

GOOD PRACTICE TEMPLATE

(for use within the project Inter Ventures)

1. Your organisation	
Name of your organization	Pannon European Grouping of Territorial Cooperation
Country	Hungary
Region	Southern Transdanubia
City	Pécs

2. Organisation in charge of the good practice		
<i>[If your organization is not the one in charge of the good practice, you can indicate the relevant organization in this section of the form.]</i>		
Is your organisation the main institution in charge of this good practice?	No	
<i>In case 'no' is selected indicate the the organisation in charge:</i>	<i>Country</i>	Hungary
	<i>Region</i>	Southern Transdanubia
	<i>City</i>	Pécs
Main institution in charge	Pécs-Baranya Chamber of Commerce and Industry	

3. Good practice general information		
Title of the practice	<i>Baranya County Industrial Development Programme</i>	
Thematic objective of the practice	<i>SME's capacities for internationalization, or Governance models and support schemes for the SME internationalization</i>	
Geographical scope of the practice	<i>Regional</i>	
Location of the practice	<i>Country</i>	Hungary
	<i>Region</i>	Southern Transdanubia, Baranya County and the City of Pécs
	<i>City</i>	Pécs

4. Detailed description	
Short summary of the practice	A bottom-up initiative that provides a coordinative framework for local economic actors to cooperate to dynamize the regional economy, with a focus on industry.

<p>Detailed information on the practice</p>	<p>Baranya County – in the southern part of Hungary, with border with Croatia – is one of the less industrialised Hungarian counties, including also Pécs, the central town of Baranya and the whole of the Southern Transdanubian region. As the performance of industry plays a decisive role in the development of the Hungarian regions, the low share of industry also brings about low level of economic activity, in general and low productivity of local companies. The area is not favoured by FDI, either, mostly due to the area’s poor connectivity and the lack of appropriate skills of the local workforce. Results then include brain drain, aging population and even less attractive economic environment for investors. Despite the clearly worsening relative position of Baranya among Hungarian counties, negative trends have not tackled by appropriate government measures.</p> <p>The practice is a regional bottom-up initiative, led and mostly implemented by the Pécs-Baranya Chamber of Commerce and Industry. Its overall purpose is to help dynamize the economy of Pécs and County Baranya by providing a coordinative framework for local economic actors and an integrated development programme that involves decision-makers outside the region, including government and potential investors. Main local stakeholders beside the Chamber are the local authorities and the University of Pécs.</p>
<p>Background of the good practice</p>	<p>The initiative builds strongly on the existing and underutilised capacities of Pécs University. The University – the first University in Hungary –is today one of the biggest universities of the country outside of Budapest, in terms of number of faculties, lecturers and students as well. University of Pécs is a main actor not only in higher education but in research alike. University research groups are working on different scientific domains. In 2012 the Szentágothai Research Centre started its operation, with a mission to bring together education, research and innovation.</p> <p>Further place-based asset is – and a potential enabling condition for the success of the initiative - the rich cultural life of (European Cultural Capital in 2010) and the availability of relatively good quality services in Pécs that may offer attractive urban environment for talented professionals.</p>
<p>Activities carried out within the practice</p>	<p>The Chamber, in the framework of the initiative</p> <ul style="list-style-type: none"> – identifies promising development initiatives and potential R&D projects of local SMEs and initiate dialogue and foster cooperation between them, seeking future successful projects that can have a multiplier effect later – involves local institutions (like Pécs University, Research Center) and facilitates and encourages the practical ways of knowledge transfer between these institutions and local firms – establishes operational contacts with local companies of multinational or large domestic firms in order to assess their

	<p>needs and facilitate the cooperation between them and the local SMEs and scientific institutions.</p> <ul style="list-style-type: none"> – build up partnership with local communities in order to assess local needs and coordinate developments in line with the needs of economic actors, and – communicates integrated development needs and opportunities to potential investors and to government bodies responsible for economic development and public funds management.
Resources needed	<p>The practice is implemented from own resources of the Chamber of Commerce. One full time manager is in charge of daily organizational work, other staff's and leadership's inputs have not been quantified. Estimated yearly costs of the operations amount to EUR 60.000.</p>
Timescale (start/end date)	<p>May 2018 –ongoing</p>
Evidence of success (results achieved)	<p>Success can be measured in the increased capabilities of the companies as well as the universities and local governments to cooperate with each other and to create horizontal and vertical cooperation processes with as many as possible regional actors in the cooperation chain. On the long run programme is seen as an introductory project to a tightly bound, operational regional innovation ecosystem.</p> <p>By today,</p> <p>40 local SMEs with viable project concepts have been identified. Projects cover the areas as below (with overlap!):</p> <ul style="list-style-type: none"> – creation of new products or production processes that need new research capacities / 23 projects – projects that can be associated with existing / ongoing research programmes, generating new research activities (focusing on biotech, food safety, cosmetics and agro-industry) / 11 projects – IT-led technological developments in industrial companies (like robotics) that aim at increase competitiveness at international markets / 10 projects – establishment of new productive capacities /19 projects – environmental industry, „green technologies” / 8 projects – developments for enabling companies to fit to the suppliers' chain of multinational companies / 9 projects <p>A number (not quantified) of new direct cooperation between the partners have been initiated like cooperation of</p> <ul style="list-style-type: none"> – SME/SME (joint research, marketing), – SME/University (R&D) , – Multinational firm / University (educational profile, R&D) – SME/multinational firm (supplier chain, engineering cluster),

	<ul style="list-style-type: none"> - local government/multinational firm (FDI, career-orientation) and a number of viable project has been prepared for funding by EU or domestic donors. Additionally, awareness of governmental decision makers have been considerably raised as well as a productive dialogue developed between the chamber and the multinational companies having productive capacities in the region.
Challenges encountered	<ul style="list-style-type: none"> - overly centralised system of funds distribution makes difficult to match funding to locally identified projects - centralised decision-making system regarding the orientation of potential investors of working capital - limitations of funding due to exclusively relying on own financing
Limitations	<ul style="list-style-type: none"> - As a bottom-up initiative, it has certain risks to what extent / whether the results will be taken into account in government's funding programmes, either the ones using EU funds, or domestic ones. It is not a funding programme, thus, participation in it does not lead to receiving grants. - Certain SME's have strong distrust regarding cooperation - Difficulties – due to centralised decision-making structure – to negotiate with leaders of international firms with true decision-making capacities - Due to the low budget (exclusive reliance on own resources), the possibility to involve external experience / expertise, manpower is strictly limited. - Government's development projects are not always funded clear criteria so that negotiations occasionally prove to be very time and resource-consuming.
Potential for learning or transfer	<p>The practice provides experiences for regional or local actors interested in promoting economic development to implement a complex bottom-up initiative, in a situation, where</p> <ul style="list-style-type: none"> - national level policies disfavour / are not appropriately serving the development of the regional economy, - human and organisational potential is available in the region (like the University of Pécs) to build on, - an organisation with good connections to both SME's / industry partners and to universities and local authorities is operational and ready to take the initiative
Suggestions	<p>Involve more resources, if possible (probably from EU resources), in order to be able</p> <ul style="list-style-type: none"> - to pilot-fund and evaluate most promising projects - operate and build core strategic programming team of committed local experts - involve additional expertise and manpower in analysis and strategy-building (and implementation, if such tasks come up...)

Further information	https://pbkik.hu/
Keywords related to your practice	bottom up, Chamber of Commerce, innovation, economic development, partnership-building
Insert image(s)	
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