



EUROPEAN CLUSTER
COLLABORATION PLATFORM

Country factsheet

Hungary

An initiative of the European Union





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Introduction

This document presents an overview of the cluster policy in Hungary. Given its importance to contextualise the cluster policies (and related) analysed in the factsheets, a comprehensive outlook of the country in socioeconomic terms can be consulted in the [European Semester Country Report for Hungary](#).

The European Semester was an instrument introduced to coordinate the EU Member States economic policies and address the economic challenges faced by the EU. Its goals are “to ensure sound public finances, to prevent excessive macroeconomic imbalances in the EU, to support structural reforms to create more jobs and growth, and to boost investment”. Thus, it focuses on the following areas: business environment; financial and fiscal stability; green economy; public administration; labour market and skills; and, social protection and cohesion.

The COVID-19 pandemic has caused an unprecedented economic shock to the European and global economy. In response, policymakers at EU and national level have acted decisively and at short notice to make available very significant financial resources, notably through the Recovery and Resilience Facility, to tackle the threat of a prolonged downturn. [National recovery and resilience plans](#)¹ have been drafted in each Member State to ensure a recovery that addresses the challenges identified in the European Semester. Hungarian clusters are not directly mentioned in the National recovery and resilience plan .

¹ National recovery and resilience plan of Hungary, <https://www.palyazat.gov.hu/helyreallitasi-es-ellenallokepessegi-eszkoz-rrf>

01

Industrial ecosystems and cluster landscape



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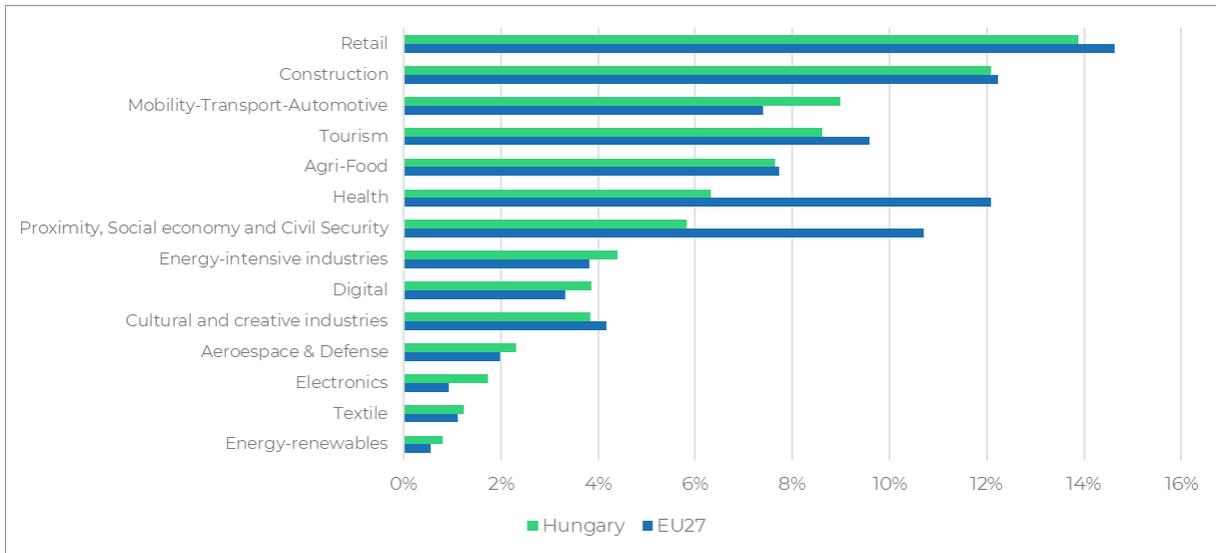


1. Industrial ecosystems and cluster landscape

Employment in the 14 ecosystems in the country

As part of its Industrial Strategy (March 2020), the European Commission has selected 14 industrial ecosystems that are particularly relevant in Europe and encompass all players operating in a value chain. The following graph shows the proportion of the country's employment accounted for by each ecosystem, as well as the equivalent figure for the EU27 on average. The ecosystems are ordered, from top to bottom, according to the amount of employment in the country. When the bar for the country is higher than that of the EU27, it indicates that the country is more specialised in that ecosystem.

Graph 1: Employment in the ecosystems



Source: Own elaboration from Eurostat and National Statistical Offices



Regionally relevant nodes

Economic activity, and therefore employment, is not equally distributed in all regions. Specialisation can be measured through Location Quotients (LQ) that reflect the relative specialisation of an activity in a region compared to the EU average. If the LQ for a given activity-region combination is above 1.5, it is considered a specialisation node, and if the activity accounts for at least 1 % of total employment in the region, it is considered regionally relevant. The following tables shows the total number of regionally relevant specialisation nodes in each region in the country and identifies the top five most specialised of these nodes. The first table focuses on the 88 NACE 2-digit activities or sectors, totalling 84 in the country, while the second table is based on the 14 ecosystems, which total 22 in the country.

Table 1: Regionally relevant sectoral nodes

Region	Number of nodes	Node 1	Node 2	Node 3	Node 4	Node 5
HU11: Budapest	10	R90 - Arts & entertainment	L68 - Real estate	J62 - Computer programming, consultancy	H52-Warehousing & support for transportation	O84 - Public adm., defence, soc. security
HU12: Pest	15	C26 - Manuf. of electronic & optical products	C21 - Manuf. of pharmaceuticals	C33 - Repair, installation of machinery	F42 - Civil engineering	H53 - Postal & courier activities
HU21: Central Transdanubia	10	C24 - Manuf. of basic metals	C29 - Manuf. of motor vehicles & trailers	C27 - Manuf. of electrical equipment	C22 - Manuf. of rubber & plastic products	C26 - Manuf. of electronic & optical products
HU22: West Transdanubia	12	C29 - Manuf. of motor vehicles & trailers	C31 - Manuf. of furniture	C26 - Manuf. of electronic & optical products	A02 - Forestry & logging	C27 - Manuf. of electrical equipment
HU23: South Transdanubia	8	E36 - Water supply	A02 - Forestry & logging	C26 - Manuf. of electronic & optical products	O84 - Public adm., defence, soc. security	D35 - Electricity, gas & steam
HU31: North Hungary	12	C26 - Manuf. of electronic & optical products	O84 - Public adm., defence, soc. security	C29 - Manuf. of motor vehicles & trailers	A02 - Forestry & logging	C20 - Manuf. of chemical products
HU32: North Great Plain	11	C15 - Manuf. of leather products	O84 - Public adm., defence, soc. security	C32 - Other manufacturing	C27 - Manuf. of electrical equipment	C22 - Manuf. of rubber & plastic products
HU33: South Great Plain	6	C10 - Manuf. of food products	O84 - Public adm., defence, soc. security	C22 - Manuf. of rubber & plastic products	A01 - Crop & animal production	F42 - Civil engineering

Source: Own elaboration from Eurostat and National Statistical Offices

Table 2: Regionally relevant ecosystem nodes

Region	Number of nodes	Node 1	Node 2	Node 3	Node 4	Node 5
HU11: Budapest	1	Digital	-	-	-	-
HU12: Pest	2	Electronics	Retail	-	-	-
HU21: Central Transdanubia	4	Electronics	Energy-renewables	Energy-intensive industries	Mobility-Transport-Automotive	-
HU22: West Transdanubia	5	Electronics	Mobility-Transport-Automotive	Energy-renewables	Textile	Energy-intensive industries
HU23: South Transdanubia	3	Electronics	Energy-renewables	Agri-Food	-	-
HU31: North Hungary	3	Electronics	Aerospace & Defense	Mobility-Transport-Automotive	-	-
HU32: North Great Plain	3	Textile	Electronics	Agri-Food	-	-
HU33: South Great Plain	1	Agri-Food	-	-	-	-

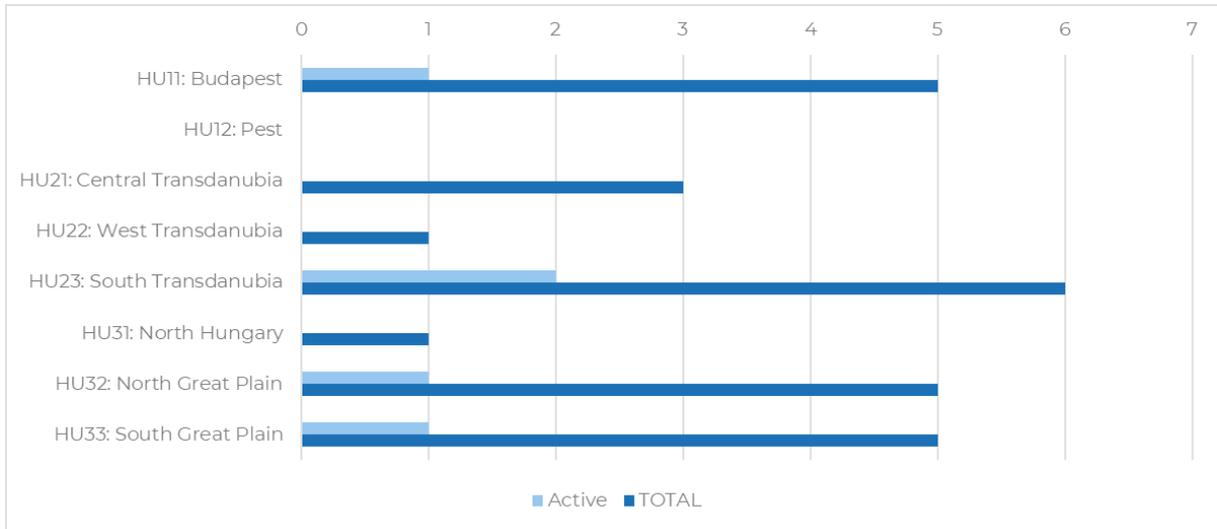
Source: Own elaboration from Eurostat and National Statistical Offices

Cluster organisations in the regions

There are 26 cluster organisations registered on the ECCP in the country, 5 of which can be considered active on the ECCP, having updated their profiles during the first half of 2021. The following graph shows the presence of cluster organisations in the different regions.



Graph 2: Cluster organisations profiled and active on the ECCP



Source: Own elaboration from Eurostat and National Statistical Offices

02

National cluster policy, programmes and initiatives



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2. National cluster policy, programmes and initiatives

Policy type:	Broad policy
Policy name:	Széchenyi 2020 - Economic Development and Innovation Operational Programme (EIDHR) Regional development policy and structural change
<p>POLICY OBJECTIVES</p> 	<p>Strengthening cooperation between companies or industry and RTDI actors</p> <p>Increasing competitiveness and boosting scale up of SMEs</p> <p>Fostering R&D activities, technology development and implementation</p> <p>Fostering innovation and strengthening innovation ecosystems</p> <p>Supporting cluster excellence and professionalisation of cluster management</p> <p>Promoting entrepreneurship, start-ups and spin-offs</p> <p>Promoting social and sustainable economy and other solidarity-based initiatives</p> <p>Promoting employment and upgrading skills and competences</p> <p>The EIDHR's priority areas include improving the competitiveness of SMEs, R&D and innovation, clusters (ICT, energy, and tourism), employment, and creating a more competitive workforce, and developing financial instruments and services.</p>
<p>POLICY FOCUS</p> 	<p>Cross-sectoral</p> <p>While the EIDHR prioritizes the ICT, energy, and tourism sectors, the overall policy supports overall infrastructure including financial instruments and the competitiveness of all SMEs.</p>



RESPONSIBLE AUTHORITIES 		<p>Both drafting and implementation</p> <p>Provides funding</p> <p>Oversees the implementation</p> <p>The Ministry of National Economy operating is the managing authority.</p>
BENEFICIARIES 		<p>SMEs</p> <p>Research organisations</p> <p>Start-ups</p> <p>Large firms</p> <p>NGOs</p> <p>General population</p> <p>Policy makers</p> <p>The EIDHR is expected to benefit SMEs through increased employment and training and innovation and R&D support, done through collaboration with research institutions. There are also provisions for broadband internet and low carbon economy upgrades which will benefit the general population.</p>
INSTRUMENTS 	Financial	<p>Support to R&D projects, SMEs becoming cluster members, etc.</p> <p>Financing start-ups</p>
	Technical assistance	<p>Support for hard skill development: knowledge transfer, intellectual property, entrepreneurship, export advice, market intelligence</p> <p>Others: Broadband internet connection, and renewable energy capabilities</p>
	Explanation	<p>The EIDHR is designed to provide financial support for broad infrastructure and cross-sectoral initiatives such as providing broadband internet, transitioning to low carbon economy through technology retrofits, and to spur more SME competitiveness.</p>



HISTORY 	Period	Limited period
	Ending year (<i>for policies with limited period</i>)	2020
	Starting year	2014
	Explanation	The EIDHR aligns with the Europe 2020 strategy and is part of a larger Partnership Agreement signed between Hungary and the European Union for 2014 to 2020. The name of the new Operational Programme for 2021-2027 will be Széchenyi Plan Plus – Economic Development and Innovation Operational Programme Plus, but it is not yet approved by the EC. Besides, Hungary is currently working on the first Hungarian Cluster Strategy which can be finalized by the end of 2021 and planned to be signed in 2022. The strategy will set targets for 2027.
BUDGET 	Overall	EUR 8.8 billion
	Annual	Varies
	Source of funding	The European Union contributes 87.5% of funding through 3 funding sources (Youth Employment Initiative; European Regional Development Fund and the European Social Fund). The rest is complemented by the Hungarian government.
POLICY EVALUATION	Availability	ex-ante
	Results	<p>The European Union contributes 87.5% of funding through 3 funding sources (Youth Employment Initiative; European Regional Development Fund and the European Social Fund). The rest is complemented by the Hungarian government.</p> <p>The 2014 evaluation (third report) was conducted by Equinox Consulting and KPMG for the Ministry of Finance. The evaluators were still missing information to conduct a full evaluation and mainly focused on the changes between the previous version of the Programme and presented mixed findings on whether the results adhered to the stated objectives and priorities. In some cases, such as for the priority to improve the competitiveness of SMEs, there was insufficient baseline targets for evaluation. In other cases, such as the priority to improve R&D research and collaboration, there were clear connections to other Operational Programmes and not as many overlaps with other priorities.</p>
POLICY ALIGNMENT WITH THE EU PRIORITIES		Green economy Digitalisation Social inclusion

03

State of play of cluster policy





3. State of play of cluster policy

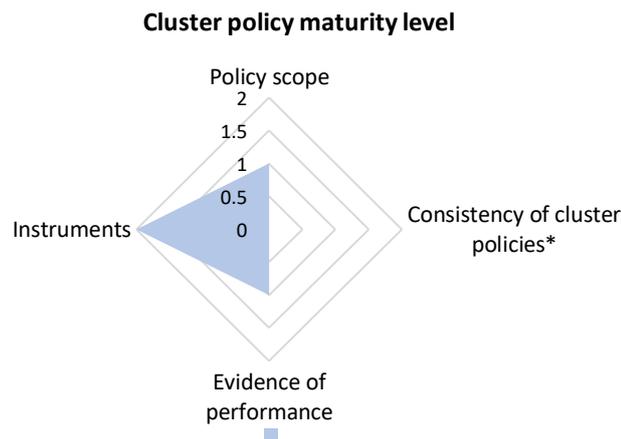
The data below illustrates how the country ranks in terms of maturity of cluster policy. The maturity index is based on a combination of factors presented in Chapter 2 and which are scored based on their existence:

- **Policy scope:** whether the country has a dedicated cluster policy, or cluster creation and/or development is targeted through broader policies (existence of broader policies = 1 point; existence of targeted cluster policies = 2 points)
- **Consistency of cluster policies:** assessment of the duration and experience of the country in doing cluster policies. This dimension assesses only existing cluster policies and not broader policies (no cluster policies available = 0 points; < 10 years of experience or > 10 years (but interrupted) = 1 point; > 10 years (but with clear continuity) = 2 points)
- **Evidence of performance:** the existence of monitoring and evaluation mechanisms determines the degree of policy development in the country (no evaluations = 0 points; existence of evaluations of past policies or in-itinere = 0.5 points; existence of ex-ante and/or ex-post evaluations = 0.5 points)
- **Instruments:** whether the policies provide any instruments to support the policy implementation, being these financial and/or technical assistance (1 point for each type of instrument available)

It is important to note that the maturity does not reflect the performance of a country, but only the degree of development of their cluster policy at the moment when the data was collected (2020 and 2021). The maturity index illustrates how the country scores for each of these four dimensions (policy scope, consistency of cluster policies, evidence of performance and instruments) compared to the maximum score that they can reach.

	Hungary	Maximum score
Policy scope	1	2
Consistency of cluster policies*	0	2
Evidence of performance	1	1
Instruments	2	2

* This dimension is scored solely if the country has a dedicated cluster policy and it assesses only cluster policies



State of play of cluster policy in the country

Policy evaluation (for terminated policies)

Availability of evaluations for terminated policies

The New Hungarian Development Plan (2007-2013) was evaluated by the Hungarian Economic Development Centre Ltd in 2013. While this was not a policy targeting clusters, the evaluation found that there are examples of successful clusters. Interviews with cluster actors and stakeholders found that there was still a strong need to



	support clusters financially, especially those that already exist and/or are successful. The evaluation highlighted that should also be more encouraging of collaborative projects and accountability of cluster development and professionalisation (e.g., legal/regulatory support, evaluation of activities).
Policy approach in the country	<p>Policy support for the activities of cluster organisations</p> <p>Broad-based framework policies to support cooperation effectiveness</p>
Continuity	<p>Broad policies that support cluster development started with a supplier target programme in 1998, followed by the Széchenyi Regional Plan in in 2000, which issued a tender for the creation of clusters. The National Development Plan (2004-2006) attempted to improve cluster competitiveness by encouraging more collaboration and cooperation between multinational companies and SMEs. The New Hungarian Development Plan (2007-2013) continued to encourage cooperation between SMEs as well as internationalisation activities. There were also many regional plans developed during this time. The New Széchenyi Plan (2011-2013) started to introduce innovation supports as part of cluster development. Finally, the Széchenyi 2020 plan focused on encouraging clusters to become accredited. The name of the new Operational Programme for 2021-2027 will be Széchenyi Plan Plus – Economic Development and Innovation Operational Programme Plus, but it is not yet approved by the EC. Hungary is currently working on the first Hungarian Cluster Strategy which can be finalized by the end of 2021 and planned to be signed in 2022. The strategy will set targets for 2027.</p>
Consistency	<p>No cluster policy available</p> <p>Hungary has a clear and lengthy history of broad policies at the national level but not specific cluster policies. Instead, the broad policies include cluster development. The policies have evolved based on learnings from the previous ones and are focused on increasing competitiveness generally.</p>

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