

CLUSTERCOOP

WP3

Common proposal

for optimisation and harmonisation of national regulatory frameworks

with regards to transnational cluster cooperation

Core output 3.1.6

March 2013

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I. Introduction

This document is a core output of the ClusterCOOP project presenting the common proposals of the partnership for the optimisation and harmonisation of national regulatory frameworks with regards to transnational cluster cooperation.

The ClusterCOOP project aims at enhancing framework conditions for effective transnational cluster cooperation in Central European countries. The project started out on 2 April 2011 and finishes on 31 March 2014.

The partnership consists of 10 partners, as follows:

- Ministry for National Economy Hungary, LP
- Ministry of Industry and Trade of the Czech Republic, PP3
- Investment and Business Development Agency, CzechInvest, PP4
- Ministry of Economy of the Slovak Republic, PP5
- Slovak Innovation and Energy Agency, PP6
- Piemonte Region, PP8
- University of Ljubljana, Slovenia, PP9
- The City Office of Rzeszów, PP10
- MAG - Hungarian Economic Development Centre, PP11
- inno AG, PP12

Project activities focus on the following three areas:

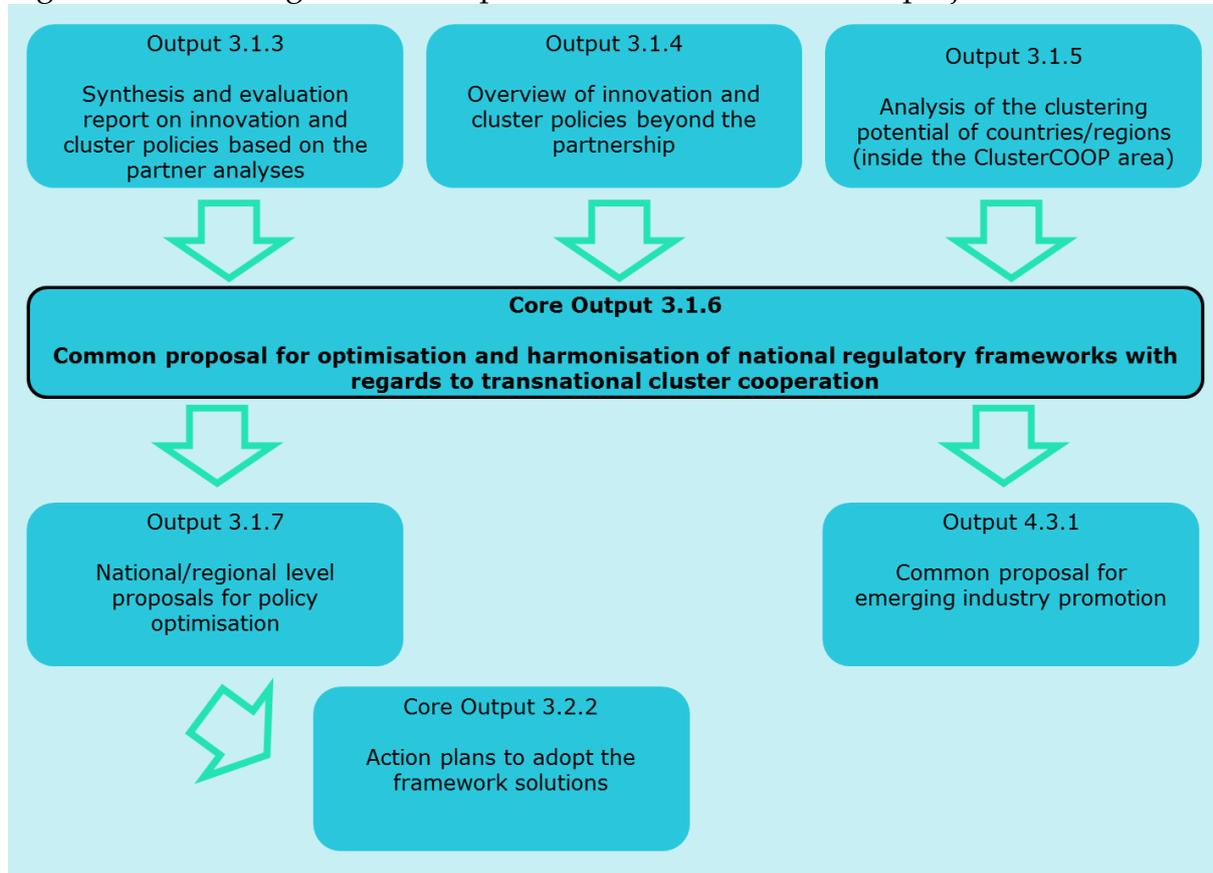
1. Enhance existing and create new synergies among national/regional cluster policies and funding frameworks (Work Package 3)
2. Facilitate emerging industry development (Work Package 4)
3. Promote flow of information between, and provide a common knowledge base for clusters of CE to facilitate their networking and cooperation (Work Packages 5)

Work Package 3 entitled *'Enhancing policy framework conditions for cluster support and cluster cooperation'* contributes to the improvement of framework conditions for transnational cluster cooperation. As part of WP3 partners analysed recent and current innovation and cluster policies of their countries/regions by a common methodology. Based on these a synthesis and evaluation report was produced (Output 3.1.3). Further, an overview of similar policies and good practices was conducted beyond the partnership (Output 3.1.4) and an analysis of the clustering potential of countries/regions inside the ClusterCOOP area was carried out (Output 3.1.5).

Using all these outputs a common proposal of the ClusterCOOP partnership for optimisation and harmonisation of national regulatory frameworks in the area of transnational cluster cooperation has been elaborated and is presented in this

document (Core output 3.1.6). The proposals also target the creation of a business environment conducive to the development of new economic activities in the field of emerging industries.

Figure 1: Positioning of Core Output 3.1.6 in the ClusterCOOP project



The presented proposals targets national, regional and local cluster-policy makers, who will be responsible for the adoption of the selected measures, according to the action plans (see below). Some of these decision makers have been directly involved in the project, while some others are involved as associated partners. Indirect beneficiaries of these proposals are the clusters, which will benefit from the enhanced policy framework conditions.

The proposals in this document are intended to be used as a starting point for national/regional level proposals for policy framework optimisation that will be tailor made to the different regulatory, legislative and institutional environment of the countries /regions of the partnership (Output 3.1.7).

Later on in the project, using the national/regional proposals as a basis, action plans will be developed by the partners relying on a common methodology for the adoption of the legislative, regulatory, and institutional solutions foreseen by the national/regional proposals (Core output 3.2.2).

In addition to that the current joint proposal mix feeds into the proposal for the promotion of cross-regional and inter cluster cooperation in emerging industries (WP4, Action 4.3).

The proposal contains a pool of policy measures and solutions. Once adopted by the relevant national/regional decision makers, these can effectively support cross-regional and transnational cluster cooperation. Beyond that the proposal contains measures which facilitate the creation of a business environment conducive to the development of new industries in emerging sectors.

The current document was drafted by MAG – Hungarian Economic Development Centre (PP11) in cooperation with the Ministry of National Economy, Hungary (Lead Partner) in February – March 2013. Partners commented on the draft in April-May 2013. Based on comments the document was finalised in July 2013. The final version of the document was approved in ... 2013.

II. Summary of results of previous outputs

II.1. Synthesis and evaluation report on innovation and cluster policies - Output 3.1.3

The synthesis report was based on the country/region analyses that were prepared previously by the project partners using a common methodology. The report was finalised in July 2012.

General results

Based on the reports, between 2-4 policies were identified that deal in some way or another with clusters at project partners. The policies identified by partners are, as follows:

- science, technology, innovation policy
- industrial, entrepreneurship policy
- competitiveness policy
- regional development policy
- cluster policy
- urban development policy
- human capital development policy

Within the framework of the relevant policies ClusterCOOP project partners presented and analysed altogether some **31 programmes and 158 measures/activities**. Most presented programmes focus on **raising the competitiveness of SMEs, supporting the stronger R&D performance of the country/region or enhanced innovation activities** and use *clusters as tools* in delivering and achieving the aforementioned objectives. So it can be stated that in the countries and regions of the ClusterCOOP project partners the development of clusters is typically not pursued as a standalone policy and is not the final objective of the programmes but **clusters are part of a wider business support ecosystem and serve as a channel** or provide a way for decision makers to deliver and achieve their objectives. In addition and looking back over **the past 10 years there is a clear upswing of policies linked to clusters**.

More than half of the identified policies related to clusters have surprisingly given no clear definition on what is meant by the term *clusters*. The presented policies use altogether 13 different cluster definitions. This situation raises an important issue, namely whether there is **a need for a joint definition of the term cluster** among relevant national/regional level stakeholders if transnational cluster cooperation is to be promoted and successfully implemented. The answer is probably 'yes' and the ClusterCOOP project is legitimate in considering that it can help policy makers develop a proposal on this issue.

Currently for most partners there are **adequate financial resources for the support and development of clusters** through country-wide or regional programmes. EU funds (typically ERDF, to a limited extent ESF) are the most important source of funding for cluster development related programmes for the partners involved in the ClusterCOOP project. The most relevant channel for Structural Funds is the nationally implemented and co-financed SF programmes, but the direct EU programmes such as CIP have also an important role. Furthermore, it can be stated the **funds** allocated to programmes related to cluster development **grew with time in the last 10-12 years**. There is a wide variety of tools and measures applied - however, there is a **strong focus on non-refundable grants**.

In the case of the Czech Republic, Hungary, Slovakia, Slovenia and Poland, the overwhelming majority of funding is from EU sources from 2004 onwards. National sources or regional level domestic sources are generally absent. In the case of the Piedmont region in Italy and Germany we can see that a fair share of the funding is from national level and regional level sources.

The **programmes** presented by partners **target a diverse group of actors in the economy and society**. Only few programmes are targeted directly at clusters - rather **innovative business/companies, SMEs, R&D institutions** are named as primary target groups in the programmes.

Partners typically reported that **measures** for supporting clusters are not **available** continuously over years but **in campaigns** that are adjusted e. g. to the start of the implementation of a new policy.

Each partner listed numerous institutions that are involved in policy making and in the implementation of the measures related to clusters. Almost in all countries ministries responsible for development, economic affairs, research and development and innovation have been named. In some cases the measures themselves are implemented by ministries but mostly implementation is delegated to an intermediary/implementation body at both a national and/or regional level.

The presented measures targeted to clusters are varied in many aspects. Nevertheless, we can group these measures in two major categories:

1. **Direct financial support to the clusters/cluster (management) organisations/cluster members.** These are typically non-refundable grants or in few examples refundable grants (financial instruments under e.g. JEREMIE).
2. **Indirect support to clusters/cluster (management) organisations/cluster members** through:
 - a) training, education
 - b) information
 - c) mapping
 - d) monitoring and evaluation

The frequently mentioned **beneficiaries** in the measures and activities presented by partners are as follows:

- Cluster coordinators/cluster management organisations
- Clusters
- Cluster member companies - individually or a group of the members
- Universities, R&D institutions – either as formal cluster members or as per se
- Municipalities/regional authorities
- Ministries, agencies

Results of the SWOT analysis

As part of the work, partner level SWOT tables were provided by the project partners on the status of cluster development activities. From these a **partnership level joint SWOT table was derived**. The methodology is presented in detail in the summary report. Below we summarise the most relevant statements from each quadrant of the table.

As major **strengths** partners reported **already existing and well-performing clusters** as well as **strong R&D and higher education background**. It means that based on the assessment of partners there is an established cluster landscape on which policies linked to clusters can be promoted and built upon. High ranking was given to ‘**Available funding sources**’, so partners agree that for the development of clusters adequate funding is available. Further, partners consider the **existing ‘National/regional level policies targeted/linked to clusters’** as a further strength.

Table 1: Ranking of strengths in the joint SWOT table

Strengths	Points
Already existing and well-performing clusters	15
Strong R&D and higher education background	15
Available funding sources	13
National/regional level policies targeted/linked to clusters	12
Tools/measures linked to the development of clusters	11
International links	10
Favourable business environment	10
Strong/growing industries/sectors	10
Bottom-up clusters	9
Local and regional actions	9
Strong/dedicated institutional background	8
Analytic methods, statistical methods	6

Concerning **weaknesses** highest ranking was given to ‘**Difficulties in translating knowledge to marketable products**’, which is a key issue for clusters. In fact - among other reasons - clusters are promoted so that knowledge is translated to marketable products. The high relevance attributed to this factor may mean that this issue is still

critical in the countries/regions of partners and no major results have been reached up until now even if there is a solid cluster base and there are policies and actions targeted to clusters.

‘Problems of innovation and educational environment’ were also ranked high, which is a clear indicator that there may be a strong R&D and higher educational background but engaging with them and securing firm commitments such as connecting it to the business sector remains a strong challenge.

Partners put high relevance to **‘High dependency on state funds and its consequences’**. Among strengths, the available funding sources were given high points. Putting together these two factors it follows that partners see that state funds have too great a role in the development of clusters and if state/regional funding sources dry out then clusters may have a sustainability problem.

Relatively high points were given to **‘Inadequate mindset of companies and entrepreneurs’**, **‘Changing or incoherent policies, unrealised strategies.’** Further, **‘Low awareness of stakeholders’** was also highlighted on a regular basis.

‘Lack of supporting legal environment’ was given small relevance so partners do not consider the legal environment as an obstacle for the development of clusters.

Table 2: Ranking of weaknesses in the joint SWOT table

Weaknesses	Points
Difficulties in translating knowledge to marketable products	15
Problems of innovation and educational environment	13
High dependency on state funds and its consequences	12
Inadequate mindset of companies and entrepreneurs	12
Changing or incoherent policies, unrealised strategies	11
Low awareness of stakeholders	11
Lack of financial sources/capital at SMES/in the business sector	10
Limited/ineffective cooperation between firms or between firms and science/local govt.	10
Modest quality level of programmes, Implementation of programmes with deficiencies	8
Problems of growth dynamic and economic crisis	8
Insufficient state support	7
Lack of supporting legal environment	7
Unbalanced sectorial development of clusters due to policy	5
Societal issues	5

Concerning **opportunities** the highest ranking was given to **‘Inter-regional cooperation, internationalisation and stronger cross-border links’**, which indicates that **partners see a very strong potential in promoting cross-border development of clusters and inter clusters/inter sector cooperation**. Therefore, we need to find efficient policy mechanisms and tools to assist this opportunity.

‘Better/consistent implementation of policies/programmes linked to clusters’ were given also a high ranking, which shows that **current policies/programmes may be good in terms of objective but they need better actions and consequent implementation.**

‘Better knowledge transfer’ was ranked as relevant, which is in line with the experience that **there is a strong potential in R&D and higher education background but the knowledge is not marketed efficiently.**

Partners see a relatively strong ‘Potential to higher growth, competitiveness and innovation thanks to the existing clusters’, which reinforces the results in the Strengths quadrant with regards to the existence of established and well-functioning clusters. **Partners seem confident that there is a reasonable potential in the further development of these clusters.**

‘Attraction of capital/FDI thanks to clusters’ may be a very interesting opportunity for which clusters could be used but partners see a rather modest potential in that. This gives some food for thought. A possible reason may be that clusters are perceived by most partners as SME development tools, in which SMEs team up and there is no real place for large companies and/or multinationals. Additionally, clusters may have been established to join the forces of SMEs to counterbalance competitiveness drawbacks versus large companies and multinationals. Nevertheless, some examples in the partnership (Slovakia, Hungary) show that large companies and multinationals may have an important role in clusters by providing opportunities to SMEs (e. g. reaching customers to a scale, which would be impossible for the SME alone, provision of test-bed for innovations, potential financing for developments, structuring the supply chain, end users, launch clients and support for internationalisation actions and EU projects).

Table 3: Ranking of opportunities in the joint SWOT table

Opportunities	Points
Inter-regional cooperation, internationalisation and stronger cross-border links	16
Better/consistent implementation of policies/programmes linked to clusters	15
Better knowledge transfer	14
Potential to higher growth, competitiveness and innovation thanks to existing clusters	13
Targeted policies	12
Stronger focus on cluster policies fostered by EU	11
Higher awareness of clusters and the potential in clusters	11
More intensive cooperation of stakeholders, partners of triple helix	11
Attraction of capital/FDI thanks to clusters	9
Supporting/favourable business environment	7

Concerning **threats**, the ‘**Economic/financial crisis**’ is seen as the biggest threat to clusters in the countries and regions of partners. ‘**Sustainability of clusters**’ is perceived as another major challenge that partners shall cope with in the future. This reinforces the result in the weaknesses quadrant, where partners stated that currently clusters depend too much on state funds. Generally, cluster membership fees and revenues from service provision do not cover the costs incurred by the cluster management organisations. Cluster management organisations need to develop in providing those services the cluster companies look for and quality of these services needs be enhanced to reach the expectations of the cluster members.

Most partners do not think that ‘Cluster as a fashion’ is a true threat.

Table 4: Ranking of threats in the joint SWOT table

Threats	Points
Economic/financial crisis	14
Sustainability of clusters	13
Lack of targeted policies	9
Decrease of public funds	9
Unfavourable sectoral changes	9
Decline in cooperation among stakeholders	9
Divergence of clusters from their role as innovation drivers	9
Social changes and problems of labour market	8
Cluster as a fashion	6
Confusing EU calls with unclear objectives	6

II.2 Overview of innovation and cluster policies beyond the partnership – Output 3.1.4

Cluster policies of four countries beyond the partnership were analysed following the same methodology framework as adopted by partners for the cluster policy analysis in the partnership. The four countries were France, Sweden, Croatia and Austria. The analysis was finalised in June 2012.

The four country case studies presented and analysed illustrate the importance of cluster support and development policies in supporting economic and business competitiveness.

Cluster support is not a stand-alone policy but an important part of different national policies, overall economic or competitiveness policy (Croatia, Austria), industrial and research and innovation policy (France) or R&D and innovation policy (Sweden). In all cases, it is strongly connected with the regional development policy and regional business networks.

Different terms and definitions are used for clusters and support programmes (clusters, networks, competence centres, economic complex, etc.), but key words remain the same, which is cooperation, concentration, proximity and interdependency and networking of actors.

Programmes and support measures are designed in relation to the overall policy framework and objectives. They differ according to the focus and organisational arrangements. But in all cases, there are the following shared characteristics:

- **There is not one single support programme** but a combination of different, direct and indirect support measures. In the case of France and Croatia, there are specific cluster support programmes (direct support to cluster development and cluster management) with additional indirect support measures or funding possibilities (for R&D, innovation support, infrastructure development, investment, etc.). In the case of Sweden and Austria, support is organized in many different programmes, targeting cluster initiatives and cluster development in specific locations or development fields (i.e. focused R&D areas, regional clusters, internationalisation, etc.).
- **Combination of top-down and bottom-up approach** is used in the design of the policy programmes, meaning that programmes are defined and focused at the policy level but cluster initiatives are selected on open tenders.
- **Institutional arrangements for the implementation** of the programmes are different, but in all cases, they involve different institutions at both, national and regional level.

Case studies presented point out some important conclusions that can be defined as key to effective and efficient implementation:

1. **Long term orientation and stability.** Best known cases are result of a long term focused and continued support. There are examples of the most successful programs in Sweden (10 years programs), France (three years and now six years in the Cluster 3.0 strategy 2013-2018) and Austria. Evaluation of the Croatian policy stressed lack of stability and long term support as major obstacle for more efficient policy.
2. **Adequate institutional arrangement and coordination.** Evaluation proved the institutional competences and inter-institutional cooperation as one of the most important conditions for the successful implementation of the programmes. Case of Sweden can be recognized as good practice on this field.
3. **Regular evaluation and adaptation of the programmes.** The need for constant development of the policies to address the needs and support initiatives in different development stages is another important conclusion. Positive examples can be observed in the case of France and Austria, while evaluation of the cluster support programs in Sweden and Croatia pointed out lack of monitoring and evaluation system as a major weakness. Regional actors are also active in the evaluation field, to demonstrate how their programmes complement the national programmes.
4. **Emphasis on support for the development of organisational and managerial competences.** Cluster support measures in general aim at supporting

cooperation and joint investment in R&D, innovation, internationalisation, However, experience proves the importance of additional support in development of new business models and organisational and managerial competences of clusters. Austria can be named as good practice on this topic.

II.3 Analysis of the clustering potential of countries/regions (inside the ClusterCOOP area) - Output 3.1.5

The analysis of the cluster potential was carried out for five countries/regions of the partnership covering the Czech Republic, Hungary, Poland, Slovakia and Slovenia. Partners used a common methodology to carry out the analysis. In total sixteen clusters from partner countries took part in the analysis by responding to the survey developed previously. Results of the analysis were summed in a report, which was finalised in November 2012.

Main conclusions were as follows:

- Concerning geographic scope, the majority of the **clusters cover either one or more regions**. Small area clusters (within a city) are absent and only a few clusters operate in a city and its surrounding or at a national or close to national level.
- As for the horizontal spread of clusters, half of the **regional clusters belong to one industry**, somewhat fewer clusters belong to only a few horizontally related industries and there were only two clusters that reported belonging to multiple industries. Cross sectorial clusters are therefore rare as is currently the case in the rest of Europe although the new EU DG Enterprise label ESCP¹ is trying to create the conditions for international and inter sectorial cooperation.
- Concerning the range of vertically related industries within the cluster the **vast majority of regional clusters reported to have only few steps in the vertical production or value chain** and some reported many steps.
- Looking at the growth potential most of the **clusters reported they are mature but growing** and one third of clusters identified themselves as either 'embryonic and growing' or emerging.
- The examination of the innovative capacity of the clusters showed that **most of the surveyed clusters are technology generators or technology adapters** with the technology generators somewhat behind.
- Concerning their competitive positions surveyed **clusters are at least strong competitors but some** them positioned themselves as **national leaders**.
- As for **factors hindering their development** clusters mentioned in first place **problems of financing and the lack of qualified people**. Technology and product development problems were quoted as a less significant obstacle.

¹ European Strategic Cluster Partnerships

- Coming to the issue of the importance of cross-regional cooperation all respondents agreed that **sustainable growth can be based on cross border cooperation.**
- When asked what the **main contribution of such cross-regional cooperation** can be, the results, at the first sight, present a surprising outcome: indeed respondents expect **assistance in technology and product development** in the first place and to a lesser extent support in the lack of finance and qualified-personnel. However such an outcome can well be reasonable since financial and employment issues are expected to be solved on national level (by national level public authorities) and the expectation from cross-border cooperation is rather in the field of new product development and adaptation of new technologies.
- **As a result of cross-regional cooperation cluster companies expect to enhance their competitiveness** by transfer of know-how, technology and information exchange. There are also big expectations for new market potential and the attraction of new investment capital.
- As for the question on the **experience with cross-border clustering most of the cluster companies claim to already have experience** and only few state they have just made their first steps in such activities.
- Clusters were asked what type of measures they think can enhance regional cross-border cooperation. In first place the provision of general networking and communication was named by clusters. In second place respondents mentioned the provision of financial assistance. The rest of the replies included assistance with transfer of technology, information and market promotion.

III. Proposals

Proposal No. 1

Focus programmes on well-functioning clusters with established track-records

As summed up above the SWOT analysis shows that partners consider already existing and well-performing clusters as a major strength. Further, among opportunities, partners reported a relatively strong potential to higher growth, competitiveness and innovations thanks to existing clusters. These motivate the proposal that policy makers should focus on well-functioning clusters with established track records and majority of the available financial allocation should be targeted to these. At the same time policy makers should find the right balance between supporting current strengths and enabling the emergence of new ones through well-designed and implemented smart specialisation strategies. Emerging clusters (supporting emerging industries) are critical for the CEE countries to make progress on the needed structural change in order to boost competitiveness and growth of their economies.

These results of the analysis and the proposal is in line with the Commission's view on cluster development, which claims that Europe doesn't lack clusters and cluster initiatives but world-class and excellent clusters Furthermore, the proposal resembles one the 3 principles and action proposal No. 3 of the ECPG² final recommendations document, which says that public support shall be based on clusters' ability to upgrade.

² European Cluster Policy Group

Proposal No. 2

Use clusters

- *actively as a channel to reach business actors with measures in the field of SME development, competitiveness and innovation and*
- *as a natural platform for continuous dialogue between public authorities and the private sector to get insight into economic reality for better design of policy measures to support companies upgrading*

Successful and established clusters may be a suitable channel for state and regional authorities to reach business actors with their actions in the field of SME development, competitiveness or innovation. Indeed a recent report produced by the TACTICS/European Cluster Alliance³ on channelling RDI investment via clusters demonstrates the effectiveness of such approaches.⁴ Successful clusters tend to consist of companies with high growth potential and better than average performance. In addition to that clusters with track-record serve as a safety net - and will do so even more in light of the new ERDF regulation drafts - for decision makers interested to allocate ERDF funds in projects carrying limited risks. Put differently successful clusters themselves serve as a filter for decision makers looking for good projects and companies striving for growth. Such fertile ground is well positioned to target with development and competitiveness measures for effectiveness and high impact.

During the SWOT analysis partners ranked strong R&D and higher educational background among their main strengths. At the same time partners assessed difficulties in translating knowledge to marketable products as the most relevant weakness. Further, problems of innovation and educational environment were also ranked as a very relevant weakness by partners, which is a clear indicator that there may be a strong R&D and higher educational background but connecting it to the business sector is a strong challenge. In line with these, better knowledge transfer and accessing suitable patents was ranked high among opportunities, reinforcing the observation that there is a strong potential in R&D and higher education background but the knowledge is not marketed efficiently.

³ TACTICS stands for Transnational Alliance of Clusters Towards Improved Cooperation Support. TACTICS is a project financed under INNO-NET.

⁴ Report downloadable at www.eca-tactics.eu.

In clusters business, academia and research meet intensively, so again successful clusters are excellent environment for innovation-type measures and for best attempts of public authorities in trying to promote the translation of knowledge to marketable products.

Proposal No. 3

*Provide measures based on a long-term, foreseeable strategy
Implement measures consistently, make them available continuously
or based on a long-term and stable action plan*

Better/consistent implementation of policies/programmes linked to clusters were given a high ranking among opportunities by partners, which is an indication that currently prevailing policies/programmes may be good in terms of objectives but they need better actions and consequent implementation. Among weaknesses partners mentioned changing or incoherent policies, unrealised strategies, which reinforces this.

This proposal is in line with the EU's efforts related to smart specialisations strategies. As the new programming period comes closer each member state and region should design its innovation strategy for smart specialisation. Compared to previous programming periods much more stress should be put on the right prioritisation of domains, areas and economic activities.

Further, the synthesis and evaluation report claimed that relevant measures are not available continuously over years but rather in campaigns, which however are difficult to foresee and to plan with. So experience suggests that there is room for development in consistent, transparent and foreseeable strategy implementation, therefore policy makers are advised to act accordingly.

This is reinforced by the findings in the analysis beyond the partnership, according to which best known successful cases are the result of a long term focused and continued support (Sweden 10 years program).

Proposal No. 4*into an effective and tailored made policy mix**Combine non-refundable grants, indirect support measures and refundable grants for effective support depending on the life cycles of companies*

We could observe from the analyses carried out that there is a wide variety of actions, measures and tools applied - however, there is a strong focus on non-refundable grants. At the same time partners put high relevance to 'High dependency on state funds and its consequences' among weaknesses in the SWOT analysis. So partners see that state funds have too much a role in the development of clusters and if state/regional funding sources dry out then clusters may have a sustainability problem. But even with this recognition, currently most of the support provided is in the form of non-refundable grants, which is the type of support that generally 'spoils' beneficiaries at most.

Therefore policy makers are advised to combine indirect support measures and refundable grants with non-refundable grants. There are already local practices used by partners for the indirect support of clusters (training, information, mapping, benchmarking, monitoring and evaluation, etc) and for refundable grants (e. g. in Hungary, a fair share of the investments realised in the framework of JEREMIE equity products targeted members of clusters). In addition to that, the past years have brought a number of new EU-level or transnational initiatives in this respect (European Cluster Collaboration Platform, European Cluster Observatory, European Cluster Excellence Initiative and its rollout programmes to name a few). The ClusterCOOP project itself aims at setting up and operating a virtual interactive platform and cluster contact points to provide assistance to clusters. It is advised to use these developed tools consciously, actively and in an institutionalised way in the years to come.

Among refundable grants specific attention could be paid to seed, early- and growth-stage capital investments since clusters are favourable environments for start-ups, spin-offs and other targets of venture capital. Seed financing is most often not provided by commercial banks or VC funds/firms. If the financial envelope of the national level R&D&I strategies allows then a certain part of the financial allocation could be used for refundable instruments.

It is to be noted that such a proposal is in line with the general intention of the Commission to increase the share of refundable instruments compared to non-

refundable grants concerning regional policy instruments in the 2014-2020 programming period. Furthermore, the proposal is line with the recommendations of the EC DG Research Synergy Expert Group.

Proposal No. 5

*Promote inter-regional cooperation and internationalisation activities and stronger cross-border links of clusters
Do this with new, effective and efficient measures*

Inter-regional cooperation, internationalisation and stronger cross-border links were assessed as the most important opportunity by partners in the SWOT analysis. It is remarkable that among strengths no similar factors were mentioned, which indicates that there is a huge perceived unused potential in this respect. A reason for this might be that top clusters in the partnership are approaching now to a maturity level, for which going cross-border becomes on one side reasonable business-wise and feasible and at the same time maybe compelling because of competition needs. While partners are able to report about some isolated attempts of support in this respect, a significant increase in terms of attention and resources seems reasonable for the next programming period.

It must be seen that effective and efficient assistance and support in this arena is a challenging issue. The ClusterCOOP project carries out for example a series of matchmaking roadshows during the project, which is an excellent attempt and each new matchmaking event builds on the experience of previous occasions. But even so, it remains to be seen whether these roadshows are able to bring along measurable impacts at the level of clusters. All in all, more effective and efficient measures than the ones implemented recently or now should be elaborated and promoted in the programming period of 2014-2020.

Proposal No. 6

Promote CEE cross border cooperation for growth of emerging industries

The potential for emerging industries based on CEE cross border cooperation was assessed by common methodology based on the national/regional studies in the ClusterCOOP project.

They revealed many different possibilities in technology areas which have been identified in the EU as the key enabling technologies (KET) and at the cross section of different technologies in relation to market trends and challenges. As such they represent a fertile ground for emerging industries.



ClusterCOOP partners agree that these proposals are just in time for adopting in the planning of the operational programmes and the potential measures of the 2014-2020 programming period. Operational programmes - on transnational, national and regional level - are expected to provide a steady framework and to serve as a major source of financing for measures.

ClusterCOOP partners share the opinion that these proposals may be transferable to other CE/EU countries as a guide for their policy framework optimisation and so offer these proposals to the attention of policy makers beyond the partnership.