

Policy Case Studies
Hungarian background paper
for the OECD FG on *Innovative Firms and Networks*

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1. Introduction

This paper is aimed at providing background information on four policy schemes applied in Hungary to foster collaboration, co-operation and networking (CCN). It is rather a descriptive than an analytical paper, and follows the format set by the co-ordinators of the OECD Focus Group on *Innovative Firms and Networks*. The four policy schemes described below are: *Integrator*, *Co-operative Research Centres (CRC)*, *Consortium Building* for EU FP5 and *Thematic Networks*. The description is based on the official announcement (call for tenders) of each scheme (available only in Hungarian).

2. Integrator

2.1. Description of the programme

This scheme was initiated by large companies in early 1999 and launched already in the same year. The speed of the introduction of this scheme shows the importance attached to it.

Its **major aim** is to improve Hungarian SMEs' innovative capabilities and competitiveness, promote their networking activities, especially those aimed at conducting technological development projects, and as a result of all these to help them becoming suppliers of large firms. Further, indirect objectives include:

- to facilitate public-private partnership in financing innovative projects
- to improve the efficiency of the above investments
- to involve as many SMEs as possible in these joint projects.

Large firms and their potential suppliers can only apply jointly, as a kind of consortium. It should be consisted of an "integrator", that is, a large firm with at least 250 employees and sales of HUF 5 billion in 1998, and two SMEs at least, who would become suppliers as a result of the joint technological development project. The minimum duration of these projects is 1 year, the maximum is 2 years. As part of their tenders, applicants are required to submit a business plan showing that as a result of the project the "integrator" would purchase more input from local suppliers. An overall account of the integrator's supply strategy should also be given, describing the number of local suppliers, volume of their shipments, technological level (intensity) of suppliers and other performance indicators of suppliers.

Financial contribution from the partners should reach 50 per cent of the overall costs of the project, and the remaining 50 per cent can be covered by a *grant*. The grant is to be paid to the SMEs, the integrator is only eligible to cover its co-ordination costs, not exceeding 5 per cent of total costs, from the grant. The initial overall budget of the scheme was HUF 1500 million, of which HUF 500 million was allocated for 1999.

2.2. Progress report

The programme was first launched in August 1999, and then repeated quarterly. Fifty-nine applications have been submitted since then, 26 of them have been awarded altogether HUF 513 million (on average slightly less than HUF 20 million). A further 3 projects have also been approved, contracts are being prepared at the time of writing with a total value of HUF 13 million) in 2 cases, while 1 project proposal has been withdrawn (although accepted by the evaluators). Twenty-two applications are currently being assessed (worth of HUF 791 million). Three project proposals have been rejected for professional (substantive) reasons (with a total budget of HUF 40 million) and another five because of formal mistakes (worth of HUF 144 million). The latter applicants can re-submit their revised project proposals.

2.3. Assessments and evaluations

Formal, fully-fledged evaluation of the programme has not been conducted yet as it was only launched just over a year ago. An internal assessment of the scheme was carried out when all the schemes run by RDD ME were revised in October 2000. Relying on the structured discussion of the insights of civil servants – rather than on findings obtained from a proper evaluation exercise – a decision was made that the programme should be continued in 2001, too.

2.4. Summary of Integrator

2.4.1. Characteristics of networks

Vertical vs. horizontal. These are vertical networks, connecting large firms (system integrators) and their would-be suppliers.

Geographic scope. These networks are national ones, but in quite a few cases the integrator is a foreign-owned firm, and thus the network might be linked indirectly to international networks. Moreover, in practice probably it is not always possible to make a clear-cut distinction between local and foreign pieces of information, knowledge and skills contributed by a foreign-owned integrator.

Organisational structure. These networks are established to conduct a given technological development project, and thus are likely to be in between the highly informal, sort of casual networks aimed at sharing experience and exchanging information at one end of the spectrum and the more formal and rigid ones at the other end.

Duration. These networks are set up at least for 1 year (support can be awarded for a maximum period of 2 years), but the scheme is also seen as a vehicle to build trust among the partners, and thus implicitly, indirectly encourage them to enter into a longer term co-operation. Some integrator firms even see it as a first step to develop new products or processes jointly – as it in the case of collaboration of the system integrators and the so-called

first-tier suppliers in the automotive and electronics supply networks. In other words, then these networks would not only “nurture” SMEs to become “simple” suppliers, but to “grow” into the role of more or less equal partners.

Boundaries. The membership of these networks is clearly set in a contract.

Architecture and balance of power. The internal structure of these networks is largely decided by the integrator, as would-be suppliers are dependent on them in most cases in terms of access to technology and markets. To some extent, though, integrators are also dependent on their (would-be) suppliers: there is a continuous pressure to cut costs, and thus it is a must to replace the former foreign suppliers by competent local ones, producing the required parts cheaper. Further, this balance over time might shift towards the suppliers once they are technologically competent to contribute to the development of certain components or even sub-systems for the integrator.

Stability and trust. These networks are likely to be stable ones given the close co-operation required by the pressures of harsh international competition. In other words, both integrator firms and their would-be suppliers are investing in their somewhat shared future via entering these projects. It is not very easy to join global supply networks – most supply networks are global, almost by definition –, and thus there are strong incentives on both sides to keep the network together.

2.4.2. *Rationale and motivation for the programme*

FDI plays a crucial role in the Hungarian manufacturing industry in terms of sales, exports and employment. The most important sectors are automotive and electronics industries, both characterised by a sophisticated system of system integrators and (tiers of) suppliers. Therefore most of these foreign investors first relied on their existing, foreign suppliers – with whom they have had long-established relationships – when moved to Hungary. There have been strong traditions in these industries in Hungary, too, but local firms have been hit hard by the transition process (loss of former CMEA markets practically overnight, urgent need to restructure, strong pressure to find quickly new markets, products and fresh capital to adjust to the new environment, etc.). Most of them have also lacked the required managerial capabilities. In short, for all these reasons they have not been the first, obvious choice for foreign investors when they set up their operations in Hungary. As mentioned already, these system integrators are also under pressure to find new suppliers, on the one hand. Promoting local SMEs to become suppliers (via improved technological capabilities) is of prime importance from a macroeconomic point of view (saving existing jobs and creating new ones to fight unemployment, improving the overall competitiveness of the Hungarian economy, broadening the tax base, etc), on the other hand. Hence the need for such a scheme.

2.4.3. *Perceived benefits*

Scale and scope of activities. SMEs’ (would-be suppliers’) capabilities are to be extended as a result of collaboration, and thus their markets should expand.

Shared costs and risks. Costs and risks are shared between the integrator, SMEs and the state in order to increase the local supply base of large firms (integrators).

Improved ability to deal with complexity. In most cases not applicable.

Enhanced learning effects. SMEs (would-be suppliers) are expected to improve their learning capabilities as a result of collaboration. They can and should learn about new technologies, at

a later stage, potentially, about methods to create new products jointly with the integrator and other partners, and also about managerial techniques required for becoming a reliable supplier (e.g. TQM, JIT).

Welfare effect. It is hardly possible to establish if participating firms would have spent the amount of their financial contribution on R&D without having the opportunity to set up these networks. Some companies might have continued to rely on their long-established, former foreign suppliers, that is, not to bother to find local ones. Others might have been forced to undertake these “search and training” costs anyway, given the pressure of international competition. On the whole, however, a positive welfare effect is more likely than “crowding out” private spending on R&D and innovation.

Flexibility and efficiency. Most likely not applicable in the current phase. However, when some suppliers reach the stage of joint development their flexibility vis-à-vis the larger system integrator might be a significant factor.

Speed. These networks are intended to speed up the learning process of SMEs.

2.4.4. Problems already identified, likely future (or built-in) failures

Preliminary experience and the growing number of applications suggest that this scheme is well designed, it does address an important issue. (In spite of the increasing number of project proposals some experts even say that this scheme should be better communicated.) Given the complexity of the basic problem, sometimes it is difficult to draw a clear borderline between general needs of SMEs in the bumpy road of becoming a successful supplier and the more specific technological ones. This scheme is obviously aimed – and given its source should be aimed – at supporting SMEs to participate in technological development projects, and not just easing, say, their financial situation so as to upgrade their production equipment. (Other schemes, run by another ministry, are in place to provide more general support for SMEs.) To sum up, this is not a policy problem, or a failure, given the design of this scheme, but a more general policy issue due to the intertwining of two complex problems, namely how to promote SMEs, and how to tackle the complex process of innovation.

3. Co-operative Research Centres

3.1. Description of the programme

This scheme was launched in 1999 largely following a similar US policy instrument. It has been prepared for quite a long time, for around 2 years. Its main characteristics are described below.

Its **major aim** is to promote the establishment of Co-operative Research Centres (CRCs) in order to foster strategic, long-term co-operation between higher education institutions, other non-profit R&D units and businesses, and through the activities of CRCs to:

- facilitate technological breakthroughs, introduction of innovative products and services
- foster competitiveness
- promote the integration of business-oriented, applied R&D into the various activities of higher education institutions (HEI)
- adapt market-oriented, entrepreneurial attitudes at HEIs
- integrate economic and social needs into education activities of HEIs

- application of high-tech at HEIs
- prepare for joint R&D projects aimed at solved specific problems of the business partners
- create appropriate jobs for graduates and post-docs
- contribute to build knowledge-building capabilities at HEIs
- prepare HEIs for participation in various international co-operative projects due to their accumulated experience in managing large-scale projects.

As part of their tenders, would-be CRCs are required to submit:

- a *vision* on technological breakthroughs – underpinned by multidisciplinary research – they aim at,
- a *strategic plan* – at least for 3 years, preferably for 6-9 years – outlining the integration of goal-oriented research and education,
- a *plan of R&D activities* (project proposal) combining basic and applied research activities in various S&T fields and business activities,
- a *plan of education activities* presenting the circumstances for integrated, multidisciplinary education as well as the mechanisms for a broader knowledge transfer process (e.g. from research carried out at the CRC to graduate and/or under-graduate courses).

Financial contribution from the partners establishing a CRC should reach HUF 50 million (roughly USD 160 thousand), and they can be awarded a *grant* of HUF 50-250 million.

3.2. Progress report

The programme was first launched in July 1999. 23 applications have been received in the first, so-called pre-selection round, when not fully-fledged project proposals, just detailed “letters of intent” have had to be submitted. Then 8 consortia have been invited to prepare full project proposals, and finally 5 of them have been awarded altogether HUF 1083 million (on average HUF 216.5 million). Partners have committed to contribute HUF 1278 million (usually 5-6 companies joined a consortium). Three projects are set up for 3 years, the remaining two for 4 years.

3.3. Assessments and evaluations

Individual applications have been assessed, and a number of weak points have been identified even in the case of the “winners”. However, these are confidential remarks. Formal, fully-fledged evaluation of the programme has not been conducted for obvious reasons. An internal assessment of the scheme – relying on the structured discussion of the insights of civil servants, rather than on findings stemming from a proper evaluation exercise, and carried out when all the schemes run by RDD ME were revised in October 2000 – concluded that the programme should be continued. That is, a new call for tenders should be published with some slight clarifications and modifications.

3.4. Summary of CRC

3.4.1. Characteristics of networks

Vertical vs. horizontal. CRCs are horizontal networks, connecting organisations in functional areas, namely higher education, non-profit R&D and businesses.

Geographic scope. CRC networks are national ones, but foreign partners are allowed to join.

Organisational structure. CRCs are – need to be – formal networks, partners are “cemented” together by a detailed, specific contract.

Duration. CRCs are set up at least for 3 years, the preferred duration is even a longer period, namely 6-9 years.

Boundaries. The membership of CRCs is crystal clear, it needs to be described in a contract. Access to existing CRCs is somewhat restricted, as it is a rather lengthy process to amend the contract among the current members.

Architecture and balance of power. The internal structure of any CRC is up to the partners, but it should be described in the application, and appropriate balance should be struck between the various aspects of education, research and business. No empirical studies are available to assess/analyse CRCs in this respect as they are being set up in the time of writing.

Stability and trust. CRCs are likely to be stable networks given the non-negligible intellectual and financial contributions of the partners, their interdependency (on complementary skills of R&D and business, respectively), and high-trust relationship without which they would enter such a demanding, complex and ambitious joint project.

3.4.2. Rationale and motivation for the programme

CRC wants to address the insufficient level of co-operation between university departments, non-profit R&D institutes and enterprises. Thus it is aimed at promoting close, strategic, formalised academy-industry co-operation to promote innovation and competitiveness on the one hand, and “injecting” practical, business aspects into education, on the other. (For a longer – perhaps somewhat too long – list of motivations see point 2.1.)

3.4.3. Perceived benefits

Scale and scope of activities. It is expected that the curricula, and more generally the overall activities, of participating HEIs are going to be extended, or “flavoured”, by market-oriented, entrepreneurial type attitudes and activities. Firms’ capabilities might also be extended given the potential to achieve synergies between different technological competencies gained through their activities in CRCs.

Shared costs and risks. CRC partners share costs of the planned major innovations, especially intellectual burden. Participating companies also benefit from the financial support provided by the state for CRCs, and thus their costs are lowered.

Improved ability to deal with complexity. CRCs should facilitate learning by co-operating, i.e. partners bring expertise from different technological fields to tackle complex problems, e.g. how new chemical technologies can serve sustainable development, how to apply lasers to solve industrial and medical problems. (Laser technology in itself draws on a number of fields, such as precision engineering, optics, electronics plus the field where a practical problem should be tackled.)

Enhanced learning effects. CRCs are intended to facilitate mutual learning. HEIs are generally weak in project management, in addressing practical socio-economic needs in their curricula and research activities, or more generally, in incorporating business attitudes into their way of

thinking, organisational approach and overall activities. Firms are supposed to bring all these skills, attitudes and types of knowledge, what HEIs, in turn, can appropriate during this close co-operation. In other words, partners from HEIs attend a kind of “on-the-job” training on these issues. (Note that a large part of what they are supposed to learn is tacit knowledge and various skills, and hence formal training on these subjects would be less appropriate.) Firms, on the other hand, can learn about new technologies, can shape the process and direction of the generation of knowledge, and learn immediately both from success and failure of this attempt.

Welfare effect. It is hardly possible to establish if participating firms would have spent the amount of their financial contribution on R&D without having the opportunity to join a CRC.

Flexibility and efficiency. Not applicable for CRCs.

Speed. CRCs are intended to speed up product and process development projects, however, it is too early to assess them in this respect. Moreover, it is difficult to establish if these projects would be conducted more slowly or quickly without establishing – or joining – CRCs.

3.4.4. Problems already identified, likely future (or built-in) failures

Given that the first CRCs are just being set up, it would be too early to discuss problems already identified. One might speculate, however, that this scheme is probably over-ambitious in terms of the sheer number of the problems it tries to address. Thus lack of focus might lead to problems in terms of co-operation among the partners, and possibly in a more visible manner in terms of programme management, monitoring and assessing the performance of CRCs on the side of RDD ME.

4. Consortium Building for EU FP5

4.1. Description of the programme

This scheme was initiated in 1999 and launched already in the same year.

Its **major aim** is to assist Hungarian R&D units, individual researchers and firms in joining or building a consortium applying for EU funding from the 5th RTD Framework Programme. The costs of the following activities can be reimbursed – up to HUF 1 million – using this grant:

- attending meetings abroad to prepare a project proposal for EU FP5
- organising similar meetings in Hungary
- video conference with the members of the consortium
- legal, financial and project management consultancy to help preparing a project proposal.

Applicants should prove that they possess all the knowledge, skills and international contacts required for preparing a successful project proposal and the planned project would comply with one of the EU FP5 calls. They should present the expected scientific, technological and economic results of the planned project as well as the importance of the Hungarian contribution to the project. They should also present a budget for the planned activities (to be undertaken as part of the preparation of a project proposal). If there are two or more Hungarian partners in the same consortium, preferably one of them would attend the project meetings abroad. If more than one Hungarian partner wants to attend these meetings they should submit another application for this grant in the same time, and clearly indicate that they are partners in the same consortium.

This *grant* would reimburse 100 per cent of the costs incurred by the Hungarian partners in preparing a project proposal provided that their project proposal is assessed at least “good” by the evaluators. Below that threshold 50 per cent of the costs of preparation is covered.

4.2. Progress report

The programme was first launched in February 1999, and since then applications can be submitted continuously. (Applications are assessed monthly.) 113 applications have been received by the end of June 2000 and 93 of them have been awarded altogether HUF 71 million.

4.3. Assessments and evaluations

Formal, fully-fledged evaluation of the programme has not been conducted given the date of its launch. An internal assessment of the scheme – relying on the structured discussion of the insights of civil servants, rather than on findings stemming from a proper evaluation exercise, and carried out when all the schemes run by RDD ME were revised in October 2000 – concluded that the programme should be continued in 2001, too. There is strong interest from the Hungarian S&T community, shown by the large number of applications already submitted.

4.4. Summary of Consortium Building for EU FP5

4.4.1. Characteristics of networks

Vertical vs. horizontal. These are usually horizontal networks, connecting R&D units and firms of different countries.

Geographic scope. These networks are international ones, by definition.

Organisational structure. These are usually trust-based networks, otherwise they would not co-operate in an R&D project. However, once a project is granted by the EU FP5, there is a detailed contract between the EU and the consortium, containing the tasks of each partner, too. The EU also demands to put a project management structure in place.

Duration. These consortia are usually set up for 1-3 years (depending on the EU FP5 call, too).

Boundaries. The membership of these consortia is crystal clear, it need to be described in a contract. Access to existing consortia is restricted.

Architecture and balance of power. not applicable

Stability and trust. These consortia are set up for a given project, based upon trust. They are likely to submit another project proposal once a given project is completed to start another one, perhaps with a slightly modified membership.

4.4.2. Rationale and motivation for the programme

To set up a consortium is a costly and time-consuming process, even when partners can rely on a history of co-operation. Most Hungarian R&D units do not have the financial means required to cover the costs of the project preparation phase. However, it is rather desirable to

have as many Hungarian partners in EU-financed projects. Therefore the government should assist those who are likely to be successful but lacking the funds for the initial “investment”, i.e. project preparation.

4.4.3. Perceived benefits

Scale and scope of activities. not applicable

Shared costs and risks. not applicable

Improved ability to deal with complexity. not applicable

Enhanced learning effects. not applicable

Welfare effect. not applicable

Flexibility and efficiency. not applicable

Speed. not applicable

4.4.4. Problems already identified, likely future (or built-in) failures

This scheme seems to address relevant problems in a relevant way.

5. Thematic Networks

5.1. Description of the programme

This scheme was initiated by the so-called National Contact Points – those who should facilitate links between the European Commission officials, schemes and the Hungarian S&T community –, and launched in February 2000.

Its **major aim** is to assist Hungarian R&D units, individual researchers and firms in joining existing Thematic Networks (funded by the 5th RTD Framework Programme) or initiating, preparing new ones. The costs of the following activities can be reimbursed – up to HUF 10 million – using this grant:

- to set up the Hungarian part of the Thematic network (attending and organising meetings, translation of documents, accreditation of translation, covering legal and financial consultancy fees)
- to join the information system of existing Thematic Networks (creating home pages, connecting projects via the web, creating and updating data bases, harmonisation of data content, regulation of providing data)
- to join existing Thematic Networks aiming at submitting fresh project proposals (attending meetings abroad related to networking activities supported by the EU, publishing news letters, information services concerning the diffusion and exploitation of R&D results, technology transfer services)
- to initiate, prepare new Thematic Networks.

Applicants should submit a detailed plan of activities required to join an existing Thematic Network or to set up a new one. Obviously, the project should be related to one of the programmes/ priorities of the EU FP5. In case of an existing Thematic Network the should give an account of the objectives, members, connection to a given EU FP5 call, completed tasks and further activities of the Network with Hungarian participation (expected results e.g.

in terms of strengthening/ establishing contacts, gaining/ generating knowledge, technologies, improving abilities/ chances to join further networks/ projects funded by the EU). They should also prove that they possess all the knowledge, skills and international contacts required for a successful participation in the network's activities. The applicants should also present a budget for the planned activities.

This *grant* would reimburse 90 per cent of the costs incurred by the Hungarian partners joining an existing Network or aiming to set up a new one.

5.2. Progress report

The programme was first launched in February 2000, and since then applications can be submitted continuously. (Applications are assessed monthly.) Eleven applications have been received by October 2000: one of them has been awarded HUF 4.6 million, 9 are being assessed at the time of writing (with a total budget of HUF 78.6 million), and the remaining one has been rejected because of formal mistakes.

5.3. Assessments and evaluations

Formal, fully-fledged evaluation of the programme has not been conducted given the date of its launch. An internal assessment of the scheme was carried out in October 2000 when all the schemes run by RDD ME were revised. It took a form of a structured discussion of the insights of civil servants, rather than on findings stemming from a proper evaluation exercise. Assessments were mixed: some pointed out the importance of the scheme – given the ever increasing significance of EU-wide networks in terms of generating and diffusing knowledge and innovations –, others emphasised the small number of applications. This weakness can be attributed to a weak communication strategy of new schemes. The discussion eventually concluded that the programme should be continued in 2001, too.

5.4. Summary of Thematic Networks

5.4.1. Characteristics of networks

Vertical vs. horizontal. These are horizontal networks, connecting R&D units and firms of different countries.

Geographic scope. These networks are international ones, by definition.

Organisational structure. These are usually trust-based networks, otherwise they would not co-operate in an R&D project. However, once a project is granted by the EU FP5, there is a detailed contract between the EU and the Thematic Network, containing the tasks of each members, too. The EU also demands to put a project management structure in place.

Duration. The Hungarian scheme is for 2 years, the actual Thematic Networks are usually set up for 2-3 years (depending on the EU FP5 call in question).

Boundaries. The membership of these consortia is crystal clear, it need to be described in a contract.

Architecture and balance of power. not applicable

Stability and trust. These networks are set up for a given project, based upon trust. They are likely to continue the networking activities both with the Hungarian and foreign partners once a given Thematic Network project is completed, perhaps with a slightly modified membership.

5.4.2. Rationale and motivation for the programme

EU-wide networks are evermore important in terms of generating and diffusing knowledge and innovations. Thus it is crucial to assist Hungarian partners in joining existing networks. This scheme is aimed to improve the chances of the Hungarian business and S&T communities to integrate into EU-wide networks, to foster co-operation among Hungarian and foreign partners to achieve the objective of the EU FP5, and to diffuse the results of EU FP5 networks in Hungary.

5.4.3. Perceived benefits

Scale and scope of activities. not applicable

Shared costs and risks. not applicable

Improved ability to deal with complexity. not applicable

Enhanced learning effects. Hungarian partners can learn from each other already in the preparation phase, and “tap” the results and activities of the Thematic Networks (learning by networking).

Welfare effect. not applicable

Flexibility and efficiency. not applicable

Speed. not applicable

5.4.4. Problems already identified, likely future (or built-in) failures

This scheme seems to address relevant problems but in a bit complicated way. Some modifications in the scheme itself and a significantly improved campaign to communicate the aims and means of the scheme seem necessary.

6. Summary and conclusions

Hardly any schemes have been introduced prior to 1999 in Hungary to promote CCN as a major, specific aim. The importance of CCN, however, has not been neglected. Since the mid-1990s existing schemes have been gradually modified in order to address this issue, e.g. project proposals, say, seeking the development of a new product, have enjoyed priority provided that the project has been a co-operative one, involving partners both from the R&D and business sectors.

More recently, however, CCN is gaining importance, especially in the recently launched schemes (described in more detail in sections 2-5 in this paper). These new schemes have been specifically designed to foster CCN activities. Since these were only launched in 1999-2000 not much information has been accumulated concerning their impacts and effectiveness. Limited experience does suggest, however, that these new schemes address relevant needs – shortcomings in the current national system of innovation –, and usually in a relevant way. Hence various actors in the Hungarian innovation system have reacted positively, committing

their intellectual – and if required – financial or in kind contribution to the success of these new schemes/ networks.

The current schemes financed by KMÜFA (Central Technological Development Fund) and their relevance from the point of view of CCN are summarised in Table 1.

Table 1: Schemes financed by KMÜFA (Central Technological Development Fund) and their relevance from the point of view of CCN

<i>Scheme</i>	<i>Main objective</i>	<i>Relevance from the point of CCN</i>
Applied R&D Programme	development of new products, services and processes	co-operation is preferred, although not specifically aimed at CCN activities
Competitive Products Programme	improving the competitiveness of existing goods by R&D	co-operation is preferred, although not specifically aimed at CCN activities
“Maecenas” Programme	conference participation, conference organising, membership fee in international S&T organisations	can be used for searching for partners
Information and Communication Technology Programme (IKTA)	R&D in five specific areas of Information and Communication Technologies	co-operation is strongly preferred (?a must?)
Environment Protection Programme	developing passive environment protection technologies and clean technologies	co-operation is preferred, although not specifically aimed at CCN activities
Regional Innovation Programme	promoting local/ regional R&D by SMEs (in co-operation with county offices of Chambers of Commerce or their consortia)	??co-operation is preferred, although not specifically aimed at CCN activities
Special Innovation Programme for three counties	improving the innovation skills of SMEs in ‘cohesion’ areas	??
TECH-START Programme	fostering the growth of innovative SMEs	??
Liaison Office Programme	fostering Hungarian participation in the EU 5 th RTD FWP	awareness of network possibilities, searching for partners
Consortium Building Programme	fostering Hungarian participation in the EU 5 th RTD FWP	searching for partners, organising the network
Participation in the NATO Science Programme	international co-operation	awareness of network possibilities, searching for partners, organising the network
Integrator Programme	improving SMEs’ technological capabilities to become suppliers	active co-operation
Co-operative Research Centres Programme	fostering long-term academy-industry co-operation	building trust and a shared knowledge base, organising the network, ensuring providing complementary resources, active co-operation
Thematic Networks Programme	fostering Hungarian participation in Thematic Networks funded by EU FP5	awareness of network possibilities, searching for partners, organising the network
Instruments Programme	upgrading R&D laboratories	generally not applicable