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1. EXECUTIVE SUMMARY

This document provides an overview of achievements of the Pilot Innovation Environments (PIE). Based on the results of work package 3 (WP 3) of the FORESDA project and the actual situation in the West-Hungarian Region, the Hungarian project partner ZMVA, decided to boost innovation activity of Hungarian SMEs in FBI (Forest Based Industry). They wanted to show the potential of the field of bio-composite. During the project three topics were covered: To make a study about bio-composites, sharing of this document and best practices from bio-composite users/producers, new market possibilities and cooperations. For the Forest-Based Industry (FBI) sector to be competitive, cooperation between SMEs and R&D Organizations to start innovative projects and share information about the topic of new materials are absolutely necessary. With the regional working group, consisting of SMEs, R&Ds and the Cluster “PANFA”, the prerequisites for a cooperation platform were made. The Pilot Innovation Environment within the West-Hungarian Region mainly tried to support SMEs from the FBI sector to become innovative in the future.

2. MOTIVATION FOR PILOT INNOVATION ENVIRONMENT

2.1 BACKGROUND

The biggest issue in our region is trust and low level of cooperation, especially in FBI. Trust between professional organizations, clusters, etc. If we can not reach this, we will not be able to increase the level of cooperation. Cross sectoral topic is quite a new idea in the EU as we know. This is a good idea, but we are not sure, that Hungarian FBI is ready for this. There are no funds for cross-sectoral projects and activities. We have some initiatives supporting intersectoral cooperation and the Hungarian government wants to incite R&D activities generally. It operates some state funds, but the concept should be improved. Because these funds focused on companies, and do not incite common work with each other or research institutes, universities, etc. FBI has weak R&D activities and potentials in Hungary. But in our project region, there is a research institute, which is called NRRC (Natural Resources Research Center). University of Sopron, and its wood- and forest faculty also are in our region.

2.2 OBJECTIVES

In the beginning we wanted to open new possibilities for SMEs in development and market of biocomposites. But we recognized it is too early in Hungary. We had to step back, and focused on another problem: The lack of cooperation and involvement for knowledge exchange. We have aimed at reaching at least ten businesses, during the project period.

We tried to improve technology transfer towards SMEs of FBI in West-Hungarian region, especially in connection with bio-composites. In paralell with this, we also wanted to develop innovation processes by SMEs, because of low innovation activity of the forest-based sector. We planed to generate activities on the basis of the adopted Transnational Strategy, and previous documents of workshops of FORESDA, PANFA (wood cluster).

Next phase of the project we had to recognize, that SMEs openness is low. To reach our golas we had to reactivate SMEs and cooperation between SMEs and R&D organizations. According to this experiences we got one more objective. We wanted to reach better cooperation between companies, and cooperation with professional or branch organization.

To reach regional, and national further objectives (FBI become one of the beneficiary sector of national economical plan until 2030, called Irinyi Plan), we had to focus on this in our PIE.

3. SHORT DESCRIPTION OF PIE

We made several efforts to reach SMEs, and gained higher involvement in the FORESDA project. We visited them personally, in their offices. We received many useful inputs from the FORESDA project partner SUAS about SMEs' involvement in the innovation chain.

We collected the visited SMEs' opinions and experiences, and expectations. According to this information we organized an evaluation workshop. Key topics were "how can produce a Hungarian SME bio-composite products" and "what they need to produce these kind of products".

We made research and study of bio-composites. We organized workshops of discussions from professional side. The target group of these workshops were researchers, universities. We continuously communicated the results to wood sector operators via clusters and FORESDA news. We evaluated governmental and research sector cooperation and the interaction between research institutes and SMEs transnationally. There was a discussion about the study within SMEs in the PIE as well.

As we saw disinterest of SMEs, we generated personal visits and meetings with them.

4. PIE ACHIEVEMENTS

- Communicate results of SMEs visits (needs, and difficulties in connection with innovation) to governmental institutes.
- Reach SMEs involvement in the FORESDA project.
- Generate knowledge exchange between SMEs.
- Find the way how can be bio-composite new way of SMEs.
- Present and discuss the best practices of the FORESDA project.
- Final conclusions of the FORESDA project are communicated.

- New cooperations between SMEs.
- We reach more SMEs as we planned. (14 vs. 10)

4.1 CONTRIBUTION TO NATIONAL STRATEGY (RELATED TO FBI/FORESDA)

Hungary does not have national FBI strategy. But we can put FBI in overall economy improvement plan and strategy, called Irinyi Plan. Irinyi Plan is a comprehensive economy development strategy, which keeps 2030. It focuses on innovation and core industrial and economical branches. The wood sector in Hungary is low in weight, so there is no focus on it. We presented possibilities in FBI to Chambers and we worked together further trilateral meetings with University of Sopron (wood faculty). We pushed information about potential future positive prospects of wood industry of Hungary. The result of these efforts was putting wood sector in Irinyi Plan.

4.2 CONTRIBUTION TO NATIONAL/REGIONAL DEVELOPMENT AND INNOVATION POTENTIAL

We gained a clear picture of FBI in the Western part of Hungary. Hungary does not have common or regional FBI development strategy, or situation analysis. We have generated activities (research into the needs of SMEs, innovation potential, etc.) that can form the basis of the regional FBI strategy. We can show clear pictures about our branch, and SMEs within this industry. It is very useful for? the lobbying for resources of innovation. Policy makers have to understand how to built up our sector, and what kind of SMEs are working here, what are their needs, and possibilities.

The PIE can deliver clear identification for regional decision makers via FINCOM community and common meetings or study tours. As FBI has low attention now from other industrial roleplayers or governmental side, it is very hard to reach any impact towards building a regional innovation system. But national and international study tours can be a key point starting to make first steps to create it.

4.3 CONTRIBUTION TO THE OBJECTIVES OF FORESDA

- Objective 1: aims at implementing regional PIEs in order to address the challenge of weak quadruple helix linkages, low collaboration levels along the value chain and

the need for providing physical or virtual collaboration spaces bringing together multiple stakeholders and contributing to joint innovation.

Our contribution was to make a clear picture about Hungarian FBI situation. We gained complex information about the reason of low collaboration level and joint innovation. Without our works decision-makers can not work out really effective programmes, grant, educational strategies to develop this branch. But these data is changing according to the outer environment. That's why we have to follow and support these kind of activities.

- Objective 2: aims at supporting cross-sectoral, transnational innovation through CNs and IPs. It thus addresses the challenge of rather low innovation capacity and competitiveness of SMEs and also contributes to internationalisation, technology transfer and qualification of the workforce. It will enhance existing and foster new products, processes, business concepts showcasing the possibilities of wood and fibre in tomorrow society.

We find some good practices:

- for good handling of SMEs;
- how to involve SMEs regional, national and transnational programmes or cooperations;
- what kind of common business opportunities are in cross-sectoral products;
- to ensuring the innovation flow between companies and research institutes;

We made suggestions for the content of different campaigns in connection with wood branch. We declared aims of the suggested promotions. We define what has to be changed about the image of FBI.

SMEs got some flashes from the market of new products, and about background of these products. Which consist of wood, but sometimes more than only a wood furniture. We also presented new business models via our studytours of FINCOM communications.

These activities will be supported by FINCOM community, to ensure further strengthen of FBI.

4.4 HOW DOES THE PILOT CONTRIBUTE TO THE PROGRAMME PRIORITY “INNOVATIVE AND SOCIALLY RESPONSIBLE DANUBE REGION”?

To improve business support to strengthen the capacities of SMEs for cooperation and trade. We had to explore current situation, weaknesses and strength. We received possibilities from research institutes, marketresearch companies and governmental side. We tried to forward these information towards SMEs to strengthen cooperation and business force of SMEs, but their involvement was very low in the first periods. By the end of the project, we built up a small community (companies, educational-, professional organizations, policy makers) and it can be the starting point of future programmes to strengthen the capacities of SMEs for cooperation and trade.

To reach that aim, improving the competitiveness of rural areas we have to find and represent good practices. That's why we visited several companies in Hungary and Austria to find usefull solutions. After these activities we invited more and more SMEs to join us, and visit our study tours. After these visits we asked them to share their opinion and participate on further workshops, they sign to us if they find any usefull things.

We these trips and workshops we started to eliminate cross border barriers and bottlenecks to people and business. Businessmen, researches and educational institutes wee introduced, and meet eachother. Hopefully new cooperations will be generated from these.

FINCOM community is working on improving framework conditions for SMEs in area of West-Hungary. SMEs in wood branches are competitve in production, but they have very low R&D activities, which cause they depends on they current customers and they only focus for technologycal development. They innovative future is missing.

4.5 HOW DOES THE PILOT FIT INTO EUSDR?

To make bigger emphasize of FBI, can serve all the four pillars of EUSDR. Via our previous workshops and personal visits we started changing mind of people about wood sector. If we use wood based products and composites we will stay closer to our cultural roots, and our economy will be more sustainable. These aims have to be common regional goals because only one country can not be as successful, as the whole region in globally.

Therefore to support connecting the region is also important in our projekt, we did some steps, but the bigger part of the road is in front of us (we have to do lot of further things).

Climate change, irresponsible forest management and its consequence are huge challenges for FBI as well. EUSDR also focuses on protecting the environment. If we use wood for furnitures and for buildings and further innovation, we can decrease - with responsible forest management – impacts of climate change, and we can live in a more natural environment. This change of attitude can help manage environmental risks and preserve biodiversity, landscapes and the air and soil quality.

The project FORESDA forth priority point was HR and education. Education of new generation and education of employees in wood sector and retraining from other sector. Other aspect of education is giving general information about FBI for students and people. Our FINCOM community contains university, which is responsible for these activities. It supports that kind of initiatives which develop knowledge society, support the competitiveness of enterprises and invest in people and skills.

To develop FBI and its background, as set up institutional capacity and cooperation, we strengthen our region, because it will be smarter, cleaner, greener and more innovative and attractive for people who are living here, and who visit here.

FINCOM members are working together on it.

5. CONTINUATION OF PIE

After FORESDA project, our FINCOM community will responsible for the continuation of PIE. FINCOM members plan to generate and support new activities, according to experiences of the FORESDA project. These new initiatives focus on four key priorities. Image and lobbying we have already generated some impacts until now. We reached that FBI got a small role in a huge economy development plan, called Irinyi Plan. This point is able to ensure new reasources for PIE. A PIE with good financial condition can initiate SMEs to become more cooperative and they will participate common projects. Second big field is Policy and legislative support. As Chamber is involved in FINCOM community, it can represent our interest. They will keep regularly contact with representatives of wood branch.

Next topic is Founding and Business Environment.

Impacts in this area are very close context with previous two topics. If FBI - supported with FINCOM – be able to create good campaigns, and reach enough governmental commitment, this industry will be able to have chance for gain good basement to innovation and cooperation.

Long term continuaton of PIE also depends on HR resources. We have to keep contact with educational organizations as well. Without good experts and new, enthusiastic employees and SMEs we can not develop our FBI in the future.