The best practises of clusters in the Czech Republic

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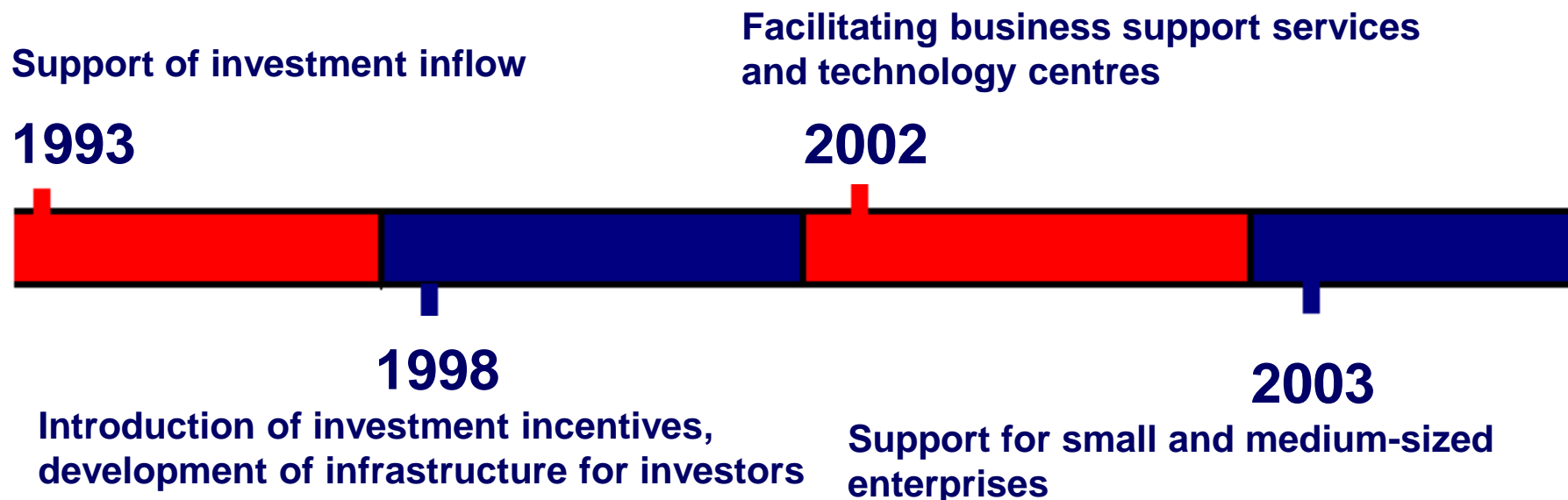
Bodrum July 3, 2009

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CZECHINVEST

- Investment and Business Development Agency, established in 1992
- State contributory organisation of the Ministry of Industry and Trade of the Czech Republic

Historical development:

Support of investment inflow

1993

Facilitating business support services and technology centres

2002

1998

Introduction of investment incentives, development of infrastructure for investors

2003

Support for small and medium-sized enterprises

CZECHINVEST´S MISSION

- **To support foreign direct investment**
    - Handling of investment incentives
    - Business property and supplier identification
    - "Aftercare" services

- **To develop local Czech companies (SME) and implement the business-development programs**
    - Access to EU structural funds

- **To improve current business environment**
    - Cluster and industrial parks development
    - Improvement of legislative environment

    All services are free of charge!

CZECHINVEST- structure

Source: CzechInvest, 2009
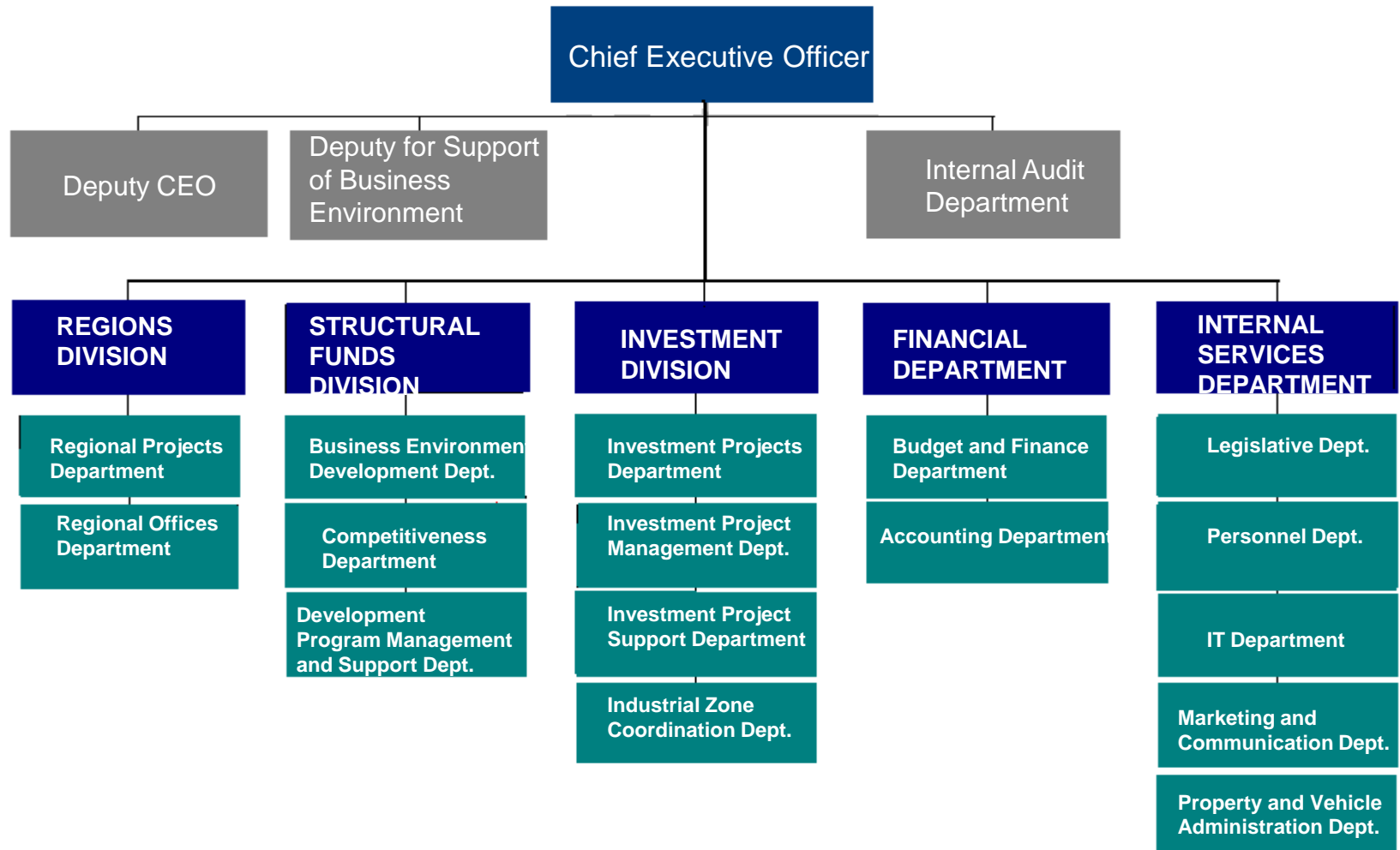
REGIONS DIVISION

-- Coordinates and implements regional projects

-- Provides consulting in the area of EU structural funds

-- Represents CI in the regions

Source: CzechInvest, 2009
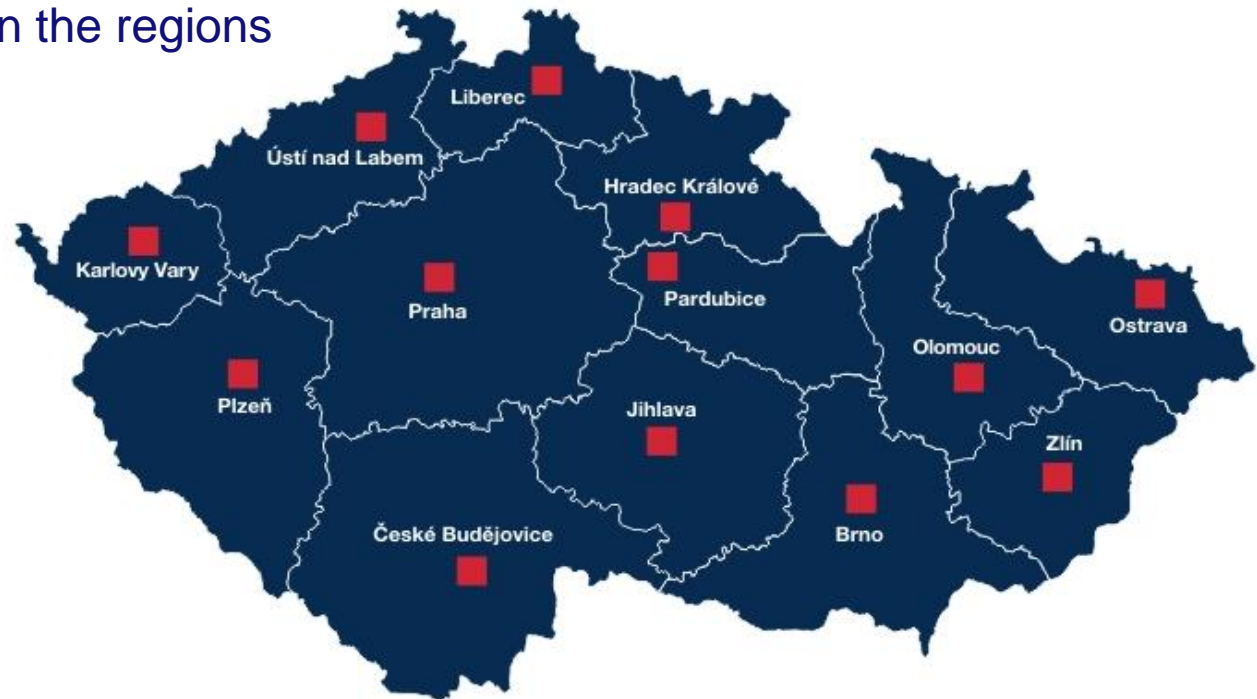
FOREIGN OFFICES – INVESTMENT SUPPORT

CZECHINVEST

USA - east

USA - west

UK & Ireland

France

Czech Republic
Germany - Munich

Japan

Southeast Asia

OUR SERVICES TO POTENTIAL INVESTORS

CZECHINVEST

-- Collect/provide information

-- Identify sites and buildings

-- Find potential suppliers / JV partners

-- Liaise with government bodies

-- Handle investment incentives

-- Enable access to structural EU funds

-- Provide aftercare services

Source: CzechInvest, 2009

What are the Clusters ?

CZECHINVEST

Regionally located set of mutually connected companies, associated institutions and organizations that compete with each other but also cooperate, and whose bonds have the potential to strengthen and increase their competitiveness.

Cluster benefits

CZECHINVEST

For companies:

✓ **Identification of common needs and its improvement**

✓ **Mutual development projects**

✓ **Cost sharing**

✓ **HR development**

✓ **Increase innovations**

✓ **Business climate improvements**

✓ **Access to new markets**

For universities:

✓ **Knowledge of industry needs**

✓ **Tailor-made education**

✓ **Applied research**

✓ **Profit from R&D**

✓ **Technology transfer**

✓ **Access to funds**

For public sphere:

✓ **Targeted support**

✓ **Support of competitive industry**

✓ **Region specializations**

✓ **FDI attraction**

✓ **Improved competitiveness**

**Improved communication, common needs identification
Realization of mutual projects**

Building Cluster Initiatives in the Czech Republic

CZECHINVEST

2002

ANALYSIS & AWARENESS BUILDING

- Feasibility study to identify industrial groupings in North Moravia for targeted state aid
- Training regional authorities, universities and firms
- Certification of cluster facilitators and managers
- Promotion of the concept at different levels (conferences, PR)

STRATEGY & IMPLEMENTATION

- International co-operation
- National Cluster Strategy – adopted by the Government 06/2005
- National Cluster Study
- Establishment and development of clusters

FUNDING

- Adapting programme to company needs (eligible costs)
- Launching Operational Programme Co-operation – Clusters
- Monitoring and evaluation fo the projects
- Launching New Operational Programme Co-operation - Clusters

2009

Cluster Support Programme

CZECHINVEST

Stage 1 – Mapping

- Subsidy for **regional authorities**, **universities**, **R&D institutions and entrusted organisations**
- **75 % of eligible costs (6 500 € – 33 000 €**)
- **Eligible costs:** surveys, questionnaires, feasibility study, seminars, workshops, promotion

Stage 2 - Cluster Development Support

- Subsidy for **new CLUSTERS** (manufacturing, construction, R&D, IT sector)
- **max. 1,5 mil €**
- **Eligible costs**: joint projects and promotion, R&D facilities, costs of lease and equipment of offices, salaries of cluster managers and staff, consulting services, market analyses, etc.

Stage 3 – Cluster Development Support – 2nd phase

- Subsidy for old and new **CLUSTERS**
- **120 000 € – 3,2 mil €**
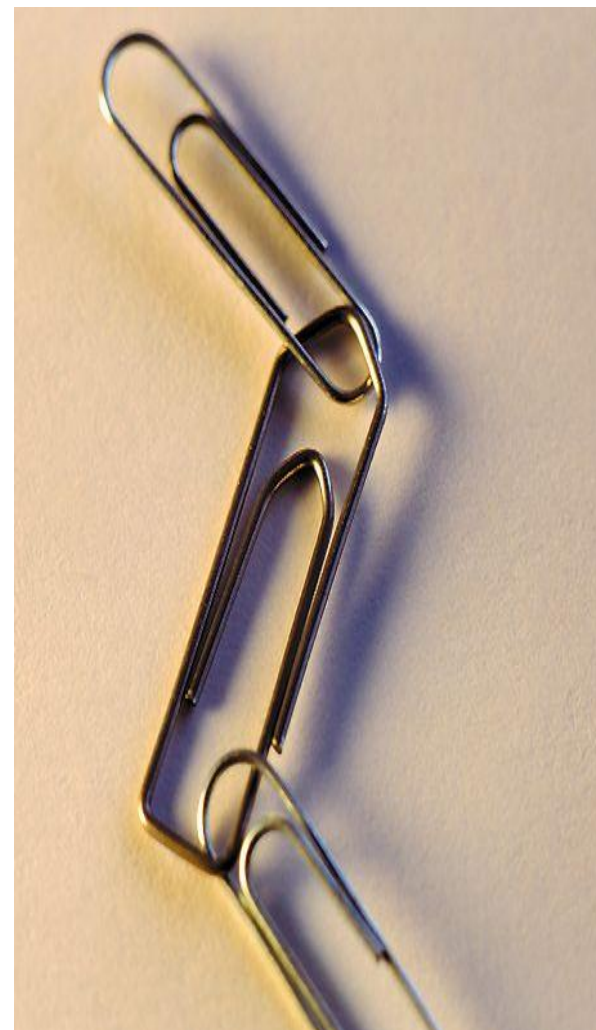- **Eligible costs**: Same as Stage 2 + real estate

Summary of the Cluster Programme 2004 – 2008

1.4V – Cluster Mapping

- Total Applications : 67
- Approved Applications: 42
- Total Amount of Support: 1,3 mil €
- Used Support: 1,1 mil €

1.4Z – Cluster Development

- Total Applications: 18
- Approved Applications: 14
- Supported Clusters: 12
- Total Amount of Support : 9,9 mil €
- Used Support: 8 mil €

Showcase of Czech Clusters

CZECHINVEST

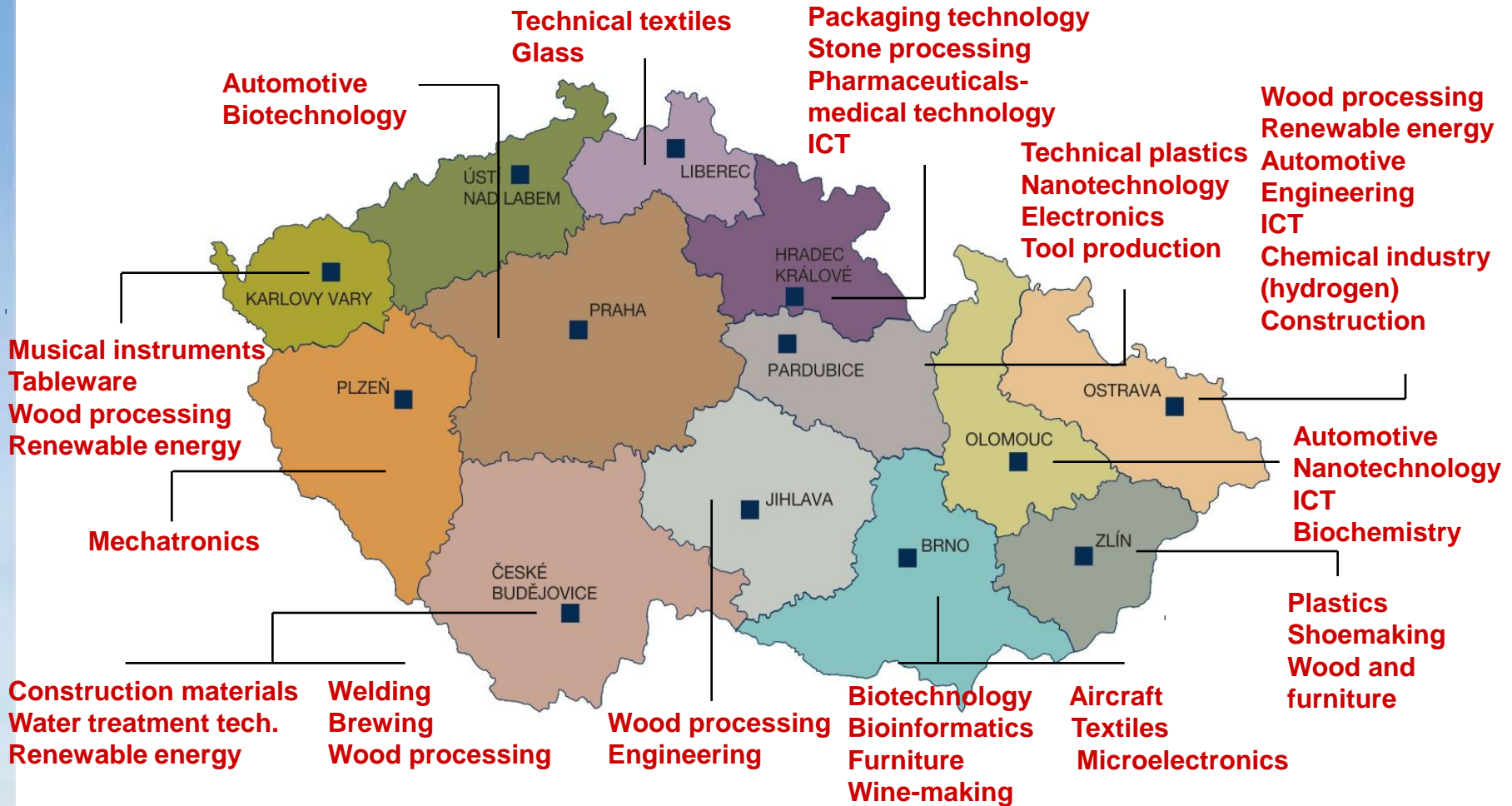|	
Machinery clusters	Czech Machinery Cluster Moravian-Silesian Automotive Cluster
Biotechnology	Nanomedic, CzechBio, MedChemBio
Wood + Furniture	Moravian Silesian Wood Cluster Cluster of Czech Cabinet Makers
New materials	Omnipack, Cluster for Plastic Materials, Czech Stone Cluster, Construction Cluster
Information technologies	4 IT clusters on local level
Renewable energy	Enwiwa, Envicrack

Cluster initiatives in the Czech Republic

Technical textiles
Glass

Packaging technology
Stone processing
Pharmaceuticals-
medical technology
ICT

Automotive
Biotechnology

Wood processing
Renewable energy
Automotive
Engineering
ICT
Chemical industry
(hydrogen)
Construction

Technical plastics
Nanotechnology
Electronics
Tool production

Musical instruments
Tableware
Wood processing
Renewable energy

Mechatronics

Automotive
Nanotechnology
ICT
Biochemistry

Plastics
Shoemaking
Wood and
furniture

Construction materials
Water treatment tech.
Renewable energy

Welding
Brewing
Wood processing

Wood processing
Engineering

Biotechnology
Bioinformatics
Furniture
Wine-making

Aircraft
Textiles
Microelectronics

ÚSTÍ NAD LABEM
LIBEREC
KARLOVY VARY
PRAHA
HRADEC KRÁLOVÉ
PARDUBICE
OSTRAVA
PLZEŇ
OLOMOUC
JIHLAVA
BRNO
ZLÍN
ČESKÉ BUDĚJOVICE

CZECHINVEST

Application process

Applicant

- min. 15 cluster members, university
- min. 60 % of members are SME's
- cluster has a proper legal form
- sustainability of project for 5 following years

Feasibility study

External evaluation

Steering committee

Point system of evaluation

- profile of cluster
- quality of common projects
- regional importance and
  potential of the sector

Eligible costs

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Web pages

Research and Development

Salaries for cluster's employees (administrative and R&D)

Software and hardware

Properties

Consultants, seminars, workshops, conferences

Studies, information and databases

Rental costs

Marketing

Travel costs

Office equipment

Exhibitions

Common cluster's projects

1) **Information and communication platforms**
   Suppliers databases, sharing of information

2) **Training**
   Different types of activities aiming to increase a number of students in specific fields, common training of employees

3) **R&D Cooperation**
   R&D laboratories, testing and research equipment

4) **Marketing and public relation**
   Trade fair and exhibitions, promotion, strengthening image of cluster and its members

Showcases of Marketing

Joint Promotion = low-hanging fruit

· **Foreign and home fairs**
· **Joint catalogue of cluster members** – *Clusters* of *Cabinet Makers, Nanomedic*
· **Promo-campaign for wood constructions The WoodRoadShow** - *Wood Cluster*
· **Websites, workshops, conferences** – *basically all clusters*

Showcase of R&D Cooperation

CZECHINVEST

- Testing facilities for technical textiles - *Cluster CLUTEX*
- Project of Free field room - *Automotive Cluster*
- Certification authority for furniture testing laboratory - *Cluster of Cabinet Makers*
- Laboratories for medical research - *Cluster Nanomedic*

Summary

CZECHINVEST

Main obstacles identified:

- Low trust among the cluster members

- Unwillingness to cooperate

- Low involvement of universities and research institutions

- Passive approach of cluster manager or cluster members

- Lack of financial resources in the means of primary financial inputs from cluster members (before cluster get a subsidies)

- Low awareness of cluster concept

- Culture of non-cooperation in specific fields

Recommendation

- Increase the awareness of clusters in general - better information access, promotion

- Motivate potential cluster members to cooperate

- Strengthen the cooperation among the actual cluster members

Thank you for your attention.

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CZECHINVEST
Investment and Business Development Agency

mpo
Ministry of Industry and Trade

CzechInvest, the Investment and Business Development Agency, is an organisation of the Ministry of Industry and Trade of the Czech Republic