

ACTION PLAN HAJDÚ-BIHAR COUNTY















PURE COSMOS PROJECT

"Public Authorities Role Enhancing Competitiveness of SMEs"

ACTION PLAN OF HAJDÚ-BIHAR COUNTY GOVERNMENT

Debrecen February 2019







Part I - GENERAL INFORMATION

Project: PURE COSMOS - PUblic authorities Role Enhancing COmpetitiveness of SMeS

Partner organisation concerned: HBCG – Hajdú-Bihar County Government

Other partner organisations involved (if relevant): -

Country: Hungary

NUTS2 region: Észak-Alföld NUTS3 county: Hajdú-Bihar

Contact person: Tünde Szabó

Email address: szabo.tunde@hbmo.hu

Phone number: +36 20 413 2673







Part II - POLICY CONTEXT

The Action Plan aims to impact:
Investment for Growth and Jobs programme
European Territorial Cooperation programme
Other regional development policy instrument

Name of the policy instrument addressed:

Hajdú-Bihar County Territorial Development Operational Programme

Priority 3: Competitive economy

Action 3.4: Innovation and competitiveness development

Further details on the policy context and the way the action plan should contribute to improve the policy instrument:

As defined in the project's Application Form, the Hajdú-Bihar County Territorial Development Operational Programme (HBCTDOP) defines the vision of the county, the development targets and intervention areas as well as the development trends required to achieve the objectives. Priority 3 covers the development of competitive economy aiming to implement measures towards the increasing of SMEs, hence supporting national enterprises. This priority concentrates on the advanced, well run sectors on one hand, which can be a development opportunity for less enterprises as well and on the other hand it focuses on the less developed sectors and aims to increase their competitiveness too. This priority intends to boost entrepreneurial activities as well through increasing capital investments, entering in new, mainly foreign markets, supporting joint investments. Action 3.4 creates the possibility for knowing, acquiring and exchanging good practices and innovation through the complex innovation chain. The strategy also supports the international appearance and strengthening of the international co-operations of enterprises. Boosting entrepreneurship and entrepreneurial activity is crucial; enhancing the umbrella organisations and simplifying administrative activities as well. Hajdú-Bihar County Government planned to contribute to the solution of these problems with the good practices identified in PURE COSMOS project.

During the past years considerable measures have been taken by the Hungarian government to reform the public administration of the country. The most important results of these reforms include the reduction of administrative burdens, the simplification of administrative procedures through digital access. However, the results of the efforts related to reform the Hungarian public administration are perceptible only at a limited extent for the economic operators. In the SME sector compared to revenues and total costs the establishment an up-to-date management system and onsite functions means higher expenses because of the low capital resources and the proportionally high staff costs. The established inadequate operational and management practices among the Hungarian start-ups are serious burdens of competitiveness and success. Despite the digitalisation campaigns in the recent period, the underdevelopment of digital economy, the low-level application of ICT tools and services also hinder the growth productivity and business efficiency. Consequently, the targeted development of economy is an important area of intervention. During the project the stakeholders of Hajdú-Bihar County had the chance to







examine existing good practices for the above-mentioned problems that can boost the competitiveness of SMEs.

Peer reviews and study visits further supported our stakeholders in finding internationally available solutions for their challenges regarding digitalization and administrative burdens.

SMEs are determinant actors of the county's economy so all factors concerning their competitiveness and success need to be supported by policy makers and decision makers. Particularly represented by micro- and small enterprises (more than 90%), SMEs mainly in rural areas still struggle with the lack of capital, lack of competence, the large outflow of young people as well as administrative burdens.

An important rate of companies is not in a position to increase the number of employees in the near future; besides they can see the potential only for a low or moderate economic improvement in the upcoming years. As defined by business actors of the county, the main obstacles to their development are taxation and bureaucracy; their economic performance is strongly concerned by the fact that accessing external finance and entering new international markets are seriously limited.

Another issue significantly impacting their performance is the low rate of digital solutions: both digital skills of entrepreneurs and ICT solutions applied by companies need to be strengthened. Although several advisory services have been provided by different actors of public administration, most of them don't seem to be a success story.

The most significant difficulty is how to reach entrepreneurs, SMEs is an efficient way, how to create real interactions between public administration and business actors.

Aiming to create a sustainable and practical system, the Hungarian Government started its comprehensive national administration reform (reducing administrative burdens, simplifying administrative procedures) in the 2000's. One Stop Shop services are established: more than 300 Government Windows provide administrative services within a short distance of citizens at the lowest level of territorial public administration; the task portfolio covers a wide range of issues (more than 2500 different administrative cases) including several ones for SMEs or entrepreneurs.

Hungary's eGovernment portal, https://magyarorszag.hu was launched in September 2003 as an institutional portal, service platform and electronic application submission platform. In 2005, the transactional gateway called the 'Client Gate' (Ügyfélkapu) was launched providing easy and time efficient solutions for both citizens and businesses. Based on its infrastructure, the National Tax and Customs Administration also launched new services year by year aiming to make digital channels being the default communication sources for entrepreneurs/citizens (digital by default). Amended by its Telephone Customer Service and Administration System, there is a wide range of efficient, immediately available free services for citizens/entrepreneurs to manage different tax issues.

Despite the availability of several services provided, there is more to improve. It is strongly needed to integrate all specific sectors' system into Government Window's while customer service officers need widespread education/training about the issues they handle.







The improvement of the addressed regional policy has been originally planned through new projects/project ideas: gaining the benefits of having detailed knowledge on good practices and utilizing the lessons learnt through study visits and peer review, we planned to cooperate with regional actors as well as the Hajdú-Bihar County Development Agency (our business organisation) to support local actors particularly SMEs when preparing and implementing their applications to be submitted in OP Calls (focusing on TSDOP and EDIOP/Economic Development and Innovation Operational Programme). The original intention defined in the Application Form was to improve the policy instrument through new projects: the Development, Planning and Strategic Department will assist stakeholders to submit successful applications in line with the HBCTDOP based on the good practices gained in PURE COSMOS project, in particular concerning e-Government tools and ICT services. Priority 3 of the HBCTDOP is connected to the project's theme and Hajdu-Bihar County Government stakeholders were intended to improve the following one with the help of the project: Priority 3: Competitive economy Action 3.4: Innovation and competitiveness development. Due to the new projects initiated, the capacities of business infrastructure were expected to be further developed and the quality of their services increased, contributing to the competitiveness improvement as well.

By the end of the interregional learning phase of project implementation, it became clear that due to the closure of new project opportunities, hence there are no further calls in this relevant period, another solution must be applied to implement productive policy improvement. As there was another way to achieve our goal and enhance the policy targeted, HBCG found the most efficient way to improve the targeted policy is to <u>strengthen governance</u>: to integrate or at least consider newly learnt processes, solutions and methods in the management of the policy.

This process has already started during the interregional knowledge exchange process where county policy makers, actors of policy implementation and related stakeholders had a wide range of opportunities to gain more capacities, to see well-operating structures and measures of other partners and to get a deeper insight in successful digital solutions.

Through the implementation of the Action Plan, both policy owner and county actors are planned to gain the necessary update concerning capacity, willingness and engagement needed to act more efficiently; higher level collaboration, newly created service potentials for rural communities and SMEs, efficient dissemination of responsible use of digital solutions are expected.

The planned expert working group to be set up will serve as a professional hub to create new, better and more efficient ideas for the better performance of governance concerning the policy addressed; there will be more space to apply updated measures and to define practical ways to follow even in the future.

The digital county app to be designed could be a key for a simple, transparent and easily applicable way for SMEs to simplify their business life. The knowledge gained through the design process, the brainstorming of different actors thinking together to make the base for a later app will enrich the actors of governance; the new approaches, the wide range of stakeholders involved and the long-term vision of an available tool for our SMEs and citizens supporting the everyday business procedures enable the enhanced performance of a stronger governance with a wider perspective.





Hajdú-Bihar County Territorial Development Operational Programme is designed and implemented by the county government and municipalities so strengthening their capacity, knowledge and skills support the successful and more efficient realization.

Within the organization there is a new working team harmonizing the results of Pure Cosmos and Employment Pact activities strengthening the support and advice our Pact team can forward to SMEs in order to ensure improved advice/service delivery as defined in the AF.

The key areas to improve are as follows:

- communication between SMEs and regional/national public authorities/reaching target group
- digital skills of business actors particularly in rural areas of the county
- rate of ICT tools applied/used by SMEs in rural areas
- widening the scope of e-government/improving digital services (potential new issues, new processes, new methods successfully applied by other partners)

In order to achieve the objectives defined within the project and utilize the value and potential of lessons learnt through the interregional learning process including the regular discussions with regional stakeholders, actions have been defined to adapt the selected good practices and peer review results.





Part III - DETAILS OF THE ACTIONS ENVISAGED

ACTION 1. Establishment of County Expert Working Group promoting stronger and competitive enterprises

Action 1 is dedicated to create and establish a county level working group involving all relevant actors listed below (Point 3: Stakeholders involved). This working group will act as a regular platform to identify and provide support to SMEs working in different sectors utilizing the lessons learnt from the selected good practices and the recommendations by the peers in Debrecen. The working group will develop and provide guidelines, information materials, mentoring sessions, networking and communication opportunities for those interested. Specific focus is given to societal challenges (unemployment, women in rural regions, etc.) and innovation issues in order to efficiently support the innovative transition of rural areas in the county including the guidance on why and how to use digital solutions.

Direct beneficiaries include the members of the working group and their related entities as well as SMEs directly contacted; indirect beneficiaries are SMEs not directly contacted but taking part in the PURE COSMOS communication chain and relevant bodies not taking part directly in the platform activities.

1. Relevance to the project

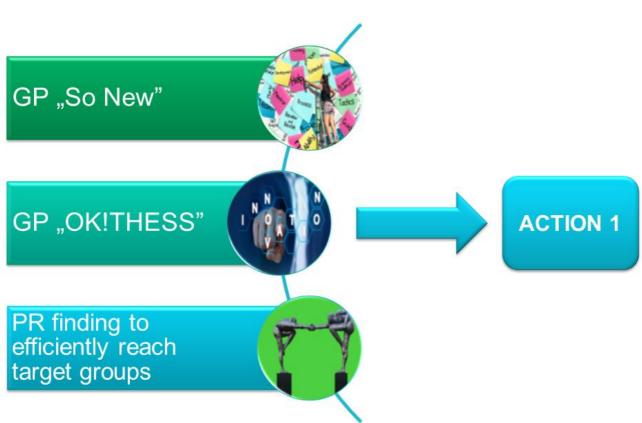
The action has been generated on the basis of 2 good practices identified and presented in the project and the main findings of the peer review held in Debrecen in April 2017:

- Good Practice "So New"
- Good Practice "OK!THESS"
- Recommendation of peers focusing on the efficient cooperation with target groups









Good practice "So New" SOcial EntrepreNEurship noW – Lessons learnt from Ergani Center through Anatoliki SA, Thessaloniki, Greece and study visit in January 2019

As we learned from the good practice's description, an important expertise has been built in the field of supporting rural entrepreneurships and cooperatives in Northern Greece. Based now in the new Greek law for the Social Economy they started to work as a Community Center supporting the start-up and the development of this new type of social cooperatives. Tools have been prepared, staff was trained and a number of services has been provided to groups who wanted to start a cooperative or to existing ones. The services are: information, advising, group and individual counselling, training, incubating, mentoring and networking.

They implemented a project, funded a private donor, between August 2015 and July 2016. During this time and under this framework they supported more than 150 persons and 60 groups or cooperatives.

HBCG is fully engaged with the promotion and improvement of the ecosystem for social innovation and social entrepreneurships to fight unemployment particularly in rural areas. Managing the county's Employment Pact, HBCG actively works towards the establishment of new or reloaded opportunities for disadvantaged groups, job seekers, students and entrepreneurs and strongly supports the national initiation called "Modern Entrepreneurships' Programme" promoting the digitalisation of SMEs/entrepreneurs. Enhancing the strength and cooperation of local communities including social entrepreneurships is one of the main objectives of the county's Development Strategy. HBCG works to implement the Hungarian National Social Inclusion Strategy educating and convincing the young generation about the importance of getting updated





skills and knowledge, especially improving digital skills and applying relevant technologies while teaching them social responsibility. HBCG works in strong collaboration with University of Debrecen, local municipalities, offer engaged population towards creating better environment for successful entrepreneurs; county Chamber of Commerce and Industry; civil organisations working in the fields of job creation, social innovation and digitalisation.

Good practice "OK!THESS" Lessons learnt through Anatoliki SA, Thessaloniki, Greece

Initiated by Thessaloniki Municipality, OK!THESS aimed to integrate the different separated efforts to strengthen innovation and entrepreneurship as well as fight unemployment providing space and technical support to teams of people with innovative ideas.

Running a pre-incubator/accelerator which hosts start-ups and Social Cooperative Enterprises for different periods, OK!THESS offers specific services:

- Co-working space
- Participation in seminars and lectures related to innovation
- Regular guidance by a coach specialized on start-up related issues
- Mentoring in the same field of economic activity as the start-up team
- Space for social interaction with other teams
- International networking

To achieve its goal, OK!THESS provides the opportunity to connect teams with mentors, organizes Specialist Trainings and addresses the broader ecosystem through Cooperative Technical Events and Supporting Events.

Struggling to efficiently support its SMEs particularly in less developed rural regions, Hajdú-Bihar County Government is committed to find appropriate ways to create the link between the available knowledge/experience and SMEs lacking skills/information on how to operate in a competitive way.

Relying on the information originating from this good practice, new approaches and structures are planned to be defined to practically benefit from the available and applicable experience and potential.

Main findings of the Peer Review, Debrecen, April 2017 Recommendations of Enrica Spotti, Juliane Wolf, Jorge Azpilicueta Fernández

During the preparation phase for the project proposal and even in the project implementation phase it was clearly defined that the lack of efficiently reaching the target group is one of the greatest challenges.

The internationally recognized experts formulated a comprehensive report including the most significant weaknesses and provided their recommendations concerning how to reach the target group sufficiently:





- Organize working sessions, depending on the background (industry, agriculture, tourism, etc.) and depending on the use of ICT
- Involve the stakeholder groups in the implementation of the procedure by listening to their suggestions
- Use simple method of communication, depending on the target group
- Work with intermediate people, to be the contact part with SME's
- Innovation assistance (best practice)

Discussing the necessity of such type of platform involving all relevant stakeholders in a long term, it has been decided to utilize the potential that a well-structured County Platform can bring.

2. Nature of the action

- ✓ A1.1 Establishment of County Expert Working Group involving SMEs, chambers, government and academic actors
- ✓ A1.2 Organization of County Expert Working Group meetings as cooperative events (at least 2 per year)
- ✓ A1.3 Development an online guidance on digital solutions in taxation processes
- ✓ A1.4 Mentoring sessions on specific themes: business planning, applying ICT solutions, networking at different levels
- ✓ A1.5 Development an online booklet informing rural enterprises/entrepreneurs on digital business solutions introducing Pure Cosmos practices
- ✓ A1.6 Development of feasibility plan on Hajdú-Bihar Community Centre concerning social entrepreneurship issues, dealing with start-up and development of new type of social cooperatives
- ✓ A1.7 Development of funding guideline for SMEs and social enterprises in rural areas

3. Stakeholders involved

- ✓ Chamber of Commerce and Industry of Hajdú-Bihar County as a representative of county SMEs and the operator of Enterprise Europe Network, their huge knowledge and experience have been serving as a solid base to create and implement the action with specific focus on economic development and SME needs concerning esolutions
- ✓ Chamber of Agriculture of Hajdú-Bihar County helps to define digital solution and networking needs in the agricultural/agri-innovation sector, end user of Good Practice Database
- ✓ IFKA Public Benefit Non-Profit Ltd. for the Development of Industry contributes with solid experience and guidance concerning social enterprises
- ✓ Hajdú-Bihar County Development Agency as a representative of county developments, economic regards are strongly contributed by them during the action plan implementation
- ✓ Regional Innovation Agency as a determinant actor of regional innovation, their contribution to digital innovation themes is essential







- ✓ University of Debrecen provides a solid and internationally recognized knowledge and research base as well as experience and failures in enterprise collaborations, start-ups and spin-offs
- ✓ Hajdú-Bihar County Foundation for Enterprise Promotion brings experience in funding SMEs and defining supporting needs of enterprises
- ✓ General Assembly of Hajdú-Bihar County official body of the county to approve the activities planned
- ✓ National Tax and Customs Administration of Hungary as one of the leading organizations in Hungary implementing e-solutions, they are essential contributors of the project
- ✓ Representatives of existing social enterprises
- ✓ Representatives of start-ups
- ✓ Municipalities

4. Timeframe

✓ April 2019 – November 2020

5. Indicative costs

- ✓ catering fees for platform meetings/cooperative events (350 EUR/event)
- ✓ development of guidance materials (1000 EUR/document)
- √ development of feasibility plan (1500 EUR)
- √ coaching/mentoring fees (1000 EUR/occasion)

6. Indicative funding sources

- ✓ own sources
- ✓ EU sources (if available)
- ✓ contribution by County Platform members





ACTION 2. Design plan of Digital County HB App

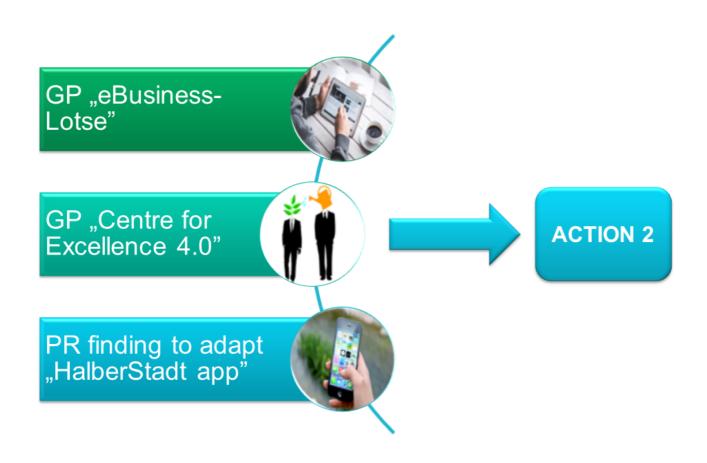
Keeping the focus on small enterprises and entrepreneurs of Hajdú-Bihar County, the planned web-based solution is intended to be used directly for gathering all relevant information on services, taxation, procurement and connecting business actors.

This solution could provide an easy and transparent web-based link to all accessible digital channels that SMEs can use through their work and administrative obligations. The action itself includes the design and plan of the system in order to be well prepared for a future potential to develop it.

1. The background

The action has been generated on the basis of 2 good practices identified and presented in the project and the main findings of the peer review held in Debrecen in April 2017:

- Good Practice "e-Business Lotse"
- ➤ Good Practice "Centre for Excellence 4.0"
- > Recommendation of peers focusing on the digital solutions for enterprises







Good practice "e-Business-Lotse"

Lessons learnt through Development Bank of Saxony-Anhalt, Magdeburg, Germany and import workshop organized in Debrecen, October 2018

The eBusiness-Lotse was a central contact point for adoption and using ICT for SMEs; the eBusiness-Lotse Magdeburg was part of the promotion initiative digital competence network for companies and was funded by the German Federal Ministry of Economic and Energy. The practice was dealing with several digitalization-related issues like:

- > IT security
- Data protection
- Online marketing
- Business process optimization
- > Knowledge management
- Process management and Enterprise Resource Planning

To deeply learn about the objectives, actors, process and outputs of the practice, an import workshop has been organized by Hajdú-Bihar County Government in Debrecen in October 2018. This workshop provided a great opportunity to the whole regional stakeholder team of Pure Cosmos project to have detailed information and answers on questions arisen.

The workshop made it possible to start rethinking and defining what potential solutions or tools can efficiently serve regional SMEs', enterprises' and entrepreneurs' demands.

Good practice "Centre for Excellence 4.0 for SMEs" Lessons learnt through Development Bank of Saxony-Anhalt, Magdeburg, Germany and study visit in Magdeburg in February 2018

The Center of Excellence 4.0 supports small and medium-sized enterprises when using digital solutions and those which want to use them.

The main objective of the practice was to increase digital know-how of companies by presenting them good practices, organizing workshops, providing guidelines and giving advices on optimizing internal processes, digital networking and digital business models while supporting enterprises to identify new business areas.

The main outputs covered some important fields like:

- Identify starting points for the digitalization of business processes
- Understanding the interactions of operational functions
- > Implementation of digitalization projects
- Case studies for digitalization

In order to provide a widely applicable, easy-to-use digital application for enterprises particularly in rural areas, Hajdú-Bihar County Government intends to reveal the proper environment where the app is expected to be used. The experience gained within the Modern Enterprises Programme in the county will be considered as well.





Main findings of the Peer Review, Debrecen, April 2017 Recommendations of Enrica Spotti, Juliane Wolf, Jorge Azpilicueta Fernández

During the preparation phase for the project proposal and even in the project implementation phase it was clearly defined that there is a strong need to improve the efficiency of information flows and strengthen the publicity of available digital solutions.

The peers provided their recommendations on the above-mentioned focus theme including the application of new communication forms and development of web-based applications.

Discussing the opportunity of such type of solution, the peers strongly suggested considering HalberStadt app provided by City of Halberstadt through Development Bank of Saxony-Anhalt, Germany. The practice itself is a mobile web- and app-based information portal for the city of Halberstadt. The app is based on the already existing information of the city webpage with focus on tourism, enterprises and public services. Overall aims were the strengthening of the tourism and investment location Halberstadt, improvement of public services to the citizens, addressing new target groups as well as enhancement of closeness to citizens and transparency of the local government.

2. Action

- ✓ A2.1 Definition of proper needs concerning the application: themes covered, scope of users, access to different services
- ✓ A2.2 Organization of group consultation with actors concerned to reveal the applicability of Digital County HB App
- ✓ A2.3 Checking available sources to focus on the link between enterprises and public services, to provide access to a wide range of digital public administration portals
- ✓ A2.4 Creating the structural plan of Digital County HB App
- ✓ A2.5 Identification of funding opportunities to develop the application

3. Players involved

- ✓ Ministry for Innovation and Technology national policy maker body defining the needs concerning digital innovation
- ✓ National Tax and Customs Administration of Hungary as one of the leading organizations in Hungary implementing e-solutions, they help to overview the necessity and basic functions of the app
- ✓ Chamber of Commerce and Industry of Hajdú-Bihar County act as coordinating body through Enterprise Europe Network and provides experience in already operating solutions
- ✓ Chamber of Agriculture of Hajdú-Bihar County helps to define needs in the agricultural/agri-innovation sector
- ✓ SME representatives large contribution to lay down exact SME needs, focusing on the introduction of capacity building failures and missing skills
- ✓ ICT providers in the county







- ✓ Hajdú-Bihar County Foundation for Enterprise Promotion helps to define SME needs in potential application of the app
- ✓ County Association of Entrepreneurs and Employers helps to compile demandbased activities
- ✓ Members of the General Assembly of Hajdú-Bihar County

4. Timeframe

✓ December 2019 – December 2020

5. **Costs**

- ✓ catering fees for group consultation (350 EUR)
- ✓ mapping needs (1000 EUR)
- ✓ development of content structure of the application (1500 EUR)

6. Funding sources

- ✓ own sources
- ✓ national and EU sources (if available)





Part IV - MONITORING PROCESS

Monitoring activities

Hajdú-Bihar County Government (HBCG) will monitor the implementation of the actions defined in this Action Plan to see the progress and determine the impact of the collaboration.

HBCG will check how the measures introduced are actually implemented and what results are experienced when actions completed.

Partners will continue the mutual learning process during the implementation phase of the action plan. "Exporting" and "importing" regions will be in continuous contact in order to successfully implement the defined actions and adapt the selected lesson learnt to other regions' context.

HBCG will stay active during the monitoring phase:

- ✓ regular check of the state-of-the art of different actions will take place in every 3 months
- ✓ regular contact and common work will be ensured with involved stakeholders in case of each action
- ✓ each event organized within an action will be documented
- ✓ short evaluation report (max. 2 pages) will be compiled including the efforts done and the results achieved when an action is completed
- ✓ structured interviews will be applied with relevant actors (responsible policy makers for digitalization/e-government, SMEs, enterprise representatives, etc.) in order to practically see the progress and to use monitoring information to adjust the implementation of actions for areas that are underperforming
- ✓ final monitoring report (3 pages) will be compiled by the end of Phase 2 including all actions completed, results achieved and impact on policy addressed in the AF
- ✓ at the end of each year HBCG will take part in interregional project meeting to discuss all regions' achievements.

In order to properly monitor the results planned to achieve, the following questions will be answered in the beginning as well as the end of Phase 2 covering a selected range of county SMEs (focus is still kept on rural regions, small and micro enterprises):





- ✓ Did your enterprise improve concerning the application of digital solutions? If yes, did you apply e-solutions for internal (e.g. operation, internal processes) or external (e.g. collaboration, export) concerns?
- ✓ Did you take part in consultancy/advisory/mentoring events? If yes, which topic was highlighted?
- ✓ Do you have proper access to all required information and tool for the successful operation of your business? If no, which themes are not covered?
- ✓ Which internal or external factors have the most significant impact on the competitiveness of your enterprise?
- ✓ Did your enterprise make improvement in collaborating with other business/government actors?
- ✓ Do you plan to widen your business activities towards international markets?













PURE COSMOS (PUblic authorities Role Enhancing COmpetitiveness of SMeS) project (2016-2021) brings together two of the big challenges the EU faces: the need to stimulate and support SMEs and the need to reduce the weight of public administration.

The project focuses on the role public authorities can play in enhancing the competitiveness of SMEs by making the business climate more transparent and reliable supporting the needs of SMEs and promoting administrative modernization of public services. Improved governance is expected through IT administrative solutions, regional legislation review, simplifying processes and influencing funding calls for businesses.

Partners

- Municipality of Genoa (IT) Lead Partner
- Municipality of Florence (IT)
- ❖ Hajdú-Bihar County Government (HU)
- Development Bank of Saxony-Anhalt (DE)
- Birmingham City Council (UK)
- Development Agency of Eastern Thessaloniki's Local Authorities (ANATOLIKI SA) (GR)
- Ústí Region (CZ)
- Government of Catalonia (ES)



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For further information about the PURE COSMOS project please visit: http://www.interregeurope.eu/purecosmos





Date: 8 March 2019

Name: Zoltán PAJNA, President, Hajdú-Bihar County Government

Signature:

Stamp of the organisation (if available):

