international activities supporting clusters facilitation, development and Excellency. From the all cluster related project there should be pointed out 2 of them:

1. Clusters-Cord – project which strongly contributed to the international cooperation between clusters across Central Europe by facilitation of 5 industrial Meta-Clusters. This project, additionally, was leaded by the Czech Lead Partner – RDA Usti.

2. Clustrat – standalone strategic project related to the clusters (in creative industries) implemented in Czech Republic (by NCA and RDA Karlovy Vary)

International activities are already recognised by national supporting actors – by Ministry of Industry and Trade and Czech Invest. Czech Invest itself is participating in international projects (i.e. Cluster COOP) and additionally start promotion of international cluster activities http://czechinvest.org/rozvoj-mezinarodni-spoluprace-klastry.

Objective of recommendation:

Despite the fact that there is already significant participation of Czech actors in international cluster projects and the internationalisation activities of clusters are promoted by Czech Invest we are proposing this recommendation. Why are we proposing that? Currently we need still to understand that cluster is not a cluster. We can identify so called World Class Clusters – some of them even facilitated by the private initiatives (actually the most successful one) and mainly we can identify them among ICT Hubs such Silicon Valley, London or Berlin. Cluster, it’s activities, generated positive contribution for regional economic development are reflecting the stage of overall society development, also the experiences and education of cluster managers. Our general interest is to bring impulses to our society coming out from the more developed one, which is the most possible through direct influence by international projects. Thus we are strongly recommending to follow approach started by national policy actors – especially Czech Invest and to focus on the on-going promotion and awareness creation of international activities of clusters and mainly for clusters.
6. Proposed policy instruments

Chapter is proposing the concrete instruments in order to achieve or contribute to the defined goals. What concrete instrument is proposed to achieve or contribute to the defined goals. The instruments are grouped into two groups:

A: Instruments supporting the institutional and supporting background of clusters – the target group is the institutions providing support to clusters

Taking in the consideration various factor as:

- Current economic situation
- Structure of the institution providing support of clusters
- Our policy recommendation
- State of play in Czech republic

There is not any policy instruments recommended to be implemented at the national level. There should be used policy instruments at community level (i.e. European Territorial Cooperation) to support these institutions.

B: Instruments supporting clusters themselves - supporting clusters members, groups of cluster members, etc.

<table>
<thead>
<tr>
<th>Name of the instrument</th>
<th>1: Cluster Manager Excellence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short description of its content</td>
<td>The first proposed instrument to contribute to the defined goals is the Cluster manager excellence. Cluster Manager Excellence would be an education and exchange program for the cluster managers supported by the structural funding. Objective of the program would be to enable selected cluster managers to participate at cluster manager courses and exchanges towards achieving World Class Clusters performance.</td>
</tr>
<tr>
<td>Target groups</td>
<td>Cluster Managers</td>
</tr>
<tr>
<td>Potential executor (e.g. members of parliament, clerks at the ministries, etc)</td>
<td>Czech Invest (Ministry of Industry and Trade)</td>
</tr>
<tr>
<td>Expected results and impacts on the target groups – please use SMART results and impacts as</td>
<td>Improved quality of cluster operation and management</td>
</tr>
</tbody>
</table>
Hindering factors to implement policy: Any factor exerting a negative impact on policy implementation. (For example change of government can influence negatively any legal changes)

Best practice if relevant

<table>
<thead>
<tr>
<th>Name of the instrument</th>
<th>2. OPEI Cooperation Clusters II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short description of its content</td>
<td>Second proposed instrument is the OPEI Cooperation Clusters II. OPEI Cooperation Clusters II would be the continuation of the successful OPEI Cooperation Clusters programme, which will finish in 2013. This new programme would additionally take into consideration aspects of S3 in regions in the Czech Republic. Objective of this programme would be to further develop the technology platforms and other supporting framework in order to improve the innovation potential of regions and ease the access to technologies for SME’s.</td>
</tr>
<tr>
<td>Target groups</td>
<td>Clusters (preferably with proven history of operation – not newly facilitated clusters)</td>
</tr>
<tr>
<td>Potential executor (e.g. members of parliament, clerks at the ministries, etc)</td>
<td>Czech Invest (Ministry of Industry and Trade)</td>
</tr>
<tr>
<td>Expected results and impacts on the target groups – please use SMART results and impacts as much as possible</td>
<td>Additionally developed technology platforms inside clusters usable for all cluster members Improvement of the innovation potential for regions, as their SMEs will have access to technologies, they would not be able invest in by their own resources</td>
</tr>
<tr>
<td>Hindering factors to implement policy: Any factor exerting a negative impact on policy implementation. (For example change of government can influence negatively any legal changes)</td>
<td>Complexity of programming of the structural funds in terms of administration, management and technical requirements</td>
</tr>
</tbody>
</table>
Conclusion

As part of the communication and knowledge transfer strategy, this document has the objective to inform policy makers and decision makers mainly at national levels about the conclusions of Clusters Cord project and further recommendations in the framework of the Czech Republic in the field of cluster support.

The purpose of the policy recommendations is to stimulate further development of support for the clusters in all stages of facilitation and development. The present document is focused towards achievement of two goals:

- Inclusion of clusters as supporting actors to the regional innovation policies following S3 – Smart Specialisation approach
- Promotion and creation of awareness about the importance of international cooperation of clusters

In order to achieve above mentioned goals, the document proposes two concrete instruments:

- Cluster Manager Excellence as an education and exchange program for the cluster managers in order to enable selected cluster managers to participate at cluster manager courses and exchanges towards achieving World Class Clusters performance
- OPEI Cooperation Clusters II which would be the continuation of the OPEI Cooperation Clusters programme in order to additionally take into consideration aspects of S3 in regions in the Czech Republic and to further develop the technology platforms and other supporting frameworks to improve the innovation potential of regions and ease the access to technologies for SME’s.

Some parts of the recommendations made in this document might realistically take years to fully implement. On others, the progress can be made earlier. This document should definitely not be the end of the Clusters Cord project, but a base for the future planning and drafting of the future programmes of support.
1. **Situation analysis – state of play**

In the year 1996 has Slovenian Government accepted the Strategy for the Improvement of the Competitiveness of Slovenian Economy, and within this also obligation to support the development of Cluster initiatives.

In Slovenia was in year 1999 accepted the following definition of Cluster:

The Production/service system which include producers of final products and services, specialized suppliers of spare parts and components, producers of complementary products/services, suppliers of tools and additional services, companies with special knowledge, know how’s and technologies, governmental institutions, research institutions, consultants and buyers (Dermastja, 2002)

The history of Slovenian Cluster Support Policy can be shortly described in 6 steps:

1. In the year 1999, research about the possibilities for the development of Slovenian Cluster Initiatives were implemented. More than 1700 companies were involved in this research. It was found out that not even one Cluster exists in Slovenia, but also:
   - Potential Clusters exists, but they are geographically not concentrated - they are dispersed around hole Slovenia
   - Between potential members of clusters we have no strong connections, only weak connections exist
   - Potential identified clusters have no critical mass of companies/institutions in already established weak cooperation network
   - Necessary infrastructure for the development of Clusters is in initial phase.

2. In the year 2000, Ministry of Economy (ME) started to stimulate cooperation projects between companies on the field of new materials and products improvements or development, common marketing activities and internationalization, implementation of new working processes, standards and methods and quality improvements of the products and materials.

3. In the year 2001, ME published a tender through which clusters that will include at least 10 companies and 3 support or R&D institutions, could be supported with subsidies. Three (3) first pilot cluster projects were chosen from automotive, tool/metal processing and transport/logistic sectors.

4. In the year 2002, ME published the second tender related with the support to clusters development. Another 5 new cluster initiatives were financially supported. Cluster initiatives came from the following industrial sectors: processing of plastic/polymers, wood processing, air-conditioning, high technology products and ICT.
5. In the year 2003, ME published another tender. 8 new cluster initiatives were supported from the following sectors: Eco industry, Energy and energy supply, District heating, ICT, Construction, Congress tourism, Small touristic hotels, Textile.

6. In the year 2004 another tender was published and new subsidies were approved for Cluster development projects.

Till the end of year 2004, 29 projects were co-financed from ME where 392 companies were involved and another 123 institutions also. 2.141 mio SIT (Slovenian Tolars) or cca 9 mio EUR was spent for subsidies (source: Ministry of Economy, 2004)

Table 1: Supported institutions

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of companies</th>
<th>No. of institutions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>36</td>
<td>12</td>
<td>48</td>
</tr>
<tr>
<td>2002</td>
<td>153</td>
<td>43</td>
<td>196</td>
</tr>
<tr>
<td>2003</td>
<td>280</td>
<td>83</td>
<td>363</td>
</tr>
<tr>
<td>2004</td>
<td>392</td>
<td>123</td>
<td>515</td>
</tr>
</tbody>
</table>

Table 2: Amount of subsidies spend for Support of development of Cluster Initiatives

<table>
<thead>
<tr>
<th>Year</th>
<th>Sum of subsidies</th>
<th>No. of projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>150 mio SIT</td>
<td>3</td>
</tr>
<tr>
<td>2002</td>
<td>331 mio SIT</td>
<td>11</td>
</tr>
<tr>
<td>2003</td>
<td>650 mio SIT</td>
<td>17</td>
</tr>
<tr>
<td>2004</td>
<td>1010 mio SIT</td>
<td>29</td>
</tr>
<tr>
<td>TOTAL in SIT</td>
<td>2.141 MIO SIT</td>
<td></td>
</tr>
<tr>
<td>TOTAL IN EUR</td>
<td>Cca 9 mio EUR</td>
<td></td>
</tr>
</tbody>
</table>

Remark: SIT= Slovenian Tolar (national currency that time)
### Table 3: List of Supported Clusters

<table>
<thead>
<tr>
<th>Name of the Cluster</th>
<th>Year of establishment</th>
<th>Number of members</th>
<th>No. of employees in the members of Clusters</th>
<th>No. of companies in the sample</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>SME</td>
<td>Large companies</td>
<td>R&amp;D institutions</td>
</tr>
<tr>
<td>1. generation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tool-making Cluster</td>
<td>2001</td>
<td>14</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>Automotive Cluster of Slovenia</td>
<td>2001</td>
<td>21</td>
<td>22</td>
<td>7</td>
</tr>
<tr>
<td>Cluster of the transport and logistic</td>
<td>2001</td>
<td>6</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>2. generation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cluster of the producers of high tech equipment</td>
<td>2002</td>
<td>9</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Cluster for air-conditioning, heating and cooling-KGH</td>
<td>2002</td>
<td>9</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Slovenian Plastechnics Cluster</td>
<td>2002</td>
<td>72</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>Cluster of Surveyors Contractors</td>
<td>2002</td>
<td>80</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Slovenian Wood Industry Cluster</td>
<td>2002</td>
<td>9</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>3. generation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cluster for Information Technologies</td>
<td>2003</td>
<td>13</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>------</td>
<td>----</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Slovenian Environmental Cluster</td>
<td>2003</td>
<td>10</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Cluster for sustainable development of energy (renewable energy) and ecology</td>
<td>2003</td>
<td>11</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Small Slovenian Hotels Cluster</td>
<td>2003</td>
<td>30</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Slovenian Cluster of district energy</td>
<td>2003</td>
<td>22</td>
<td>5</td>
<td>22</td>
</tr>
<tr>
<td>Slovenian Congress Cluster</td>
<td>2003</td>
<td>16</td>
<td>9</td>
<td>2</td>
</tr>
<tr>
<td>Slovenian Construction Cluster</td>
<td>2003</td>
<td>np</td>
<td>np</td>
<td>np</td>
</tr>
<tr>
<td>Slovenian Innovative Textile Cluster</td>
<td>2003</td>
<td>13</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>335</td>
<td>72</td>
<td>80</td>
<td>29</td>
</tr>
</tbody>
</table>

Source: EF, Institute for competition and co-operation, page 6, 2004

In the year 2003 an evaluation on existing clusters was made from independent evaluator- Faculty of Economy- Institute for competition and co-operation where authors-Mr. Marko Jaklič, Mr. Hugo Zagorsek and Ms. Anja Cotič Svetina evaluated the that time situation and have prepared first Recommendations for future Slovenian Cluster Development Policy. More can be found by contacting Marko.Jakli@uni-lj.si at the Faculty of Economics, University of Ljubljana
If we do a short summarize, we can find out that:

- In all 4 years of active support of development of Cluster initiatives, 29 development projects were supported, 515 companies and institutions were involved and that companies and institutions employed 66,498 workers.
- 2.141 mio SIT (Slovenian Tolars) or cca 9 mio EUR was spent for subsidies.
- That 9 mio of EUR means only 6% of the total sum that was allocated for the measures that support Entrepreneurship Development and Competitiveness Improvement (Jaklic at al., 2004).
- First subsidies were driven to soft measures like: train the cluster trainers and tutors, train the cluster coordinators and motivators, strengthening of local infrastructure (HRD), support to establishment procedures, development of initial common tools (like web platforms, promotion materials) and promotion activities on local, regional and international level.
- Subsidies for common development projects were through tenders given to cluster initiatives after 2002.
- After 2 years of implementation of support measures to Cluster development initiatives (2003), first evaluation of the impacts on the development of first three Clusters is made (Jaklič, M. (2003): Evalvacija razvoja pilotnih grozdov v Sloveniji, Ministrstvo za gospodarstvo, Ljubljana). It exposed the following problems:
  1. lack of trust between the Cluster members,
  2. lack of active role of top managers in the cluster initiatives and weak integration of different support measures for implementation and
  3. development of Cluster initiatives from Governmental/Ministries sides.
- After 2004 (2005 and later), Ministry of Economy changed the policy: Tenders for direct support of Cluster Initiatives projects were cancelled.

Since 2005, Ministry of Economy, (or other Ministries), is publishing general tenders that support marketing activities, internationalization of the companies, common development projects etc, or specialized tenders that supports establishment and operation of Centres of Excellence, Competence Centres, Technology Parks, Business and University Incubators, Business Zones...but on these tenders, Cluster initiatives have no advantages – they need to compete for subsidies with all Slovenian companies and institutions.

2. Institutional background of clustering policy

The Slovene innovation and competitiveness policy of 2005 and on is based on supporting all sectors of economy and there is no focusing on a certain sector. The Policy is horizontal and aimed to all economic sectors. None of the measures is thus designed particularly for clusters. The target groups are companies (SMEs) and R&D institutions.

This has happened at the national level, due to the past national cluster support policy. Initial support for creation of clusters and networking is absent not only in the region but also on side. All measures and support activities for the cluster development (and also all other innovation measures...
and activities) are short-term (one to two years) and cluster process activities are missing (long term policy and strategy). All cluster support measures are also very hidden inside the different State support programs and Cluster Management (if exists) should be very careful and “smart” looking for potential financial support appearing on State level.

The history itself shows the role of institutions that were or are involved in implementation of the clustering policy. In Slovenia, the role of some institutions is the following:

**State/Ministries:** Responsible for State development strategies for each sector and field, also economic sector and entrepreneurship. Responsible for the state/EU support of development priorities and measures. Responsible also for direct support measures to Cluster development. Responsible for Public procurements and Calls.

**JAPTI:** Implementation Agency responsible sometimes for implementation of procedures related with Public procurements and Calls.

**Podjetniški sklad** (Slovenian Entrepreneurial Fund): Implementation Agency responsible sometimes for implementation of procedures related with Public procurements and Calls-related with subsidies, loans, guaranties.

**Sklad za razvoj podeželja** (Fund for Development of Rural Area): Implementation Agency responsible sometimes for implementation of procedures related with Public procurements and Calls-related with subsidies, loans, guaranties on rural area.

**TIA (Technology and Innovation Agency):** Implementation Agency responsible sometimes for implementation of procedures related with Public procurements and Calls-related with subsidies to more innovative companies and project

**Chamber of Commerce:** Since January 2007 a national cluster and technology platform association at the Chamber of Commerce of Slovenia is operational. In this association 14 clusters are members, and 24 Technology Platforms have been associated.

**Chamber of Craft:** It is coordinating some crafts associations where SME’s are specialized and maybe connected to the networks.

**RDA: Regional Development Agencies:** Responsible for project development, project management and project support by EU/State/Municipality funded projects. Main purpose is to bring additional money (subsidies, projects) to the Region for the implementation of different projects. Beneficiaries are: municipalities, companies, clusters, technology parks, incubators, competence centers, business zones, etc.

**LDA: Local Development Agencies:** same as RDA, but limited activities on local area.

**Local level-Municipalities:** Responsible for support measures on local level. They can support SME?s and clusters also with different support measures and limited subsidies.
## 3. SWOT analysis

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Survived clusters have management structures with long experience</td>
<td>• Financing of Staff is not stable, but related to EU funds, projects and membership</td>
</tr>
<tr>
<td>• Survived clusters are involved in EU funded projects and networks</td>
<td>• When Staff members are absent or leave the position, support to the Cluster members is weak</td>
</tr>
<tr>
<td>• Links between companies and management of Clusters are becoming more and more stronger due to the subsidies getting through EU/State funded projects</td>
<td>• Tracking of activities related with implementation of cluster projects is difficult when development projects are running only between companies</td>
</tr>
<tr>
<td>• Survived clusters have established stable networks with Clusters abroad</td>
<td>• Links between companies and Cluster managements are weak and mostly related to the sum of additional subsidies that can be brought to the Cluster and to the members</td>
</tr>
<tr>
<td>• Companies involved in Clusters are serious and responsible</td>
<td>• Common marketing of members and common development and other common activities are not well developed yet</td>
</tr>
<tr>
<td>• Staff members are positive and professional</td>
<td>• Companies do not aware still of all advantages that can be offered through Cluster organizations and networks</td>
</tr>
<tr>
<td>• Management Office/Staff is working as One Stop Shop for Cluster members</td>
<td></td>
</tr>
<tr>
<td>• Cluster structures allow efficient transfer of know how and business among Cluster members</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Cluster members can working together as a team in many business fields: development, promotion, marketing, purchase, logistic, transfer of know how, education and trainings.</td>
<td>• Non-stable long term financing of management structure</td>
</tr>
<tr>
<td>• Together they can more better to match customers needs</td>
<td>• Lack of Cluster support measures on State/EU level</td>
</tr>
<tr>
<td>• Implementation of Common activities can be cheaper</td>
<td>• Green and non professional management structures</td>
</tr>
<tr>
<td>• Communication and info exchange between members will be more easier</td>
<td>• Too common and non transparent support measures and policy</td>
</tr>
<tr>
<td>• Approach to additional subsidies is better</td>
<td></td>
</tr>
<tr>
<td>• Competence of members will be improved</td>
<td></td>
</tr>
<tr>
<td>• More business and more subsidies will come through common activities</td>
<td></td>
</tr>
</tbody>
</table>

## 4. Goals of the policy recommendations

After 2005 in Slovenia there is no explicit national cluster driven policy, but to some extent we could find, in almost all strategic economic, R&D and other policy documents, measures and instruments to promote networking and clustering. The actual national policy documents (2007 - 2013) which include (directly or indirectly) networking and cluster matters are:

- Slovenia’s Development Strategy
- National Development Programme
- National development and research program
- The framework of economic and social reforms for increasing the welfare in Slovenia
Programme of reforms for achieving the Lisbon strategy goals
Operational Programme for Entrepreneurship and technology development

Legislation framework for Cluster Development Initiatives is very non-transparently described in the following documents:

- Article 13: Support for different models of interacting networks of companies and linking together companies with R&D, educational and other institutions.

Slovenian National Strategic Reference Framework is based upon the number of strategic thematic and territorial priorities, and also on Promotion of entrepreneurship, innovation and technological development.

At the National level i.e. at the Ministry of the Economy the Programme of measures for promoting entrepreneurship and competitiveness 2007 – 2013 is operational. This Programme of Measures is supportive to the project activities of SMEs, clusters and networks under measures of R&D in Business and Innovation. But, there is no specific and directly driven tools for Cluster Development. Moreover – analysis of the public calls published in Slovenia between 2007-2012 shows that in last 5 years not even one tender about direct support to Cluster development was published.

Considering these findings, we propose the following two long term future goals that should be achieved:

1. GOAL: Long term, directly driven and permanent financial support to Cluster development and operation activities

If we want really to foster and support Cluster development, then State level should perform long term, directly driven and permanent financial support to Cluster development and operation activities. There is a strong need for permanent, long-term national/regional program or policy for development of sustained clusters and networks under the consideration of stable clustering process. Short term and occasional support just doesn’t give real good results, what is confirmed by analysis of past Slovenian Clustering Policy.

2 GOAL: Transparent, long term and sustainable cluster support infrastructure (institutions, tools, relations, allocations)

In any case, Cluster Support Policy should be visibly and transparently incorporated into the national and regional strategic documents, together with long term measures and financial allocations of subsidies. Also, Cluster support infrastructure should be determined as well as roles of institutions involved in it. Implementation of measures requests skilled personnel on State/Regional/Cluster...
level, meaning that also on the State/Regional level we need experts (or Department) that are specialized in Clustering and will be responsible for proper communication and transfer of support measures to particular Cluster or to the projects of Clusters. Transparent roles of players and advanced allocation of sources will have influence on efficient and non-problematic use of public money in clustering activities

### 6. Proposed policy instruments

<table>
<thead>
<tr>
<th>Name of the instrument</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Motivation and support of establishment of formal organizational structures of Clusters make always sense, but only under condition that State Support Policy is allocated directly toward the Cluster initiatives, and should be sustainable, what can be reached with long term continuation - even if some activities related with cluster initiatives were already implemented in the past</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Short description of its content</th>
</tr>
</thead>
<tbody>
<tr>
<td>The regional and national benefits generated through clusters have been proven many times and they are many times described. If we look at the Slovenian past, we can find out that 11 Cluster initiatives from 17 somehow failed, what is almost 65%. If we know that Cluster Initiative Support Policy was taking place only during years 2000-2004, so 4 years, we can easily find out that main cause for so big failure rate is absence of subsidies allocated directly for cluster initiatives after 4 years of supporting period. Analysis of EU State policies shows that everywhere count on long term State support of Clusters. We can find very nice example in close neighborhood-in Upper Austria, where they are supporting Cluster initiatives already 12 years, and they still have in Strategies (Upper Austria 2010+) further support of them</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Target groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>State/Ministries from the point of support cluster policy makers</td>
</tr>
<tr>
<td>Cluster initiatives from the point of beneficiaries</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Potential executor (e.g. members of parliament, clerks at the ministries, etc)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Economic Development</td>
</tr>
<tr>
<td>Regional Development Agency</td>
</tr>
<tr>
<td>Cluster management</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expected results and impacts on the target groups – please use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transparent implementation and decision making structures</td>
</tr>
</tbody>
</table>
### SMART results and impacts as much as possible

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transparent planning and allocation of financial and other support measures</td>
<td></td>
</tr>
<tr>
<td>Known expectations</td>
<td></td>
</tr>
<tr>
<td>Stabile, skilled and professional long term Cluster management</td>
<td></td>
</tr>
<tr>
<td>Stabile networks between cluster companies and between other clusters</td>
<td></td>
</tr>
<tr>
<td>Efficient implementation of Cluster activities and projects</td>
<td></td>
</tr>
<tr>
<td>Active networking with other clusters and joint activities and META clustering</td>
<td></td>
</tr>
</tbody>
</table>

### Hindering factors to implement policy: Any factor exerting a negative impact on policy implementation. (For example change of government can influence negatively any legal changes)

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short term measures</td>
<td></td>
</tr>
<tr>
<td>Non-transparent allocation of measures</td>
<td></td>
</tr>
<tr>
<td>Changes in support of development priorities</td>
<td></td>
</tr>
<tr>
<td>Non-skilled personnel involved in Clustering on State/Regional level</td>
<td></td>
</tr>
</tbody>
</table>

### Best practice if relevant

<table>
<thead>
<tr>
<th>Name</th>
<th>TMG-Technology management-Cluster Land Upper Austria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country/Region</td>
<td>Austria</td>
</tr>
<tr>
<td>Organisation</td>
<td>TMG-Technology management-Cluster Land Upper Austria</td>
</tr>
<tr>
<td>Years of use</td>
<td>from 1998</td>
</tr>
<tr>
<td>Results/impacts</td>
<td>8 specialized and working clusters, more than 1000 companies involved, a lot of common projects implemented, stabile state support</td>
</tr>
<tr>
<td>Why is it applicable in your region/country?</td>
<td>We have non stabile and non transparent cluster development support and because of that fact, also a big drop off once already established clusters. Second reason is that by existing and survived clusters-management is financed mainly through EU funded projects – so, it is working on EU projects and only short time for Cluster members...</td>
</tr>
<tr>
<td>Name of the instrument</td>
<td>2. Co-financing of the Clusters should be more and more projects co-financing, but long term support should be ensured also for »Cluster Offices, Representative Offices or Cluster Managements«</td>
</tr>
<tr>
<td>------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Short description of its content</td>
<td>Chart about the Development of Cluster initiatives shows very complicated structure and procedures related with establishment, but also with efficient operation of Cluster initiative. Skilled and professional people that are dealing with members, Cluster activities and development projects cannot be found or cannot be motivated if they have uncertain future. Cluster members are willing to finance costs of their representatives only if they see also financial benefits – what means - if they will get subsidies for development projects and other common activities. In the case that Representatives of Cluster initiatives cannot bring subsidies (if they have no State Support, or are not successful on EU tenders) member will not finance their wages and costs. In that case, appointed representatives will quit activities and jobs and will take other professional challenges. And that has happened also in Slovenia in the past. Survived mainly that Offices where managers found enough EU financed projects as a substitute for expired State subsidies. In such case we cannot talk about successful Cluster policy in the Past. Successful Support policy should be sustainable and on long term, not limited on 4, 6 or more years. And it should be split to-project financing and financing of cluster managements.</td>
</tr>
</tbody>
</table>
| Target groups | Cluster Offices  
Representative Offices or  
Cluster Managements |
| Potential executor (e.g. members of parliament, clerks at the ministries, etc) | State/Ministries from the point of support cluster policy makers  
Intermediate bodies (like RDA’s) if they will be provider of such transfers to Cluster Initiatives |
| Expected results and impacts on the target groups – please use SMART results and impacts as much as possible | Transparent implementation and decision making structures  
Transparent planning and allocation of financial and other support measures  
Known expectations about HRD development, professional |
<table>
<thead>
<tr>
<th>growth, jobs and sustainability</th>
<th>Hindering factors to implement policy: Any factor exerting a negative impact on policy implementation. (For example change of government can influence negatively any legal changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stabile, skilled and professional long term Cluster management</td>
<td>Lack of financial support to CI management</td>
</tr>
<tr>
<td>Stabile networks between cluster companies and between other clusters</td>
<td>Short term measures</td>
</tr>
<tr>
<td>Efficient implementation of Cluster activities and projects</td>
<td>Non-transparent allocation of measures and resources</td>
</tr>
<tr>
<td>Active networking with other clusters and, joint activities and META clustering</td>
<td>Changes in support of development priorities</td>
</tr>
<tr>
<td></td>
<td>Non-skilled personnel involved in Clustering on State/Regional level</td>
</tr>
</tbody>
</table>

**Best practice if relevant**
- **Name of the instrument**
  - 3. Negotiations between Clusters and Ministries should be obligatory before the support measures will be prepared for implementation

**Short description of its content**
- The Evaluation group (2004) has proposed this crucial recommendation. It is really necessary that State support is adapted to the Cluster initiative needs, and not be general. Presentations of the projects should be allowed and then evaluated. The best should be awarded with subsidies, and for the rest people should not lose time and money on finalization, application forms and procedures. Refused project should have next options: improved can candidate for subsidies next year or could go into implementation with the money of participating partners. With such approach we can save a lot of time and money of HR involved in project preparations.

**Target groups**
- Ministry of Economic Development and technology
- Intermediate bodies (like Regional Development Agency)
<table>
<thead>
<tr>
<th>Cluster management</th>
<th></th>
</tr>
</thead>
</table>
| Potential executor (e.g. members of parliament, clerks at the ministries, etc) | Ministry of Economic Development and technology  
Intermediate bodies (like Regional Development Agency)  
Cluster management |
| Expected results and impacts on the target groups – please use SMART results and impacts as much as possible | Transparent planning and allocation of financial and other support measures  
Known expectations  
Transparent implementation and decision making structures  
Stable, skilled and professional long term Cluster management  
Stable networks between cluster companies and between other clusters  
Efficient implementation of Cluster activities and projects  
Active networking with other clusters and, joint activities and META clustering |
| Hindering factors to implement policy: Any factor exerting a negative impact on policy implementation. (For example change of government can influence negatively any legal changes) | Non-skilled personnel involved in Clustering on State/Regional level  
Short term measures  
Non-transparent allocation of measures  
Changes in support of development priorities |
| Best practice if relevant | - |

<table>
<thead>
<tr>
<th>Name of the instrument</th>
<th>4. Cluster support measures should be allocated directly to Cluster initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short description of its content</td>
<td>Even if European research WEST-EAST ID7 determined 12 measures that support also the development of Clusters, these measures will never give same or good results if they will not be allocated directly to Cluster initiatives. Logic is very simple and real: if Cluster Initiatives will know how much subsidies is allocated for them, they will rationally prepare activities and projects in these directions and for limited volume. In the case</td>
</tr>
</tbody>
</table>
that subsidies will not be directly allocated to them, Cluster initiatives will compete for subsidies with all other companies and networks, they will spend a lot of man days for project preparations and failure rate will be high-what is destimulation for Initiatives. We can say that general application of support measures, and destimulation effects prevailed also in already established Cluster Initiatives in the past-and the result is 11 non-working CI (from 17).

<table>
<thead>
<tr>
<th>Target groups</th>
<th>Cluster initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Potential executor</strong></td>
<td>Ministry of Economic Development and Technology</td>
</tr>
<tr>
<td>(e.g. members of parliament, clerks at the ministries, etc)</td>
<td>Intermediate bodies (like Regional Development Agency)</td>
</tr>
<tr>
<td></td>
<td>Cluster management</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expected results and impacts on the target groups – please use SMART results and impacts as much as possible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transparent implementation and decision making structures</td>
</tr>
<tr>
<td>Transparent planning and allocation of financial and other support measures</td>
</tr>
<tr>
<td>Known expectations of the Cluster Initiative management and companies/institutions involved in CI</td>
</tr>
<tr>
<td>Stabile, skilled and professional long term Cluster management</td>
</tr>
<tr>
<td>Stabile networks between cluster companies and between other clusters</td>
</tr>
<tr>
<td>Efficient implementation of Cluster activities and projects</td>
</tr>
<tr>
<td>Active networking with other clusters and, joint activities and META clustering</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Hindering factors to implement policy: Any factor exerting a negative impact on policy implementation. (For example change of government can influence negatively any legal changes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-skilled personnel involved in Clustering on State/Regional level</td>
</tr>
<tr>
<td>Short term measures</td>
</tr>
<tr>
<td>Non-transparent allocation of measures</td>
</tr>
<tr>
<td>Changes in support of development priorities</td>
</tr>
</tbody>
</table>

| Best practice if relevant | - |

| KÖZÉP-PANNON REGIONÁLIS FEJLESZTÉSI ZRT. |
**Name of the instrument**  
5. Formal Clusters and informal Clusters (networks, associations..) should NOT be treated equally and competition should be encouraged

| Short description of its content | This statement is in line with the statement above. Support measures should be allocated directly to formal structures. Different formal or informal networks should not have same treatment if we support sustainable and efficient structures. It is well known that informal networks appear, exist and fall apart because of short term interests – what can also be a public tender where subsidies for common projects are promised. Such partnerships are not and cannot be stable on long run-so should not have same treatment as formal structures. The State support policy should be split to the one that will support formal structures, and the one, that will support general, informal and occasional structures (networks, project consortiums, etc). Analysis of technology networks established in 2002, and later long term results on State development projects financing, show short term existence of such partnerships. From 4 established Technology networks in 2002, only one still efficiently works with members and on development projects. 75% of them failed, even if they had possibilities that can compete with other companies on general tenders for subsidies. But without established and motivated formal structure-they have stopped with work. Companies need somebody to make partnerships – on long term this can be only so called »formal structure« (Cluster Office or something similar). |

| Target groups | Formally established Clusters and Clusters in operation |
| Potential executor (e.g. members of parliament, clerks at the ministries, etc) | Ministry of Economic Development and technology  
Intermediate bodies (like Regional Development Agency) |
| Expected results and impacts on the target groups – please use SMART results and impacts as much as possible | Determined responsibility for expected results  
Transparent implementation and decision making structures  
Transparent planning and allocation of financial and other support measures  
Known expectations  
Stabile, skilled and professional long term Cluster |
management
Stable networks between cluster companies and between other clusters
Efficient implementation of Cluster activities and projects
Active networking with other clusters and, joint activities and META clustering

| Hindering factors to implement policy: Any factor exerting a negative impact on policy implementation. (For example change of government can influence negatively any legal changes) | Equal treatment of Formally established Clusters and Clusters in operation with non-formal networks and business associations
Short term measures
Non-transparent allocation of measures
Changes in support of development priorities
Non-skilled personnel involved in Clustering on State/Regional level |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Best practice if relevant</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of the instrument</th>
<th>6. State Support Policy should anticipate new and modern global trends and subsidies should be prepared also for the activities that are related with the changing market demands (Emerging industries) and cross-cutting issues. Networking between Clusters, appearance of META Clusters and common development projects should be a part of this measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short description of its content</td>
<td>Such approach will assure to Cluster Initiatives global competitiveness and future through exploitation of changing market demands, climate or demographic changes, internationalization, technology transfer and gender in innovation in clusters. Networking between Clusters, appearance of META Clusters and common development projects should be a part of this measure and allocation of some financial measures for these activities and globalization on cooperation should be prepared. The measure itself is strictly related with long term competitiveness of future Clusters and companies involved in their networks.</td>
</tr>
<tr>
<td>Target groups</td>
<td>Ministry of Economic Development and Technology</td>
</tr>
<tr>
<td><strong>Intermediate bodies (like Regional Development Agency, regional bodies)</strong></td>
<td><strong>Cluster management</strong></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>
| **Potential executor (e.g. members of parliament, clerks at the ministries, etc)** | **Ministry of Economic Development and Technology**  
**Intermediate bodies (like Regional Development Agency)**  
**Cluster management** |
| **Expected results and impacts on the target groups – please use SMART results and impacts as much as possible** | **Supported globalization of Cluster Initiatives**  
**Supported innovative process and development of new products/services within CI**  
**Transparent implementation and decision making structures**  
**Transparent planning and allocation of financial and other support measures**  
**Known expectations**  
**Stable, skilled and professional long term Cluster management**  
**Stable networks between cluster companies and between other clusters**  
**Efficient implementation of Cluster activities and projects**  
**Active networking with other clusters and, joint activities and META clustering** |
| **Hindering factors to implement policy: Any factor exerting a negative impact on policy implementation. (For example change of government can influence negatively any legal changes)** | **Lack of vision on State/Intermediary level or in Cluster management**  
**Short term measures**  
**Non-transparent allocation of measures**  
**Changes in support of development priorities**  
**Non-skilled personnel involved in Clustering on State/Regional level** |
| **Best practice if relevant** | **-** |