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URL: https://ec.europa.eu/growth/industry/policy/clusters/observatory_en

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*** Chapters 5 and 6 were added after the meeting to the input paper that was circulated before the meeting (and which has also been reviewed).**

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1 Introduction

This paper served as a background document in preparation for the discussions at the second meeting of the European Cluster Policy Forum held on 26 April in Brussels. The paper was finalised and turned into an output paper after the meeting by integrating the main outcomes of the discussion (chapters 5 and 6).

The paper is structured according to the three main topics flagged as being of particular interest for discussion at the first Forum: cluster excellence (chapter 2), mobility schemes for cluster managers (chapter 3) and State aid issues related to cluster policy (chapter 4). Chapter 5 presents the discussion at the meeting; the conclusions and next steps are described in Chapter 6.

2 Cluster excellence

This chapter discusses the topic of cluster excellence. It looks at the European Cluster Excellence Programme as well as a number of national programmes labelling cluster management excellence.

2.1 What do we mean by cluster excellence?

Cluster excellence is sometimes used to describe many things: strong or dynamic clusters, high quality management of cluster organisations, and sometimes it is even used to describe advanced cluster policies. This section deals foremost with the topic of **cluster management excellence**, i.e. how to support the professionalisation of cluster organisations that facilitate collaboration, networking and learning in clusters.

Since promoting the excellence of cluster organisation was flagged as one of the objectives of the 2008 Communication of the European Commission's strategy "Towards world-class clusters in the European Union"¹, the European Commission has supported efforts in this area in order to raise the quality of business support services and to help drive cluster initiatives towards self-sustainability.

2.2 European efforts in cluster management excellence labelling

In consequence of the 2008 Communication, the European Commission launched the European Cluster Excellence Initiative (ECEI) in 2009 in order to support cluster management organisations in their efforts to improve their work. In addition, the European Commission launched the COSME (Competitiveness of enterprises and small and medium-sized enterprises) **European Cluster Excellence Programme** in 2014, under which so far two calls have been launched to support 19 projects to strengthen cluster management excellence, but also to foster cross-border collaboration to improve their business support services through benchmarking, activities, training, mentoring etc.² One link between the two initiatives has been that cluster organisations that have been part of cluster consortia supported under the European Cluster Excellence Programme were so far allowed to spend their funding on certain costs for cluster excellence labelling.

¹ COM(2008)352 final

² Further information was also given in the input/output paper for the first European Cluster Policy Forum.

Within the **European Cluster Excellence Initiative (ECEI)**, a consortium of experienced cluster experts developed a methodology to assess and analyse cluster management capabilities using an indicator-based approach. Based on this set of indicators, it is possible to identify excellently managed cluster initiatives and potential for their further development.

After the end of this pilot project supported with a grant from the European Commission, the ECEI approaches, together with findings from similar initiatives at the national level in several EU Member States, were merged into a Cluster Labelling Scheme; and since 2012, this has been made available for a fee to all interested parties within Europe and beyond.

Since the end of 2011, this European Cluster Labelling Scheme has been operated by an independent private organisation 'VDI/VDE Innovation + Technik GmbH'³ under the VDI/VDE-IT's brand **European Secretariat for Cluster Analysis (ESCA)**.

The Secretariat coordinates activities conducted by a broad **network of about 150 specifically trained experts/assessors from 32 countries**. The selection of experts is guided by manifold technical, financial and organisational principles. A Technical Advisory Board Cluster Excellence (TAB) monitors the methodologies and processes. Interested cluster initiatives can apply to be assessed in accordance with the benchmarking and analysis approaches which have been developed and which lead to three kinds of label:



“Cluster management Excellence Label BRONZE – Striving for cluster excellence”, awarded for participation in a cluster benchmarking exercise comparing the applicant’s cluster management status to national (where enough data is available) and international peer cluster organisations;



“Cluster management Excellence Label SILVER – Dedicated to cluster excellence”, awarded for meeting the minimum criteria for cluster excellence as defined in the ECEI and having identified and described **three areas of improvement in cluster management achieved in the last 2 years**. The degree of fulfilment of the minimum criteria and the improvement areas are validated based on documentation and other evidence provided during a **one-day onsite assessment by one of the specifically trained experts**;

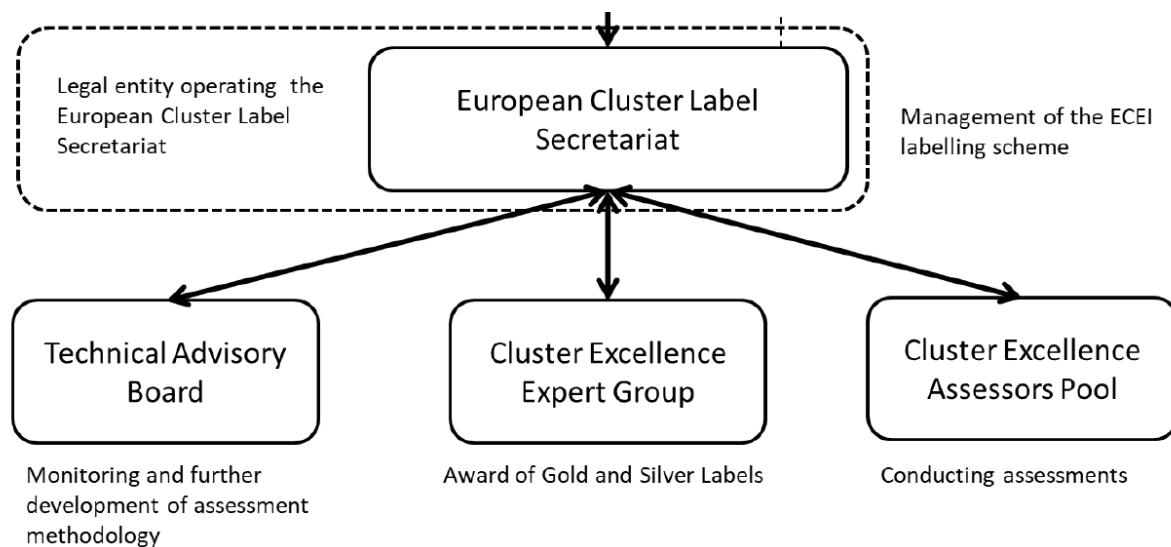
³ VDI/VDE-IT, www.vdivde-it.de



“Cluster management Excellence Label GOLD – Proven for cluster excellence”, awarded for having demonstrated a very **high degree of fulfilment of the cluster excellence criteria (indicators) of the ECEI, and **validated by two experts during a two-day on-site assessment**.**

The labels are initially valid for two years. SILVER and GOLD labels are valid for three years when being renewed after the first expires. For the renewal of GOLD labels, alternative labelling processes (ISO 9001, EFQM) can also be chosen. The auditor produces a report that details the results and includes a recommendation for the award. The eventual decision on whether the award will be given to the cluster organisation is taken by a Cluster Excellence Expert Group. The figure below gives an overview of the current governance of the Cluster Management Excellence Labelling.

Figure 1: Current governance of the Cluster Excellence Management system

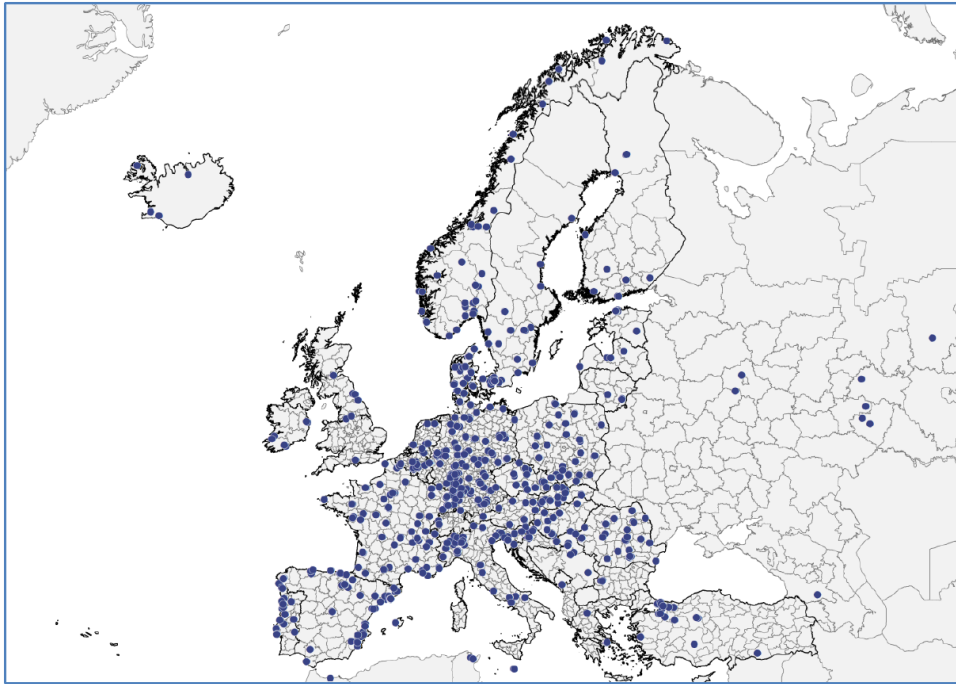


Source: VDI/VDE-IT (2018)

According to the information on the assessment of the Gold label of the European Cluster Excellence Initiative: “The Quality Indicators focus on the cluster organisation hosting and operating the cluster management, not on the framework conditions or a cluster as such.” However, as they put it, “the item to be managed (the cluster as such), has to fulfil certain **minimum requirements** when considering the excellence of its management (certain minimum size, age, etc.)” So the focus of the evaluation is on cluster management, but among the **31 indicators** used, there are also indicators that go beyond management aspects. For instance, they include the number of members in a range of 150 km. At the 1st meeting of the European Cluster Policy Forum, both Ireland and Portugal mentioned that this kind of criterion is more difficult to meet in regions in Ireland and Portugal, compared to densely populated European regions. However, the main focus of the European system to label cluster excellence is on cluster management.

Up to early 2018, around 1000 cluster organisations from 44 countries had been awarded the BRONZE label. Figure 2 gives an overview of the distribution of the headquarters of the labelled European cluster organisations. As a result of these activities, which are very much bottom-up driven, cluster excellence has emerged as a quite broadly accepted approach in many countries.

Figure 2: Overview of the distribution of the headquarters of the labelled European cluster organisations



Source: VDI/VDE-IT (2018)

Several national/regional cluster policies partly or fully embedded the labelling approaches into their cluster support schemes. For example:

- **Denmark:** In order to be labelled as an “Innovation Network” any cluster management excellence label is a benefit;
- **Germany:** Members of the German cluster programme “go-cluster”⁴ are required to obtain a SILVER Label over the medium term.
- **Norway:** In order to become a “Global Centre of Expertise” in the Norwegian national cluster programmes, a GOLD Label is required.
- **Spain, Catalonia:** Cluster organisations need to be BRONZE-labelled in order to be included in the regional government’s support measures.

Other regions, like **Lombardy** (Italy), or **Upper Austria**, for example, actively encourage their cluster organisations to become SILVER or GOLD labelled as evidence of professional cluster management. Moreover, interest from outside Europe increases the recognition of European

⁴ <https://www.clusterplattform.de/CLUSTER/Navigation/EN/Home/home.html>

cluster policy, leading to “good practice standards” for cluster initiatives as well as the recognition of the labelled clusters at the international level.

VDI/VDE Innovation + Technik GmbH currently operates the entire labelling scheme in a one-stop-shop manner on a self-sustainable basis. The general approach is that interested cluster organisations are charged for the services and labels are provided on the basis of the pricing model shown in Table 1 below. This illustrates that costs are composed of costs for the Secretariat and costs for expert assessors (excluding of the assessors’ travel expenses).

Table 1: : Current ESCA pricing model of cluster labelling pricing model by ESCA

Label	Services covered	Total price (EUR)	Secretariat costs (EUR)	Assessor/ expert costs (EUR)
BRONZE	Benchmarking interview onsite	1,850 plus travel costs	1,200	650 (0.85 person day) plus travel costs
SILVER	Re-benchmarking and improvement check audit for at least 3 areas (and fulfillment of minimum criteria) through one-day onsite-assessment of 1 expert	3,290 plus travel costs	1,790	1,500 (2 person days) plus travel costs
GOLD	Two-day onsite-assessment audit by 1 lead and 1 local expert validating high degree (threshold) across the full set of cluster excellence criteria.	7,500 plus travel costs	2,250	5,250 (4 person days lead expert + 3 person days local expert) plus travel costs
GOLD (renewal)	Two-day onsite-assessment audit by 1 lead and 1 local expert validating high degree (threshold) across the full set of cluster excellence criteria.	6,150 plus travel costs	2,400	3,750 (3 person days lead expert + 2 person days local expert) plus travel costs

Source: Based on information provided by VDI/VDE-IT (2018)

2.2.1 Further development of the cluster management excellence labelling scheme

Although the cluster labelling scheme has been successfully implemented in many countries/regions throughout Europe, it has become obvious that there is a need to update the indicators as well as to streamline the cluster management excellence labelling process to

make it truly "European". The aim is to further develop the system in the best interests of the cluster community and public support programmes across Europe in order to increase international acceptance among the EU Member States and European Commission. The challenge is to reform the existing system to make it sustainable and endorsed/supported by policy makers at regional, national and EU levels, while taking into account the current mechanism in place, including the current operator of the cluster labelling, VDI/VDE Innovation + Technik GmbH, as a private independent entity acting as a one-stop-shop/secretariat, in a quasi-monopoly situation.

The overall objective of **Phase 2 of the European Cluster Excellence Initiative (ECEI2)**, launched in November 2017 for a period of 18 months, is to develop a process leading to an improved European Cluster Excellence Policy. The improvement of the European Cluster Excellence Labelling scheme is to be guided by the following six common European principles:

1. transparency;
2. reinforcement of the European dimension;
3. more cooperation among partners;
4. data confidentiality and availability of aggregated analysis;
5. integrity of purpose and policy neutrality; and
6. sound technical and financial management.

This process to improve transparency, accountability and efficiency is supported by the European Commission with an ad-hoc grant to VDI/VDE-IT, supported by a broad consortium of relevant organisations and experts from various backgrounds at national/regional political level, development agencies, cluster associations and down to operative cluster managers.

2.2.2 Elements for discussion

The European Commission considers that there is a need to develop a "new business model" to consolidate and to improve the cluster labelling system at European level to the benefit of SMEs. The new labelling system would also clarify the respective roles of the different actors involved to continue to raise its quality and attractiveness across the EU. In this context, on the basis of the ad hoc grant, as noted published in early 2017, the European Commission expects some options for defining a truly "European" future cluster labelling system developed in the best interests of the cluster community and public support programmes across Europe:

- Increasing the Europeanisation of the labelling system on a transparent basis implementing the six common European Principles described above, including making available a clear pricing and economic model and aggregated data to allow for more strategic analysis to be made available to the wider cluster community;
- Reinforcing Cluster Management Excellence expertise at European level – i.e. having more specifically trained experts/assessors across the EU;

- Building-up a sustainable management and governance structure for the labelling process to safeguard the interest of the cluster community and EU added value to allow for wide recognition of the scheme across Member States and at EU level, with the involvement of policy makers and the European Commission.

The challenge is clearly to increase the added-value of the European cluster excellence labelling system with support from policy makers at regional and national level. The system is thus in a transition period to explore possible next steps with all options open. The aim is to make use of cluster management excellence labelling as a tool of modern industrial policy to add value for SMEs at European and international level.

A meeting between the consortium of the European Cluster Excellence Initiative 2, VDI-VDE-IT and the European Commission took place on 10 April 2018, at which the European Commission flagged that the aspects highlighted above need to be addressed. While the consortium members stressed the importance of the involvement and recognition of the European Commission for the labelling system, there was not yet agreement on a common way forward on the governance, access to data, transparency on the information of costs and the economic model. VDI-VDE-IT did, however, express willingness to cooperate.

2.3 National schemes for cluster management and labelling

In addition to the European Cluster Excellence Initiative scheme, there are several other schemes at national level that have a similar objective. Approaches differ across countries depending upon the respective definition of what clusters or cluster organisations are and what is perceived as critical quality and quantity. Several countries have competitive schemes to select the most important or most competitive clusters. Once selected, the scheme serves as a label that assures a certain quality. The criteria for excellence differ across the schemes. Some schemes more specifically focus on labelling the quality of cluster management.

Figure 3: Examples of national labels of cluster excellence

				
France	Germany	Hungary	Portugal	Spain

Source: European Observatory for Clusters and Industrial Change (2018)

At the first European Cluster Policy Forum several countries mentioned that they have a national scheme to label clusters and their management. Some are described below:



Spain has a national cluster labelling scheme that is called: **AEI (Agrupación Empresarial Innovadora / Innovative Corporate Associations)**⁵. AEI is a programme of the Ministry of Industry, Commerce and Tourism which aims to recognise those clusters that fulfil a few criteria of excellence and work with them in programmes financed by public grants. These excellence criteria are, among others:

- *Relevance of the sector:* clusters grouped by a sector of activity that represents as a minimum 1% of the GDP of the region or 0.3% of national GDP;
- *Critical mass of companies:* associated companies must represent at least 30% of the turnover of the sector;
- *Participation of research centres* in their management;
- *Strategic Plan valued positively.* That includes the strategy, the follow-up of actions and the economic viability.

Registration is valid for no more than 4 years and it offers a recognition of excellence of these clusters. After that time they have to renew their registration and provide new proof of their performance. They can include the logo of the programme in their activities, and in addition, they are able to take part in the grant programme for Spanish Clusters, which has more than EUR 10 million per year available. Therefore, the AEI brand acts as a label of excellence. Nowadays, *“our Directorate General is carrying out a series of actions that try to strengthen this recognition, such as the launch of an interactive and online map that allows to know in detail the AEIs, their projects, industrial capabilities and services provide to SME and partners. We are also launching this year specific programmes of education to improve excellence cluster management and innovative collaboration.”*

Clusters interested in receiving the label and financial support from the programme must register in advance with the Ministry. The entities must submit a request accompanied by documentation that justifies meeting the requirements demanded by the regulations. In addition, they must present a strategic plan that is viable and formulated with objective, rigorous and transparent criteria. The body managing the registry studies the applications and if necessary ask for additional documentation before they decide on the accreditation.

⁵ <http://www.minetad.gob.es/PortalAyudas/AgrupacionesEmpresariales/Paginas/Index.aspx>



The Hungarian cluster accreditation system has been operating since 2008, but has since undergone major changes⁶. The goal of the Accredited Cluster tender is to select network co-operations which have a decisive employment impact, exhibit intensive export and innovation performance and are able to implement development projects, as well as to achieve outstanding performance in a regional scenario. Currently, 34 Accredited Clusters operate in Hungary. They bring together almost 1 300 members employing 117 000 people. Their aggregate turnover exceeds EUR 30.5 billion, with a quarter coming from their export activities. These clusters have undergone an excessively strict accreditation process to obtain their certification. Most of these clusters simultaneously host universities, research institutions and large enterprises, as well as micro and small enterprises with strong innovation and high growth potential.

Figure 5 shows that assessment under the new scheme has put more emphasis on cluster management, which also looks at the cluster strategy.

Figure 4: Shift in focus of the new Hungarian cluster accreditation scheme

The revised call for the award of the accreditation title is open from August 2016		
The main differences between the new and the previous accreditation		
	Current accreditation call	Previous accreditation call
Entry criteria	Stricter entry criteria	Relatively low entry criteria
Number of evaluation criteria	16	14
Focus of the evaluation	<ul style="list-style-type: none"> Measuring the intensity of co-operation inside the cluster More focus on cluster management Internationalization of clusters 	<ul style="list-style-type: none"> Measuring the economic impact of the clusters
Main group of evaluation criteria	I. Cooperation inside the cluster II. Cluster management and the composition of the cluster III. International focus of the cluster IV. Innovation potential and performance	I. Employment II. SME orientation III. Export orientation IV. Cooperation activities V. Innovation potential and performance
Evaluation of cluster strategy	Yes	Yes
Accreditation Committee	Yes	Yes



Source: PowerPoint (2018) provided by Peter Keller, Ministry for National Economy, Hungary

Poland has a cluster management standards scheme⁷. Clusters identified in Poland represent different stages of the cluster life cycle. As they grow, there is an increasing need for management excellence. To meet this need, in 2014, the Polish Agency for Enterprise

⁶ <http://www.klaszterfejleszt.es.hu/>

⁷ http://www.pi.gov.pl/eng/chapter_95934.asp

Development (PARP) developed cluster management standards as a solution for the problem of poor management of Polish clusters and a lack of a systemic approach to the build-up of professional cluster organisations. The cluster management standards should be understood as a code that sets basic requirements for coordinators' practice and conduct in running a cluster.

The total number of 36 cluster management standards have been developed to cover five sections: 1) cluster set-up, 2) resources, 3) processes, 4) services for cluster members, 5) external collaboration. Each standard is either compulsory or optional, depending on the phase of cluster development. Assessment of compliance with each and every standard is based on a 'Met/Not met' basis (0-1 system). The cluster is considered as complying with the cluster management standards if all the compulsory standards for its development stage have been met.

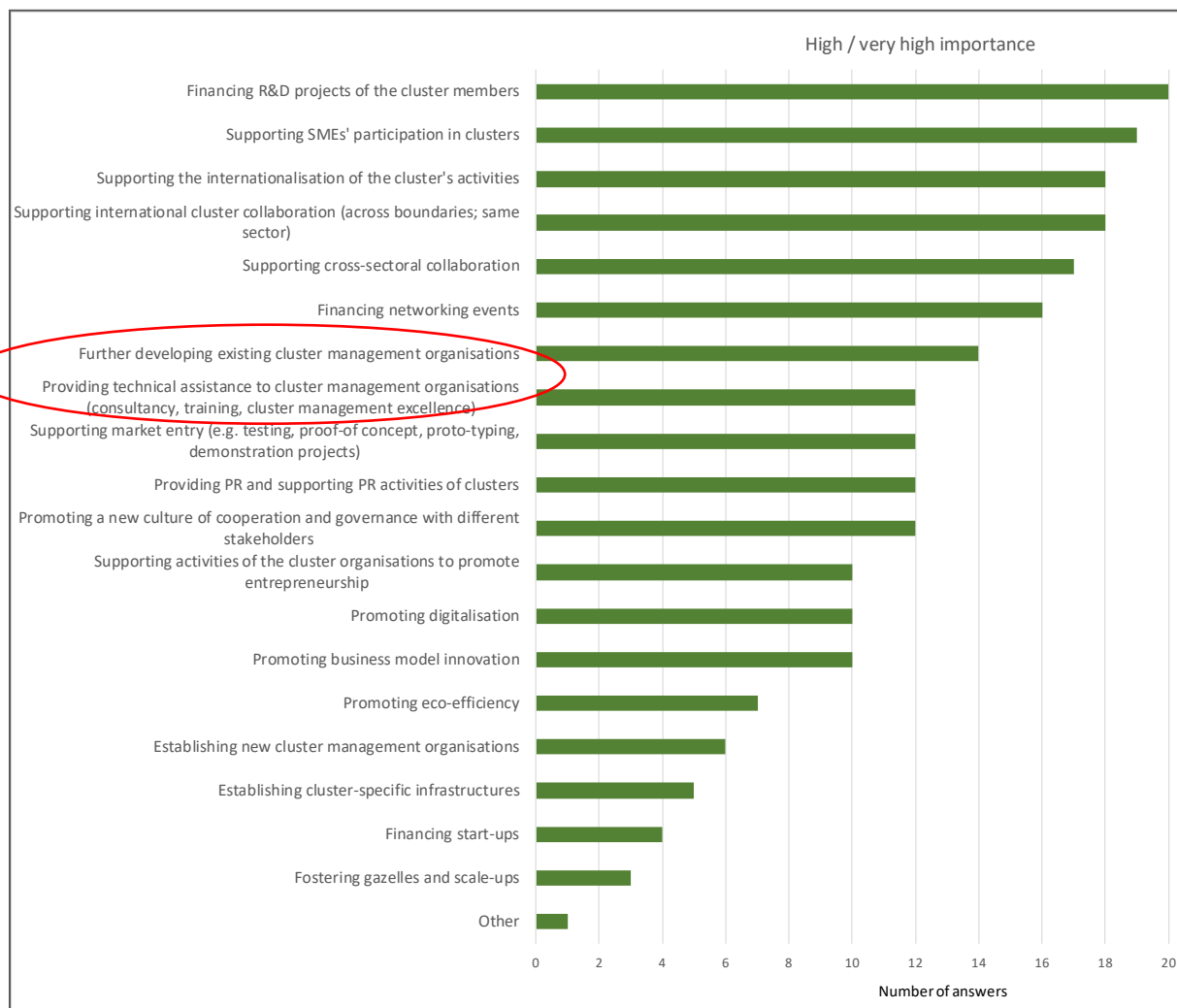
From October to November 2015, PARP undertook the task of a country-wide assessment of the selected cluster organisations against cluster management standards. In total, 64 clusters in different development phases (i.e. 5 in the embryonic, 58 in the growth and 1 in the mature phase) were evaluated. 30 clusters (47%), all of which were in the growth phase, fully satisfied the standards while 34 clusters failed to meet the requirements.

Assessment against cluster management standards, based on the available self-evaluation tool, was carried out on the cluster premises and involved an external expert as well as at least two persons representing the cluster organisation itself and cluster constituents. The overall level of compliance with the standards in five sections was as high as 92% on average. Scores in individual sections were similar, with the highest scoring being external collaboration (96%), then cluster set-up (93%) and processes (91%). The topics scoring lowest were services for cluster members and resources (89% each). Analysis of the project outcomes, especially with regard to the unsatisfied standards, made it possible to draft a conclusion that support for cluster organisations should be continued in order to help them solve key problems in managing their clusters, as well as to clear a development path for future key national clusters.

2.4 Challenges mentioned by Member States - Positions from the 1st European Cluster Policy Forum and the survey of national cluster programmes (2018)

At the first European Cluster Policy Forum many Member States mentioned cluster management excellence as an important challenge and topic for further discussion at the Cluster Policy Forum. From the preliminary results of the survey from the European Observatory for Clusters and Industrial Change, we can see that several other measures to support clusters are more frequently rated as being of high to very high importance (namely R&D projects, SME participation, internationalisation of clusters' activities, international cluster collaboration, and cross-sectoral collaboration). However, for about half the Member States measures on cluster management are of high to very high importance.

Figure 5: Important measures to support clusters in national cluster programmes



Source: European Observatory for Clusters and Industrial Change (EOCIC), online survey on national cluster programmes (2018) (answers received for 27 programmes)

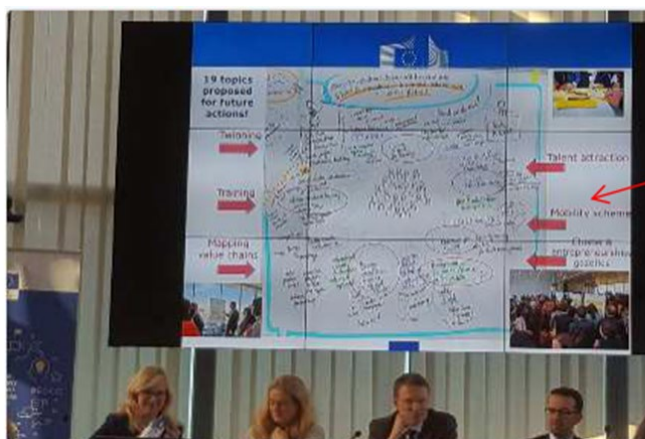
3 Mobility schemes for cluster managers

At the 1st meeting of the European Cluster Policy Forum, particular appreciation was expressed to develop an ERASMUS-like mobility scheme for cluster managers, one of the results of the 2017 GROW your REGION conference (described in section 3.1). To discuss and develop such a scheme inspiration is sought from existing schemes (covered in section 3.2).

3.1 An idea for a policy innovation raised at the GROW your REGION conference (November 2017)

At the 1st European Cluster Policy Forum there was discussion of the idea of the possibility of designing and organising a mobility scheme for cluster managers, a sort of ‘ERASMUS for Clusters’. This idea was discussed in a co-creative session at the GROW your REGION conference⁸ as one of 19 topics proposed for future action (see Figure 6). At the 1st meeting the idea had been picked up by several national representatives and was overall well received. The idea of designing and organising a mobility scheme for cluster managers was further developed and discussed at the 2nd meeting of the European Cluster Policy Forum on 26 April, 2018.

Figure 6: Main results of the GROW your REGION conference presented at the 1st European Cluster Policy Forum



Source: DG GROW

⁸ The conference gathered 300 participants in Valencia, Spain, on 9 November, 2017.

3.2 Existing schemes that can serve as inspiration

Four schemes are presented in this section and were further discussed at the Forum on 26 April 2018 as inspiration for a European pilot mobility scheme for clusters.

3.2.1 Innovation Express⁹ - combining interregional matchmaking and SME internationalisation funding

Innovation Express represents a common approach for supporting the internationalisation of SMEs through cluster initiatives. The funding instrument aims at facilitating internationalisation, smart specialisation, and cross-border learning and competence development by developing transnational linkages between SME networks, clusters and other specialised research and innovation nodes – for the benefit of their members.



Innovation Express is a joint call for proposals implemented within the framework of the BSR Stars programme – a flagship of the EU Strategy for the Baltic Sea Region (BSR). BSR Stars aims to strengthen competitiveness and economic growth in the Baltic Sea Region by linking strong research environments, clusters and SME networks. The programme also aims to strengthen innovation policy capabilities to work with smart specialisation at a macro-regional level. The call is funded by national/regional funding agencies to initiate, develop or enhance transnational cooperation activities – leveraging cluster organisations (or similar) to develop proposals for their SME members, supported by **matchmaking events**.

Although Innovation Express has been used as a mechanism to **fund initial phase international innovation activities for SMEs** (and not as a mobility scheme for cluster organisation staff), there seem to be relevant lessons and some aspects that could be applied in an ERASMUS for cluster managers, e.g. to also support the mobility of cluster members. The activities of the project are very well documented¹⁰. The evaluation¹¹ by Wise¹² showed that the objectives of the programme had been met, e.g. to develop longer-term transnational research and innovation collaboration involving clusters, SMEs and other actors from the BSR – given that at least 20 partnerships for longer-term collaborations had been initiated.

⁹ <http://www.bsr-stars.eu/innovation-express/>

¹⁰ <http://www.bsr-stars.eu/innovation-express/documents/>

¹¹ <http://www.bsr-stars.eu/wp-content/uploads/2018/01/Evaluation-of-BSR-Stars-Innovation-Express-thus-far-and-2015-projects.pdf>

¹² Evaluation of BSR Stars Innovation Express 2015; Projects implemented 2016-17; <http://www.bsr-stars.eu/wp-content/uploads/2018/01/Evaluation-of-BSR-Stars-Innovation-Express-thus-far-and-2015-projects.pdf>

3.2.2 Clusterix 2.0 – increasing cross-cluster learning and collaboration

ClusteriX 2.0 is a project¹³ financed under the Interreg Europe programme that addresses the improvement of regional innovation policies by making better use of clusters. For decades, clusters have proven to be efficient policy instruments enabling cooperation between industry, research and policy, but ClusteriX 2.0 looks forward into new ways of facilitating intra and inter regional cooperation.

The goal of the consortium is to increase the number of collaborations between enterprises and knowledge institutions in moving into new industrial value chains through cross-cluster cooperation and eventually to new products and solutions. This implies improving the policy instruments related to networking, clusters and open innovation through smart specialisation. What is needed is to increase the number, the quality and intensity of interactions of cross-sector cluster partnerships, both within each partner region as well as among the regions based on complementary competences identified through smart regional profiling.

The project approach is to set up and implement the right framework for exchanging the partners' own experiences and learning. **Dedicated learning activities** like workshops, events, peer-reviews, study trips and staff exchanges enable the participating organisations to learn, adapt the good practices to the realities of their regions, and implement on this basis new measures and actions leading to better policy making.



As an Interreg project, it is also used for **mobility and staff exchange**, not only for cluster managers but also for cluster policy makers. The mobility ranges from review visits and study trips to longer staff exchanges. Simone

Hagenauer, project manager of ClusteriX, explained that the willingness to serve as a host is sometimes low, at least compared to the willingness of people to visit other clusters. Hosting somebody from elsewhere takes time and effort. Therefore, they decided that the hosting organisation sets the agenda of the exchange in order for the host to organise the visit to his/her own benefit.

3.2.3 Cluster4Smart project – standardising demand-led cluster manager training

The Cluster4Smart project is an ERASMUS+ project that aims at creating an **innovative online vocational training course** which will fulfil cluster managers' need for competences in the modernisation of the European industry in moving towards Industry 4.0 and its impacts on cluster management (Cluster 4.0)¹⁴.

¹³ <https://www.interregeurope.eu/clusterix2/>

¹⁴ <https://www.clustercollaboration.eu/profile-articles/cluster4smart-kick-meeting-scs-cluster>

The project partners consist of clusters organisations and a university from France, Hungary and Spain:

- Gnomon (France), cluster expert consultant;
- University of Strasbourg (France): offering a master in cluster management as only institution in Europe
- SCS cluster (France), dedicated to digital technologies;
- ArchEnergy cluster (Hungary), dedicated to renewable energy and building trades;
- IKOSZ (Hungary): the Hungarian national association of innovative clusters;
- Amuebla (Spain): cluster in the field of furniture;
- CEEI Burgos (Spain): European centre for local development and innovation.

Cluster4Smart is based on a real demand for training of cluster managers and stakeholders in Europe. The course will respond to their expressed needs as revealed by the survey carried out in the first phase of the project among 150 cluster managers and stakeholders in the European Union (146 answers).

The training will be composed of several modules that meet the required specific competences for cluster managers' activities. This competencies-based approach will help harmonise the training to the European Qualifications Framework (EQF), which paves the way to European vocational mobility. Each module will be designed to deliver an amount of credits in accordance with the ECVET system. This should encourage cluster manager as the qualification will be recognised in the whole European Union. The course will be available by the end of 2019 as an online platform.

Standardising qualifications for cluster management training would indeed promote the mobility of the cluster managers concerned. When asked for comments on the idea of an ERASMUS for cluster managers, Alain Tubiani of the Cluster4Smart project noted that most cluster organisations have a sub-critical amount of human resources. In the event of limited staff resources, clusters cannot afford to send off any team member and this could be a major barrier. The chances could be better if such a scheme applied to young people at the end of or just after having finished their studies.

3.2.4 Erasmus for Young entrepreneurs

Erasmus for Young Entrepreneurs¹⁵ is a **pan-European mobility scheme for entrepreneurs** initiated by the European Commission in 2009. The programme aims to offer opportunities to aspiring or newly established entrepreneurs to go abroad within Europe to develop their entrepreneurial competences in running a small business with an experienced entrepreneur.

¹⁵ <https://erasmus-entrepreneurs.eu/>, factsheet April 2018

Furthermore, it seeks to reinforce entrepreneurial attitudes and equips individuals with skills and competences invaluable for their future or newly established business. It also helps host entrepreneurs reach new markets and develop their business thanks to innovative ideas or techniques of which some can be materialised in new products or services.

Erasmus for Young Entrepreneurs was developed within the framework of the Small Business Act (SBA) for Europe which considers this programme as a key contribution to creating “an environment within which entrepreneurs and family businesses can thrive, and entrepreneurship is rewarded”. Since 2014, the programme has been funded with a EUR 55.3 million allocation from COSME for the period 2014-2020.

Not only new entrepreneurs and host entrepreneurs from the 28 EU Member States can participate, but so can those from other COSME participating countries and the EU's outermost regions and overseas countries and territories (OCTs).

Participation is not based on nationality, so third country nationals can participate, providing that they fulfil the geographic eligibility criteria for aspiring entrepreneurs or have a registered business in one of the participating countries.

Erasmus for Young
Entrepreneurs

There is no age limit for participation in the programme, as participation is based on the number of years of entrepreneurial experience and not the age of the entrepreneur. Erasmus for Young Entrepreneurs can be considered a win-win deal for both **new entrepreneurs**¹⁶ and **host entrepreneurs**¹⁷. New entrepreneurs benefit from on-the-job training in a host company abroad to develop their entrepreneurial skills, and gain business knowledge and experience on managing a small business from their direct collaboration with the host entrepreneur. Host entrepreneurs benefit from innovative ideas from a motivated new entrepreneur. Moreover, this opportunity may also lead to other benefits such as the internationalisation of the business, access to new markets and possibilities for collaboration with new business partners.

¹⁶ *New entrepreneurs* are defined as:

- Would-be entrepreneurs, who are firmly planning to start their own business based on a concrete project reflected in a substantiated business plan;
- Newly established entrepreneurs in the early stages of their business start-up (less than 3 years of experience in running a business);
- Whether planned or already existing, the business can be in any sector.

¹⁷ *Host entrepreneurs* are defined as:

- Successful and experienced entrepreneurs (owner-managers) with at least 3 years of experience in running a micro, small or medium-sized enterprise (SME); and
- Owners of an SME (according to the EU definition of SMEs) or people directly involved in entrepreneurship at SME management board level.

The basic idea is that new entrepreneurs spend time abroad within an EU Member State or participating country, where they will collaborate with their host entrepreneur. The duration of the stay varies from one to six months. To provide entrepreneurs with more flexibility, the exchange can also be divided into slots of a minimum of one week each, spread over a maximum of 12 months.

The process of applying is divided into four phases and facilitated by intermediary organisations (the local contact points for the programme):

1. The application phase: eligible candidates apply online at www.erasmus-entrepreneurs.eu;
2. The matching phase: the entrepreneurs initiate their collaboration and discuss the activity plan;
3. The contracting and preparation phase: preparation for the exchange;
4. The implementation phase: the new entrepreneur travels to another country to spend time collaborating with the host entrepreneur at the host's company.

Financial support is only provided to new entrepreneurs to contribute towards travel (to and from the country of the stay) and subsistence costs.

A wide range of **intermediary organisations have been brought together to organise the exchange between the entrepreneurs**. These organisations are selected through an annual Call for Proposals. Currently there are 194 intermediary organisations across 37 of the 38 participating countries. The European Commission (Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs – DG GROW) and the Executive Agency for Small and Medium-sized Enterprises (EASME) bear the overall political and financial responsibility.

Since its launch in 2009, the scheme has seen a constant increase in the number of applications from new and host entrepreneurs willing to take part in the programme with close to 20,000 registrations received so far. After 9 years of existence, the programme served 12,000 entrepreneurs (new and host), taking part in more than 6,100 exchanges.

4 State aid topics related to cluster policy

This section contains background information on State aid concepts and rules related to cluster policy (4.1) and describes some issues and challenges for cluster policy makers (4.2). It includes discussion of concrete issues that emerged from the national cluster programme survey (2018) of the European Observatory for Clusters and Industrial Change, and from further consultation with representatives who had flagged issues at the first Forum.

4.1 State aid concepts and rules relevant for cluster policy

The concepts of State aid, including the general principles of State aid relevant for cluster policy, are to be found in Article 107(1) of the Treaty on the Functioning of the European Union¹⁸. A Commission notice on the concept of State aid as referred to in Article 107(1) of the Treaty on the Function of the European Union clarifies that the concept of State aid comprises four cumulative criteria¹⁹:

- 1) The measure must grant an economic advantage;
- 2) The measure must be imputable to the State and must be granted directly or indirectly by State resources;
- 3) The measure must favour certain undertakings or the production of certain goods or services (“selectivity”);
- 4) The measure distorts or threatens to distort competition and affects trade between Member States.

In addition, there are detailed definitions in a 2014 Commission Communication on the **Framework for State aid for research and development and innovation (R&D&I)**²⁰. This Framework spells out certain concepts related to R&D&I funding that appear in Commission Regulation No 651/2014, which is also known as the **General Block Exemption Regulation (GBER)**²¹;

¹⁸ <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A12008E107>

¹⁹ [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52016XC0719\(05\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52016XC0719(05)&from=EN)

²⁰ https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.C_.2014.198.01.0001.01.ENG

²¹ https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2014.187.01.0001.01.ENG

Under the GBER, a public authority that supports projects of an economic nature has the following options:

- the public support can be designed to be free of State aid;
- the aid is kept below the *de minimis* threshold (Commission Regulation 1407/2013 and see also Text Box 3)²², or
- if the public support contains State aid, it must be granted in compliance with a block exemption regulation or notified to the European Commission for prior authorisation.

The 2017 State Aid Scoreboard²³ showed that more than 97% of new aid measures fell under the General Block Exemption Regulation (GBER). In 2016, more than 70% of aid spent for the objectives of training and regional development was covered by the GBER, as was more than 40% of spending for employment, culture, R&D&I and SMEs (such as aid in the form of risk capital, aid to start-ups and innovative SMEs). Policy makers can avoid to notify the measure and to obtain confirmation from the Commission of compatibility with the rules. Instead they choose to comply with the GBER and stay below the notification thresholds. Table 1 shows the thresholds for various types of R&D&I aid.

Table 2: Article 4 GBER 2014 notification thresholds for R&D&I aid

Article 4 General Block Exemption Regulation 2014	
R&D projects	
Fundamental research	EUR 40 million
Industrial research	EUR 20 million
Experimental development	EUR 15 million
Specific provisions	Thresholds doubled for EUREKA and Article 185 and 187 Joint Undertakings; 50% increase for repayable advances
Feasibility studies	EUR 7.5 million
Research infrastructure	EUR 20 million
Innovation clusters	EUR 7.5 million per cluster
Process and organisational innovation	EUR 7.5 million per undertaking, per project
SME innovation aid	EUR 5 million per undertaking, per project

²² <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=OJ%3AL%3A2013%3A352%3ATOC>

²³ http://ec.europa.eu/competition/state_aid/scoreboard/index_en.html

4.1.1 Aid for innovation clusters

Article 27 of the GBER “Aid for innovation clusters” deals specifically with investment and operating aid for innovation clusters (see Table 2 for eligible costs), but it **is not the only relevant article** in relation to clusters²⁴. Member States also use other GBER articles for measures to support innovation and other activities that are relevant for clusters, including for instance: investment aid to SMEs (Article 17); aid for start-ups (Article 22); research projects (Article 25); investment in research infrastructures (Article 26); innovation aid for SMEs (Article 28); aid for process and organisational innovation (Article 29); R&D aid in the fishery and aquaculture sector (Article 30); training aid (Article 31). This can for instance be seen when visiting the online database of State aid cases on the website of the Directorate-General for Competition. Figure 8 shows details of one of the 349 cases in the database where support is provided support under the Article 27 objective of the GBER²⁵. In addition to aid for innovation clusters (Art.27), this regional programme also includes aid for other objectives. The answer to a ‘frequently asked question’ (see Text box 1) also refers to this situation in which cluster members can benefit from several different types of aid (under different GBER articles).

²⁴ The text of Article 27 on aid for innovation clusters can be founds in Annex A of this paper.

²⁵ Database consulted on 14.05.2018.

Figure 7: Screenshot from on-line database on State aid cases as an example of including the GBER objective of Aid for innovation clusters (Article 27) in combination with other types of aid (and GBER articles)

Refine the search

Make a new search

Print

Export

Policy Area	Case Number ▲	Member State	Last Decision Date	Title
State Aid	SA.41166	Netherlands		Subsidy scheme Operational Program Zuid-Nederland 2014-2020, para 2 and 3
<div>Hide details</div>				
SA.41166 Subsidy scheme Operational Program Zuid-Nederland 2014-2020, para 2 and 3				
<div> <div>Member State:</div> <div>Netherlands</div> </div> <div> <div>Region:</div> <div>ZUID-NEDERLAND</div> </div> <div> <div>Objective(s):</div> <div> Fundamental research (Art. 25(2)(a)) Industrial research (Art. 25(2)(b)) Experimental development (Art. 25(2)(c)) Feasibility studies (Art. 25(2)(d)) Aid for the establishment of research infrastructures (Art. 26) Aid for innovation clusters (Art. 27) Innovation aid for SMEs (Art. 28) Aid for process and organisational innovation (Art. 29) Aid for research and development in the fishery and aquaculture sector (Art. 30) Training aid (Art. 31) </div> </div> <div> <div>Aid instrument:</div> <div>Direct grant/ Interest rate subsidy</div> </div> <div> <div>Case Type:</div> <div>Scheme</div> </div> <div> <div>Duration:</div> <div>from 25.02.2015 to 31.12.2022</div> </div> <div> <div>Notification or Registration Date:</div> <div>05.03.2015</div> </div> <div> <div>DG Responsible:</div> <div>Competition DG</div> </div> <div> <div>Expenditures (in Millions):</div> <div> 2016 : EUR 10.45 2015 : EUR 19.553 </div> </div>				

Source: <http://ec.europa.eu/competition/elojade/iseef/index.cfm>

Text box 1 - Cluster-relevant ‘Frequently Asked Question’ on benefiting from different types of State aid

“138. How is Article 27(4) of the GBER to be interpreted? May there be an “exemption from the payment obligation” for cluster members or users?

As follows from Article 27(1) of the GBER, aid for innovation clusters is reserved to the legal entity operating the innovation cluster (and not e.g. its members or users) and can only be block exempted if all the necessary conditions are fulfilled. One of these conditions is that fees charged for using the clusters' facilities and for participating in their activities correspond to the market price or reflect costs.

*However, although there may not be an “exemption from the payment obligation”, **cluster members or users can benefit from aid granted in compliance with other GBER provisions (typically, aid for start-ups under Article 22 and aid for innovation advisory and support services under Article 28) or the de minimis regulation to purchase the clusters' services.***

Source: European Commission (2016, p.39):

http://ec.europa.eu/competition/state_aid/legislation/practical_guide_gber_en.pdf

A range of definitions: Since many policy fields are relevant for supporting clusters, it should be borne in mind that there are a number of definitions and rules in State aid regulations that are relevant when discussing the topic of State aid in relation to cluster policy.

Three of the many definitions, either of clusters as such or of R&D&I measures which may be compatible with the internal market in certain conditions and where clusters are relevant, are given as examples below:

Definition 15 (s) *“**innovation clusters**’ means structures or organised groups of independent parties (such as innovative start-ups, small, medium and large enterprises, as well as research and knowledge dissemination organisations, non-for-profit organisations and other related economic actors) designed to stimulate innovative activity by promoting sharing of facilities and exchange of knowledge and expertise and by contributing effectively to knowledge transfer, networking, information dissemination and collaboration among the undertakings and other organisations in the cluster”* (2014/C 198/page 6).

Definition 12 (e) *“**aid for innovation clusters**’, which aims at tackling market failures linked with coordination problems hampering the development of clusters, or limiting the interactions and knowledge flows within and between clusters. State aid could contribute to resolving this problem, first by supporting the investment in open and shared infrastructures for innovation clusters, and second by supporting, for no longer than 10 years, the operation of clusters for the enhancement of collaboration, networking and learning”* (2014/C 198/page 4; See also table 2 on aid options and eligible costs).

Definition 15 (j) *“**experimental development**’ means acquiring, combining, shaping and using existing scientific, technological, business and other relevant knowledge and skills with the aim of developing new or improved products, processes or services. This may also include, for example, activities aiming at the conceptual definition, planning and documentation of new products, processes or services. Experimental development may comprise prototyping, demonstrating, piloting, testing and validation of new or improved products, processes or services in environments representative of real life operating conditions where the primary*

objective is to make further technical improvements on products, processes or services that are not substantially set. This may include the development of a commercially usable prototype or pilot which is necessarily the final commercial product and which is too expensive to produce for it to be used only for demonstration and validation purposes. Experimental development does not include routine or periodic changes made to existing products, production lines, manufacturing processes, services and other operations in progress, even if those changes may represent improvements.” (EC 2014/C 198/page 5).

Table 3: Overview of aid options and eligible costs for innovation clusters

Aid for innovation clusters	Eligible costs
Investment aid	Investment costs in tangible and intangible assets.
Operating aid	<p>Personnel and administrative costs (including overhead costs) relating to:</p> <p>(a) animation of the cluster to facilitate collaboration, information sharing and the provision or channelling of specialised and customised business support services;</p> <p>(b) marketing of the cluster to increase participation of new undertakings or organisations and to increase visibility;</p> <p>(c) management of the cluster’s facilities; and</p> <p>(d) organisation of training programmes, workshops and conferences to support knowledge sharing and networking and transnational cooperation.</p>

Source: Annex I of the revision (2014/C 198/01); see also Annex B of this paper.

4.1.2 State aid for publicly funded research organisations

State aid rules also influence the innovation dynamics of clusters since those rules govern the possibility for publicly funded research organisations to carry on economic activities, and thus the exploitation of research infrastructures and implementation of research results.

Where a research organisation (RO) or research infrastructure (RI) is used for both economic and non-economic activities, public funding falls under State aid rules only insofar as the funding covers costs linked to the economic activities.²⁶

Where the research organisation or research infrastructure is used almost exclusively for a non-economic activity, its **funding may fall outside State aid rules** in its entirety. This is the case if the **economic use remains purely ancillary**, that is to say corresponds to an activity which is directly related to and necessary for the operation of the research organisation or research infrastructure, or is intrinsically linked to its main non-economic use, and is limited

²⁶ COMMUNICATION FROM THE COMMISSION Framework for State aid for research and development and innovation (2014/C 198/01);
https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.C_.2014.198.01.0001.01.ENG

in scope. The Commission will consider this to be the case where the economic activities consume exactly the same inputs (such as material, equipment, labour and fixed capital) as the non-economic activities and **the capacity allocated each year to such economic activities does not exceed 20 % of the relevant entity's overall annual capacity.**

Otherwise, **if the 20% ceiling is exceeded**, the following conditions apply for **contract research and research services, and collaborative research between ROs/RIs and industry:**

Table 4: Conditions for contract and collaborative research

Contract research and research services by research organisations (ROs)/infrastructures (RIs)	Collaborative research between research organisations (ROs)/infrastructures (RIs) and industry
<p>Assessment of aid at RO/RI level:</p> <p>No State aid if:</p> <ul style="list-style-type: none"> • separation of accounts for economic and non-economic activities, • no cross-subsidisation, • self-sustainability of economic activities => use of "own resources" <p>Otherwise => assessment under standard State aid rules</p>	<p>Assessment of aid at RO/RI level:</p> <p>No State aid only if:</p> <ul style="list-style-type: none"> • "independent R&D" (non-economic), or • separation of accounts, no cross-subsidisation and self-sustainability of economic activities (use of "own resources") <p>Otherwise => assessment under standard State aid rules</p>
<p>Indirect State aid to undertakings is avoided if:</p> <ul style="list-style-type: none"> • Research services or contract research sold at market price, or • No reliable benchmark for market price: <ul style="list-style-type: none"> ○ full costs + margin as commonly applied in the sector for the service concerned, or ○ arm's length negotiations where ROs/RIs negotiate to obtain maximum economic benefit and cover at least their marginal costs 	<p>Indirect State aid to undertakings is avoided if:</p> <ul style="list-style-type: none"> • undertakings bear the full project costs, or • knowledge is widely disseminated and ROs/RIs retain the exclusive use of any IPR generated by them, or • IPR allocation between public and private partner is proportional (reflects respective contributions and interests), or • ROs/RIs receive a 'compensation equivalent to market price' in case of assignment of IPRs to the private partners

Source: http://ec.europa.eu/regional_policy/sources/conferences/State_aid/rdi/summary_pres_disc.pdf

4.1.3 Solutions for State aid issues

New orientations (in the past) in policy fields related to cluster policy have resulted in a need to revise State aid rules accordingly. A policy brief from DG Competition from 2014 explained where the rules have been modernised as a result of new policy orientations: "The new rules for State aid for research, development and innovation will support the EU's Europe 2020

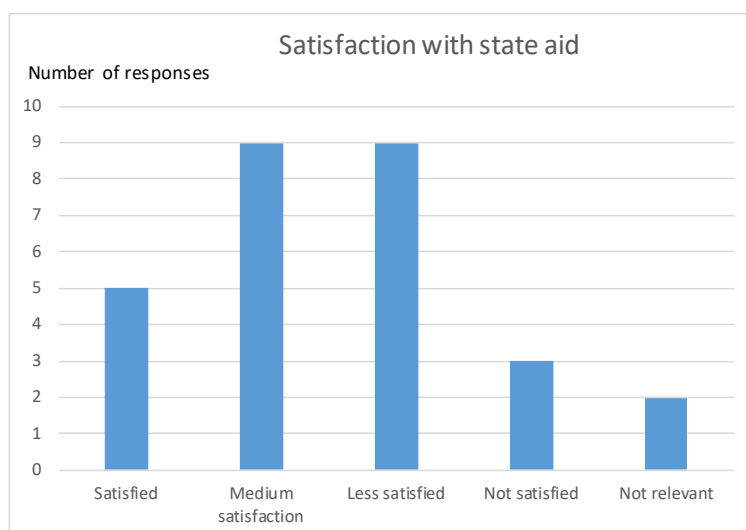
strategy and are an important building block of SAM” (State aid Modernisation) ²⁷. The brief listed some of the improvements: “More scope for automatic approval of R&D&I aid, more flexible aid ceilings for large individual aid measures, greater legal certainty for public-private R&D-collaboration and for demand-side measures that foster innovation.” However, new rules and definitions can never solve all the uncertainties in the new practices in the years after such revisions, e.g. uncertainties about the interpretation of new definitions. More clarification, different phrasing or even further modernisation may be needed to keep up with constantly evolving technologies and industry, and cluster policies. Any new orientation of the role of cluster policy for industrial modernisation, digitisation and the growth of scale-up’s might mean that clarity or even further modernisation of State aid is needed. This is dealt with in the next section.

4.2 State aid issues and challenges for cluster policy makers

4.2.1 The 2018 survey from the European Observatory for Clusters and Industrial Change (EOCIC)

From the preliminary results of the EOCIC survey on national cluster programmes we learn that the level of satisfaction with the current State aid framework in relation to innovation clusters is expressed in the majority of responses either as medium satisfaction or less satisfied (see Figure 8).

Figure 8: How satisfied are Member States with the current State aid framework with regard to innovation clusters?



Source: EOCIC Survey (2018) among national cluster policy representatives & programmes, preliminary results

²⁷ http://ec.europa.eu/competition/publications/cpb/2014/005_en.pdf

The reasons for dissatisfaction differ and the issues are not always easy to describe, but a major issue seems to be the unclear and very limited definition/interpretation of ‘aid to innovation clusters’. Table 5 lists some reasons that respondents gave for not being sufficiently satisfied with State aid rules regarding innovation clusters.

Table 5: Answers from respondents: reasons for not being satisfied with State aid rules for innovation clusters

Reasons for not being satisfied with State aid framework with regard to innovation clusters
1 Referring to Commission Regulation (EU) No 651/2014: Operating aid for innovation clusters max. 10 years; ratio of the total amount of aid granted to the total eligible costs should not exceed 50 %.
2 The aid intensity is very low for emerging clusters, especially in countries under fiscal consolidation programmes.
3 The eligible cost should be extended to some joint R+I activities.
4 Very complicated form of R&D&I promotion strategy with too little attention to commercialisation necessity.
5 The current State aid R&D&I framework must be improved to allow for higher co-financing for the clusters and also a higher minimum value of a project.
6 State aid is not well understood in our country and makes support for clusters extremely difficult
7 The State aid framework has over the years become an increasing obstacle for actually engaging SMEs in innovative projects and activities.
8 Cluster support at 50% for a maximum of 10 years is not easy in terms of co-financing. On the other hand, if the cluster works well and is beneficial for the government in the implementation of industrial policy, what will happen after 10 years?
9 Aid for clusters is clear, the problem is more linked to potential negative interpretation of indirect aid to cluster members, paying for cluster services, etc. Aid for research and development is too complicated with many different support rates.
10 It limits the development of cost-effective services for the production of own revenue.
11 In addition to cluster services provided to their companies, cluster cooperation involves innovation activities carried out by companies, but the framework does not allow these companies’ costs to be covered.

Source: EOCIC Survey (2018) on national cluster policy programmes, preliminary results

4.2.2 Issues flagged at the 1st European Cluster Policy Forum

A number of participants flagged at the first European Cluster Policy Forum that State aid is a challenge for cluster policy makers in their country. For this section information on those challenges was collected from further consultation with the representatives concerned. The State aid issues include:

- linear aid intensity for innovation clusters;

- aid to collaborative ventures;
- possible barriers to scale-ups;
- different legal basis for cluster policy;
- low *de minimis* threshold.

Linear aid intensity: This is a key provision of Article 27. While the most recent revision of the General Block Exemption Regulation (GBER) improved the text describing operating aid for innovation clusters (Article 27) and extended the duration limit from 5 to 10 years, it took a more restrictive approach to aid intensity. While it was possible under article 5.8 of the previous R&D&I State aid framework (2006/C 323/01)²⁸ either to apply a degressive aid intensity (from 100% in the first year to 0% in the last) or a linear aid intensity of 50%, this was changed to a solely linear aid intensity of 50% (Annex II in relation to point 12 (e) and 15 (s) of the last revision (2014/C 198/01)). The issues that arise from this are discussed in section 4.2.

Feedback from stakeholders is that Article 27 of the GBER is too restrictive to allow adequate support for the cluster organisation and support for the cluster firms. This suggests that there is a case for an alternative and simplified approach. This approach could include:

- Introduction of an annual ceiling for aid for innovation clusters of EUR 750,000 below which no notification is needed;
- Introduction of a base level of 25% of aid intensity, which should be allowed to run for longer than 10 years.

The first amount of an annual ceiling is calculated by taking the current notification threshold for aid for innovation clusters of EUR 7.5 million per cluster as indicated in article 4 (k) of the GBER as a benchmark and spreading this over the maximum aid duration of 10 years indicated in Article 27.7. Where aid is given for fewer years, a higher annual ceiling might even be allowed as long as the overall limit of EUR 7.5 million over 10 years is not exceeded (thus also reintroducing the degressive aid intensity logic indirectly).

Member States did not raise these issues directly at the first meeting or make concrete proposals for changing the rules. However, reasons 1 and 8 in table 4 refer to this issue. Moreover, in a conversation in preparation for the second meeting, the representative of Flanders mentioned that more flexibility would indeed be welcome. However, while degressive aid intensity sounds logical, he recognised that there are situations where more funding is needed at a later stage if, for example, the growth in attracting users takes longer than anticipated.

Aid to collaborative innovation at higher levels of readiness: demonstration infrastructures and pilot plants. Flanders mentioned at the 1st European Cluster Policy Forum meeting that it has experienced difficulties in designing a policy support measure that would allow it to provide aid to a collaborative approach to setting up demonstration and pilot plants. Most

²⁸ https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2006.323.01.0001.01.ENG

cluster support deals with collaborative R&D projects (lower readiness level 1-5). The State aid rules are clear in cases where this collaborative R&D takes place in laboratories, but not at the next stage. Both **Flanders** and **Wallonia** are concerned that there is not enough clarity around collaborative demonstration and pilot projects.

Flanders pointed out that supporting the next stage would be in line with the importance the Commission attaches to industrial modernisation and promoting the uptake of advanced manufacturing. Flanders therefore wants to do more to support collaborative innovation activities at a higher level of readiness, e.g. fund demonstration and pilot infrastructure projects related to cluster initiatives. However, this is difficult under the current State aid rules.

In Flanders, there are companies in a food cluster that are interested in setting up a pilot plant. However, there is not much information on how open to others investment in such a collaborative infrastructure should be. The authorities were not sure what would be allowed and were unable to obtain definitive legal advice. The fact that the route to obtaining approval has about seven administrative steps was also a disincentive.

Barriers for scale-ups in State aid rules: Flanders raised this at the 1st meeting. The current rules are affecting its ability to take advantage of the 'Start-up and Scale-up initiative'²⁹. The Belgian government raised this at the informal Competitiveness Council of 12 March 2018 under Any Other Business (see text box 2)³⁰.

²⁹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2016%3A733%3AFIN>

³⁰ <http://data.consilium.europa.eu/doc/document/ST-6850-2018-INIT/en/pdf>

Text box 2- 'Barriers for scale-ups in State aid rules': text submitted by the Belgian government under Any Other Business at the 12 March 2018 Competitiveness Council

The Commission has recently been putting more emphasis on fast-growing firms, the so-called scale-ups. As stated in the Commission's 'Start-up and Scale-up initiative'³¹, the aim is to remove barriers to scaling up in the single market and create better opportunities for access to finance and skills. To have a lasting economic impact, create more jobs and enhance Europe's competitiveness, start-ups need to prosper and grow across borders.

Belgium subscribes to the policy of the EU and wants to create better opportunities for scale-ups, amongst others regarding their access to finance. Unfortunately, when trying to support scale-ups through innovation subsidies, barriers in the State aid rules pop up due to an unwanted side-effect of the definition of an undertaking in difficulty. The definition is based on a 50% equity to share capital threshold ratio, to be met before any government support can be given. Scale-ups, who can be R&D- or cost-intensive and have a high cash burn, are typically periodically funded through a series of funding rounds and show a cyclical equity to share capital ratio, often lower than 50% (a fortiori when they approach a next funding round). The equity to share capital ratio does not accurately reflect the financial position of such a company.

As a consequence, scale-ups are often in a position where they cannot receive government support as they fit with the definition of an undertaking in difficulty, even though they are economically healthy undertakings.

Belgium fully agrees that undertakings in difficulty should be excluded from government aid. However, it cannot accept that promising, fast-growing companies become the victim of rules that are not adapted to their reality. We therefore urge the Commission to tackle this problem in the interest of Europe's scale-ups.

The Council took note of the concerns of the Belgian delegation, supported by some other delegations. The Commission was asked to clarify whether there are possible barriers in the State aid rules that may appear as an unwanted side-effect of the definition of "undertaking in difficulty". The Commission committed to further examining possible inconsistencies so as to have better basis for future discussions³¹.

Different legal bases for different types of cluster aid: A problem that emerged from a consultation of the ministry with clusters in **Poland** relates to sub-measure 2.3.3 "Internationalisation of Key National Clusters" in the Operational Programme Smart Growth, where different types of State aid for clusters have a different legal basis, a fact which creates complexity and uncertainty in interpretation:

- aid for the coordinator of a cluster is an operating aid under the GBER:
- aid for members of a cluster can come under:
 - o the GBER if it involves supporting SMEs in relation to fairs;

³¹ <http://www.consilium.europa.eu/media/34567/st07063-en18.pdf>

- *de minimis* aid rules for SMEs and large companies (Commission Regulation 1407/2013)³².

The participation of cluster members in the Operational Growth programme can be hindered by the *de minimis* aid limit since some companies have already accessed other types of public support in the previous three years (while applying under different schemes as individual companies). This basically excludes them from or limits their involvement in cluster activity related to internationalisation.

The solution could be to create a new category of State aid for this type of activities, covering both the coordinator and cluster members.

***De minimis* rule:** Austria mentioned at the 1st European Cluster Policy Forum that they regard the ***de minimis* threshold** of EUR 200 000 (text box 3) as too low. More details from a current internal discussion on the issue will be shared with the Forum.

Text box 3 - *De minimis* aid - "too small to be concerned with"

Aid measures are exempted from the notification requirement in Article 108(3) of the Treaty if the total amount of *de minimis* aid granted per Member State to a single undertaking does not exceed EUR 200 000 over any period of three fiscal years.

Source: European Commission Regulation 1407/2013, Article 3.

³² <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=OJ%3AL%3A2013%3A352%3ATOC>

5 Discussion at the 2nd European Cluster Policy Forum

On 26 April 2018, representatives from government departments from 19 EU Member States met at the Albert Borschette Centre in Brussels for the second edition of the European Cluster Policy Forum. The meeting focused on the three topics of the previous chapters, which are dealt with as follows in this chapter: labelling of cluster excellence (section 5.1); a pilot to promote mobility of cluster managers (5.2); State aid in the context of cluster policy (paragraph 5.3). These topics were discussed with invited experts and showcased with practical examples, some of which have already been described in the previous chapters, so are reported on only briefly here.

An additional topic was added to the agenda on ideas on organising a European Cluster Week. This is dealt with in section 5.4³³.

³³ This was the first item on the agenda, but dealing with it last is more logical in the context of this Output Paper.

Figure 9: The Second European Cluster Policy Forum, 26 April 2018



Source: DG GROW

5.1 Cluster Excellence labelling

5.1.1 Presentations on cluster management labelling

To launch the discussion five cluster labelling schemes and experiences were presented in more detail by:

- ESCA
- Belgium (Hospitality.brussels)
- Hungary
- Spain
- Poland

The European labelling system and its history were presented by Helmut Kergel (**ESCA**, VDI VDE-IT) (for more background, see also Chapter 2). The presentation highlighted the fact that cluster management is the driver of various measures and activities taking place within cluster initiatives and that cluster management matters because of its impact and value added on SMEs' business activities.

Véronique Renard (Hospitality.brussels) presented her personal experience as a cluster manager who had followed a training course at **France Clusters** and received the advanced

certificate in Cluster Management (Figure 10). The presentation illustrated the benefits of certified training for the cluster manager and members of this new cluster. These training schemes offer the opportunity of improving cluster management skills, but also of fostering collaboration between clusters and encouraging cluster managers to pursue the bronze/silver label.

Figure 10: The advanced certificate in Cluster Management provided by France Clusters



Source: Véronique Renard and France Clusters

The national programme in **Hungary**, was presented by Peter Keller (Ministry for National Economy). The Hungarian accreditation system (see also chapter 2) was launched in 2008 when Hungary had a relatively high number of clusters. The national level accreditation system and the ESCA label complement each other given that there is an 80% overlap between national accredited clusters and ESCA clusters. Today, 95% of Hungarian clusters have expired ESCA labels. Suggestions for improvement of the ESCA process include: introduce eligibility criteria especially for the bronze label; a higher quality standard for renewal; an active follow-up process; and moving towards quality and impact assessment.

For **Poland**, Justyna Choinska-Jackiewicz (Ministry for Entrepreneurship and Technology) presented the Cluster Management Standards Scheme (see also Chapter 2). This tool has enabled clusters to carry out a self-assessment and self-improvement process, and has helped cluster coordinators to prepare for the ESCA labelling process.

The national labelling scheme in **Spain**, Agrupación Empresarial Innovadoras (AEI), was presented by Nuria García Gonzalez (Ministry of Economy, Industry and Competitiveness). The AEI programme (see also Chapter 2) promotes and registers cluster excellence, representation and innovation. In May 2018 the Spanish cluster label “BOND Spain Cluster” was to be launched.

5.1.2 Member State experience and positions

Introductory remarks by everyone present showed that other Member States that do have a national scheme on cluster excellence are the Czech Republic, Lithuania, Romania, and Sweden. The **Czech Republic** developed its own cluster excellence programme a couple of years ago based on 60 indicators. **Lithuania** is working very hard on its cluster certification. Maturity sessions are implemented to select the 12 strongest clusters and prepare them for labelling. Targets have been set to have more ESCA labels, although clusters question the usefulness of the label. Cluster labelling in **Romania** started in 2012, under the Commission's Competitiveness and Innovation Framework Programme (CIP). Today, Romania has 70 clusters registered in the database of the Ministry of Economy of which 28 with the bronze, 10 with the silver and one with a gold label. In **Sweden** a national labelling scheme has been in place for 15 years. The clusters do not see the benefits of the EU label, although Sweden is trying to promote it.

Countries that do not have a national scheme to label cluster (management) excellence include: **Austria, Belgium, Estonia, France, Greece, Latvia, Malta and Slovenia.**

- **Austria** has no separate national scheme, but the ESCA scheme is very often used (5 Gold clusters, with renewed labels) and it is considered a very important tool to prove the excellence of cluster management.
- In **Belgium, Flanders** is interested in seeing how the ESCA scheme can be improved. They pointed out that there are two aspects of labelling schemes: fostering an ISO-like standard of good management and validating the content (e.g. the quality of services provided, responsiveness to SME needs). Many schemes often look at formal aspects of management instead of looking at content, which is more important but also more difficult to qualify in a standardised way. It is therefore better to split the two aspects. **Wallonia** has relied on the ESCA scheme, and six years ago, one Walloon cluster had the silver ESCA label and the remainder had the bronze. However, clusters have decided not to renew the label because of the time and cost involved, as they do not see the added value.
- **Estonia** supports having a European scheme, although the ESCA labelling process is considered inflexible and old-fashioned. ICT could be used to improve the process.
- **France** has a mixed approach to labelling: some clusters use it, whereas others do not, because they do not see the benefit.
- **Germany** appreciates the Commission's focus on quality assessment – it is important to have a standardised system to show the quality in clusters.
- **Greece** does not have a national scheme for labelling cluster management excellence, given the limited number of cluster organisations, but it does have an interest in finding an effective way of assessing cluster excellence. Greece fully endorsed the position of the Commission that improvements are needed (e.g. on indicators) and that the six principles discussed in 2.2 should be met by ESCA.

- **Malta** endorsed the view that it is not easy to convince people of the added value of such a scheme.
- **Slovenia** supports the idea of having a labelling scheme because this is perceived to be helpful for enhancing cluster visibility, but in Slovenia the clusters are too recently established and not yet ready to cope with the labelling process.

5.1.3 Three possible options for the future of ESCA labelling

Ulla Engelmann (DG GROW) explained that the Commission needs to make a decision on the future of the ESCA labelling of cluster excellence. The current ESCA programme runs for 18 months and the Commission needs to decide what to do subsequently. Views among Member States on this differ and the Commission wants to collect these to prepare a shared response. She presented the following three scenarios on the **Commission's future involvement** in the European Cluster Excellence scheme:

- Scenario 1: Keep the status quo, but with the Commission no longer promoting and supporting the programme;
- Scenario 2: Renew the labelling process – the Commission continues to recognise and promote labelling as part of the European Cluster Excellence programme;
- Scenario 3: Integration of the labelling process at Commission level via a contract operated by a service provider selected through a public call for tender – the Commission would recognise and actively promote the labelling.

In the discussion that followed, **Austria** noted that the European Excellence label is very important for Austria and that they are satisfied with the existing scheme. **Latvia** stated that it was good to hear that the European Commission understands that the scheme needs to be improved, e.g. training and on-line self-assessment are missing in ESCA. **Lithuania** and **Romania** emphasised the key role of training for cluster managers as a first step and a priority. **Sweden** mentioned that it does not see the necessity for excellence labelling.

The **Czech Republic**, **Romania** and **Slovenia** concluded that the most important need is cluster manager training, and that both labelling and mobility could support this. For the Czech Republic, scenario 1 would be enough if cluster labelling is only a marketing strategy; if it is intended as more than that, then options 2 & 3 (with more involvement of the European Commission) would be better.

The Commission explained that the discussions with the current consortium on the future are ongoing. For the Commission there are red lines, such as transparency. The ESCA labels are seen as European Commission labels, but they are not. The position needs to be **clear**. The participating Member States were asked to let the Commission know by 18 May 2018 which option was preferred.

5.2 Towards ERASMUS for Clusters – a pilot mobility scheme for cluster managers

5.2.1 Presentations on existing initiatives

Four existing schemes which could offer lessons on mobility, and for any future pilot mobility scheme for cluster managers, were presented in more detail:

- Erasmus for Young Entrepreneurs
- Clusterix 2.0
- Cluster4Smart
- Innovation Express.

Erasmus for Young Entrepreneurs was presented by Katerina Nejdlova (European Commission). It is a cross-border exchange scheme to help young entrepreneurs to grow small companies thanks to an exchange of experience with other countries (see Chapter 3). Overall, it seems that the project is proving very successful. However, it was suggested that the name “Erasmus for Clusters” might be confusing for students and there might be better alternatives.

Clusterix 2.0 was presented by Lucia Seel, Content and Communication Manager, European Cluster Collaboration Platform. The objective of Clusterix 2.0 is to improve the performance of regional development policies and programmes through exchange and learning (see Chapter 3). Part of the programme is a staff exchange where partners meet bilaterally for one or two weeks to learn and exchange experiences on themes of common interest.

The **Cluster4Smart** project was presented by Juan José Ortega, Manager at Spain’s Amuebla cluster and Alain Tubiana of Gnomon, France. The project was created to respond to cluster managers’ need to increase their competences (see Chapter 3). The project will be open and free, and provide on- and off-line training to cluster managers (with a focus on ‘Industry 4.0’), spreading training across EU clusters and encouraging mobility within the EU.

Innovation Express was presented by Kaspar Nielsen, Internationalisation Manager at Cluster Excellence Denmark. Innovation Express leverages clusters to support SME internationalisation (see chapter 3). Kaspar Nielsen suggested that any ‘Erasmus4clusters’ should take into consideration that cluster managers are very busy, so it would be important to keep any mobility to a maximum of two days.

5.2.2 Member State experience and positions

Most Member States do not have experience of a national scheme to promote mobility of cluster managers. Exceptions include **Estonia** which has a mobility scheme used by companies and academia (which seems not to be working very well), but not by clusters; **France** arranges training sessions for cluster managers, but does not have a mobility scheme; **Greece** has no relevant scheme, but does have experience with bilateral exchanges; **Romania** has experience with clusters that are part of the Clusterix 2.0 project as this scheme promotes cluster manager mobility; **Spain** has some experience at regional policy level.

There is both support for and scepticism about the idea of a manager mobility scheme. **Greece** would welcome a training programme of up to one month that could support the visit of a cluster manager to a cluster in another country. **Austria, Hungary, Poland** and **Slovenia** have expressed interest and support the idea of a mobility scheme for cluster managers. Cluster managers in Austria and Slovenia have already responded well to this idea. Austria suggested that the scheme apply to cluster policy makers, cluster management staff, and cluster companies and researchers.

Several countries are more sceptical, including **Belgium**, the **Czech Republic** and **Sweden**. A key problem they expect is that cluster managers will lack the time to engage with this. According to the Czech Republic a training scheme would seem to be a more useful alternative. According to **Lithuania** mobility will be difficult to manage for smaller cluster organisations, whereas larger clusters are not expected to face difficulties. **Germany** and **Latvia** particularly support the training aspect, since that is important for clusters in all stages of development.

5.2.3 Summary of discussion on a pilot cluster mobility scheme

Member States are supportive of the idea of paying more attention to mobility and training, either through a new instrument or integrated into existing instruments. Some emphasised that learning from practice is more important than from theory, while others stressed that training has to be provided first. Lack of time for cluster managers is seen as a serious problem. Some see a difference between small and young versus large and mature clusters, but opinions differed on who would have the largest problem in terms of available time. Several representatives stated that the scheme should not only be for mobility of cluster managers, but also companies, policy makers or researchers.

The Commission noted that its original ideas have evolved. They are now thinking of extending such a mobility scheme beyond cluster management and also including other organisations such as SME agencies or technology centres. It would then be a more general tool to strengthen interregional cluster collaboration, e.g. the scheme could be used by an SME to visit a technology centre in another country.

5.3 State aid in the context of cluster policy

5.3.1 Presentations on State aid

For **Austria**, Maria Bendl (Federal Ministry Digital and Economic Affairs) informed the Forum that Austria is collecting information and suggestions on what should be done about State aid in this area. Overall, Austria agreed with the points made by Simon Lang (see below). Austria suggested that Article 29 of the GBER creates a problem for the allocation of funds to cluster organisations. A possibility would be an aid intensity level of 50% to make it easier to get large companies on board.

On behalf of **Flanders**, Bernard de Potter and Karel de Corte (Flanders Innovation & Entrepreneurship) emphasised that the EU should consider the three following points: what is a cluster, what are SME needs, and what are the different policies related to SMEs and clusters. Sometimes the rules on R&D&I are applied too rigidly, as in the case for Article 27 of the GBER. The eligible costs could be broader and the ceiling of EUR 7.5 million over 10 years is too low. Where different parties work together, they should both be able to receive “cluster organisation” status and thus be both eligible for cluster aid under Article 27 GBER. Moreover, it would be better explicitly to include the possibility of degressive aid intensity from 100% to 0% with the average staying below the 50% threshold over 10 years.

For **Poland**, Beata Lubos (Ministry for Entrepreneurship and Technology) said the State aid regulation needs simplifying. Poland suggests modifying the eligible cost of operating aid for innovative clusters, including digital costs, and modifying Article 27 to include aid to cluster members directly.

Simon Lang (Ministry of Environment, Energy, Nutrition and Forestry of the German State of **Rhineland-Palatinate**) mentioned that in the field of industrial policy, cluster and innovation policies, tensions and conflicts of interest with the EU State aid framework have become more and more apparent in recent years. State aid rules on R&D&I support are too restrictive and do not take fully into account the specificities of R&D&I, the challenges and needs of SMEs, and incentives for collaboration between SMEs and research centres.

Article 27 GBER in its current version is not adequate for support for cluster organisations. The adoption of a more flexible approach would be very much appreciated, e.g.:

- introduce an annual ceiling for State aid to cluster organisations (operating and innovation aid) of EUR 750,000 (instead of the current rule of 50% of public funds in total costs);
- reintroduce the degressive aid intensity logic; and
- introduce a basic level of 25% state support for cluster organisations to be extended beyond 10 years.

5.3.2 Member State experience and positions

As discussed in Chapter 4, there are several State aid regimes that apply to clusters. Member States' opening statements on the current situation in their country illustrated how countries provide aid under different State aid categories. Many countries, including **Hungary, Latvia, Romania** and **Sweden**, stated that they do not use Article 27 of the GBER to support cluster organisations, but use the *de minimis* rules (e.g. Hungary and Romania). Others, including **Estonia**, use both. Estonia pointed out, however, that there are many difficulties and the amount of funding is very limited. **Austria** uses Article 27 but also has measures that fall under Article 29 (Aid for process and organisational innovation). For **Poland**, on the other hand, Article 27 is the main challenge.

Overall, there was a perception that the complexity and inflexible application of the principles is an obstacle to cluster initiatives. **France** pointed to the bureaucratic burden. France has developed a methodology to help cluster managers draw up their budget following different regulatory systems (e.g. eligibility rules, beneficiaries, expenditure etc.) However, the feedback has been that it remains very time-consuming and difficult to implement.

On the issue of the **linear aid intensity of 50%**, **Germany** confirmed that (in addition to other obstacles) it makes financing cluster initiatives unnecessarily more difficult. **Slovenia** agreed that State aid is too complicated. Often the cluster managers do not take into account all the work that has to be done on this topic. The **duration** for co-financing of clusters is not an issue in Slovenia, as the aid is divided into smaller segments/financing periods.

Romania had learned from a training session with Innovation Norway that State aid rules would prevent all but 20% of the Norwegian policy schemes being applied in Romania.. Change would be desirable, although it is recognised that this will take time.

5.3.3 Feedback from DG Competition and Member States

The Directorate-General for Competition expressed surprise at the difficulties Member States encounter when implementing the rules, as there is an open platform on which Member States can address issues to the Commission and bring up any difficulties encountered. **DG Competition** is convinced that State aid rules are beneficial for Member States, and it is willing to provide support. The rules were in fact simplified in 2013 in the new package to ease their implementation. Yet, Europe needs to ensure that it does not lose its competitive advantage. Granting support without rules is not an appropriate way forward. DG Competition is not convinced that State aid is the real problem. The problems are not necessarily created by State aid rules but could be linked to other regulations. DG Competition is nevertheless available to meet Member States bilaterally to discuss possible solutions.

France responded that Member States are not questioning the principle of having rules on State aid; rather, they would be interested in discussing a simplification for SMEs in order to simplify the administrative burden. Several other countries confirmed the need for simplification. The **Czech Republic** added that Article 27 is clear, but made the case for expanding the list of eligible costs, including third party funding.

Several countries (e.g. **Sweden**) stated that they will consult their lawyers and report back a national stance on the topic. **Flanders** announced that it would produce a note on State aid issues and experiences.

5.4 Towards a European Cluster Week

5.4.1 A previous international discussion on cluster events

Carsten Schierenbeck (European Commission, DG GROW) gave a presentation summarising the key outcomes of a meeting held during the German cluster week at the Hanover Fair on 25 April 2018, where representatives of the European Commission, Denmark, Germany, Poland and Romania had taken the opportunity to share lessons learnt from organising national cluster events and to develop ideas on organising a European Cluster Days or Week event.

The main take-aways from the **meeting in Hanover** were:

- this type of event is an effective way to obtain visibility given the high number of visitors and the large media presence. For example, there were 31 stands and there was a joint kick-off with 200 participants;
- the EU dimension can be reinforced by inviting partner countries (e.g. Sweden will participate in this way in the next German Cluster Week on 1-5 April 2019); and
- these events foster cross-sectoral and international collaboration (e.g. by the teaming up of two Ministries).

The participants discussed their experience with organising or participating in similar events. Participation of Poland and Romania in the Hanover Fair was considered fruitful from a business perspective. Poland was a partner country last year with a stand-alone clusters pavilion.

Denmark's Future Week 2017 main lesson was about getting communication right from the start by having a clear view of the expected impacts and preparing the necessary communication package.

Romania has had a cluster conference that focused on cluster-to-cluster matchmaking, but also B2B matchmaking. Romania attaches particular importance to giving an European dimension to these events to ensure successful matching.

The point was made at this Hanover meeting that any European Cluster Week should focus both on involving many regions as well as linking to key (anchoring) events, should not last longer than a week and should build on events taking place at national level. Seventeen countries expressed their interest in hosting the event, but no decision was taken.

The European Commission noted in connection with this presentation that it is keen to support any hosting Member State by:

- providing support via the European Cluster Collaboration Platform;
- developing a common logo and a common promotional kit (digital-ready communication/press material, videos, etc.) to increase visibility;
- offering matchmaking support and bringing together stakeholders from all EU countries; and
- reporting and sharing lessons learnt to national events.

5.4.2 Discussion of a European Cluster Week

After the presentation on the meeting in Hanover, both the Danish and German representatives expressed the view that a **bottom-up approach** is very important to guarantee a successful European Cluster Week.

During the discussion that followed, Member States shared their experience with organising a National Cluster Day or Week. Many Member States already organise cluster-related events and conferences at national level. These experiences with organising cluster events at the national and regional level vary and can be grouped in two categories of events:

- events in the form of a national cluster conference or forum (e.g. in **Austria, France, Slovenia** and **Spain**) which serve to ensure coordination or to exchange experiences amongst cluster organisations; and
- cluster matchmaking events that aim to establish new partnerships or joint activities of clusters, nationally and internationally, e.g. events organised by **Denmark, Germany, Poland** and **Romania**.

Austria has a quite structured annual programme of events for clusters, including an annual cluster conference where clusters discuss topics interesting for all the regions together with Ministries, company representatives and researchers.

In **Estonia**, there is no national cluster day either, but there are many annual, sectoral meetings.

France has national cluster events, e.g. in the form of workshops with the aim of sharing good practices among clusters and informing cluster organisations of recent policies.

In **Slovenia**, there are regular meetings every 1.5 or 2 months bringing together all clusters and the representatives of ministries to discuss emerging problems. Moreover, each of the nine clusters has its own conference every year that also involves the other clusters.

The national clusters conference organised in **Spain** belongs to the first category. There is no cluster day or week in Spain.

Countries planning national activities include **Greece** and **Sweden**.

The second type of event is more often than not an initial experience with international co-organisation of events. In addition to the German Cluster Week, some other events and organising countries belong to this second group.

Poland for instance, organised a joint event with Cluster Excellence Denmark two years ago, which was a good occasion for clusters to match-make and speed-date.

Romania organises two conferences: one in spring 2018, organised by a consortium of clusters in North West Romania (EU Asia GATEWAY), and the second is the national Cluster Conference, co-organised with **Hungary**. Romania envisages organising a European Cluster Conference during the Romanian Presidency of the EU Council in 2019.

Wallonia also has experience in organising cluster matchmaking events, e.g. it organised a matchmaking event during the EU Industry Days (2018).

Nearly all Member States welcomed the idea of organising a European Cluster Week in the near future. Exceptions were **Austria** and **Belgium** which saw no need for such an initiative, since there are already many cluster events.

Specific support came from **Latvia**, **Malta** and **Poland**. Latvia suggested that one national event could be organised in every country during the year, and then at the end of the year, a larger event (1-2 days) could bring together the best content from the local events, sharing examples and best practices across Member States, and organising match-making. **Hungary** suggested that the Commission could assist the Member States by covering at least the travel costs of international cluster experts.

6 Conclusions at the Forum and next steps

This final chapter provides the conclusions drawn at the European Cluster Policy Forum by topic (in section 6.1) and reports on the next steps that have been agreed (in 6.2).

6.1 Conclusions

Cluster management excellence labelling

The extent to which Member States have national labelling schemes for cluster organisations varied widely, but most Member States believe that excellence labelling improves cluster management, increasing motivation among clusters and strengthening clusters' internationalisation and competitiveness.

The Commission has to decide the extent to which it wishes to be directly involved in the labelling of cluster excellence and presented three possible scenarios on the future of European cluster management excellence labelling to the Member State representatives: (1) retain the status quo and end European Commission support; (2) renew the labelling process with the European Commission continuing to recognise and promote labelling as part of the European Cluster Excellence Programme; (3) integrate the labelling process at European Commission level through a contract operated by a service provider. **The participating Member States were asked to let the Commission know by 18 May 2018 which option was preferred.**

Cluster mobility

Overall, Member States were in favour of cluster mobility for cluster manager as a means of improving the performance of cluster organisations. However, there was a general view that a possible pilot mobility scheme should not be limited to cluster managers. Member States also emphasised that cluster organisations and managers might find it difficult to commit a lot of time to a mobility scheme. Prior to, or during participation in cluster mobility, cluster managers could be exposed to training.

The idea of a pilot to support mobility among clusters will be further developed, possibly linked to training and not only for cluster managers but also for other actors. It was also suggested that, rather than creating an entirely new scheme, the possibility of taking advantage of synergies with existing programmes should be explored.

State aid

In general, the Member States present supported a simplification and a more flexible approach to the State aid rules that are relevant for cluster policy. The current rules are considered too complicated for policy makers, clusters and SMEs, and tensions exist between State aid rules and other EU policies (e.g. renewed EU industry policy and EU innovation policy). The existing EU State aid rules on innovation support for SMEs and operational aid to cluster management organisations are still too restrictive and do not take sufficient account of the particular nature of collaborative innovation activities in clusters. These obstacles can hold back cluster initiatives.

Several Member States specifically asked for eligible costs to be broader and for the current maximum aid ceiling of EUR 7.5 million to be payable beyond 10 years. A more simple and flexible approach could include the introduction of an annual ceiling for State aid to cluster organisations, instead of the 50% of public funds in total eligible costs.

DG Competition drew attention to the existing platform where advice can be obtained about areas on which Member States are uncertain and expressed willingness to meet individual Member States to discuss their concerns. To follow up on this invitation, **a task force composed of Member State representatives will be created to further discuss State aid rules with DG Competition.**

European Cluster Days/Week

Most Member States welcomed the idea of organising a European Cluster Week in the near future. Many Member States already organise cluster-related events and conferences at national level and it was suggested that they could be grouped under a European umbrella as this would give European clusters more visibility and opportunities to develop new businesses. Several **options will be developed** for organising a European Cluster Week with the support of the European Observatory for Clusters and Industrial Change.

6.2 Next steps

The third European Cluster Policy Forum - with the support of the 'European Observatory for Clusters and Industrial Change' (EOCIC) - will take place on **15 November 2018 in Brussels** and **will focus on entrepreneurship and scaling-up.**

Participants and the European Commission also agreed on the following actions:

- The European Commission would send to Member States the three different future scenarios for the cluster labelling programme and make the presentations available online as soon as possible.
- The Member States were asked to:
 - share their views with the Commission on the three different scenarios for European cluster labelling by 18 May, and
 - provide feedback on the output paper of the 1st European Cluster Policy Forum.

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8 List of participants in the European Cluster Policy Forum on 26 April 2018

1. Representatives of the ministries of the EU-28 Member States

Country	Surname	First Name	Position	Organisation
Austria	Bendl	Maria	Abteilungsleiterin Abteilung Forschungs- und Technologiepolitik	Federal Ministry Digital and Economic Affairs
Belgium	De Potter	Bernard	Administrateur-generaal	Agentschap Innoveren En Ondernemen
Belgium	De Corte	Karel	State aid Coordinator	Flanders Innovation & Entrepreneurship
Belgium	Labar	Hugues	Directeur	Service Public de Wallonie - économie emploi formation recherche, Direction des Réseaux d'Entreprises
Czech Republic	Wenzel	Robert	Research, Development a Innovation Department	Ministry of Industry and Trade
Estonia	Nurmik	Kaie	Adviser	Ministry of Economic Affairs and Communications
France	Catz	Sébastien	Chef de bureau « pôles de compétitivité »	Ministère de l'Économie et des Finances, Direction générale des entreprises (DGE)
Germany	Janssen	Ole	Deputy Director General - Innovation and Technology Policy	German Federal Ministry for Economic Affairs and Energy
Greece	Solomou	Evangelia	HoU for Industrial Policy & International Industrial Relations	General Secretariat for Industry
Hungary	Keller	Péter	HoU International and Cluster Unit, Managing Authority of Economic Development Programmes	Ministry for National Economy
Italy	Pasquali	Oscar	Head of the Minister's Technical Secretariat	Ministry of Education, Universities and Research

Country	Surname	First Name	Position	Organisation
Latvia	Feldberga	Evita	Deputy Director of Sectoral Policy Department	Ministry of Economics of the Republic of Latvia
Lithuania	Šakalienė	Ona	Chief Official of the Business and Science Cooperation Division	Innovation Department of the Ministry of Economy
Malta	Sammut	Joseph P	Chairman Malta Life Sciences	Malta Life Sciences Park
Netherlands	Raes	Stephan	Head Economic Department	Permanent Representation of the Netherlands to the EU
Poland	Lubos	Beata	Deputy Director of the Innovation Department	Ministry for Entrepreneurship and Technology
Poland	Choińska-Jackiewicz	Justyna	Chief Expert	Ministry of Entrepreneurship and Technology
Poland	Kuza	Katarzyna	Chief Expert Innovation's Department	Ministry for Entrepreneurship and Technology
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Romania	Pirvu	Gabriela Magdalena	Senior counsellor and coordination of Romanian Cluster Policy	Ministry of Economy
Slovenia	Salecl	Jernej	Internationalisation, Enterprise and Technology Directorate Industry, Innovation and Technology Division	Ministry Of Economic Development And Technology
Spain	García González	Nuria	Subdirección General de Digitalización de la Industria y Entornos Colaborativos	Ministry of Economy, Industry and Competitiveness
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Sweden	Göran	Andersson	Programme Director	Vinnova

2. Speakers

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Amuebla cluster, in Spain	Juan Jose	Ortega
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Institution	First and surname
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DG GROW	Hélène Diane DAGE (Dep. HoU)
DG GROW	Simon LANG
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9 Annexes

Annex A: Aid for innovation clusters (Article 27, General Block Exemption Regulation, Commission Regulation (EU) N°651/2014 of 17 June 2014)

Article 27

Aid for innovation clusters

1. Aid for innovation clusters shall be compatible with the internal market within the meaning of Article 107(3) of the Treaty and shall be exempted from the notification requirement of Article 108(3) of the Treaty, provided that the conditions laid down in this Article and in Chapter I are fulfilled.
2. Aid for innovation clusters shall be granted exclusively to the legal entity operating the innovation cluster (cluster organisation).
3. Access to the cluster's premises, facilities and activities shall be open to several users and be granted on a transparent and non-discriminatory basis. Undertakings which have financed at least 10 % of the investment costs of the innovation cluster may be granted preferential access under more favourable conditions. In order to avoid overcompensation, such access shall be proportional to the undertaking's contribution to the investment costs and these conditions shall be made publicly available.
4. The fees charged for using the cluster's facilities and for participating in the cluster's activities shall correspond to the market price or reflect their costs.
5. Investment aid may be granted for the construction or upgrade of innovation clusters. The eligible costs shall be the investment costs in intangible and tangible assets.
6. The aid intensity of investment aid for innovation clusters shall not exceed 50 % of the eligible costs. The aid intensity may be increased by 15 percentage points for innovation clusters located in assisted areas fulfilling the conditions of Article 107(3)(a) of the Treaty and by 5 percentage points for innovation clusters located in assisted areas fulfilling the conditions of Article 107(3)(c) of the Treaty.
7. Operating aid may be granted for the operation of innovation clusters. It shall not exceed 10 years.
8. The eligible costs of operating aid for innovation clusters shall be the personnel and administrative costs (including overhead costs) relating to:
 - (a) animation of the cluster to facilitate collaboration, information sharing and the provision or channelling of specialised and customised business support services;
 - (b) marketing of the cluster to increase participation of new undertakings or organisations and to increase visibility;
 - (c) management of the cluster's facilities; organisation of training programmes, workshops and conferences to support knowledge sharing and networking and transnational cooperation.
9. The aid intensity of operating aid shall not exceed 50 % of the total eligible costs during the period over which the aid is granted.

Annex B: Maximum aid intensities (Annex II of Framework for State aid for research and development and innovation (2014/C 198/01))

ANNEX II

Maximum aid intensities

	Small enterprise	Medium-sized enterprise	Large enterprise
Aid for R&D projects			
Fundamental research	100 %	100 %	100 %
Industrial research	70 %	60 %	50 %
— subject to effective collaboration between undertakings (for large enterprises, cross-border or with at least one SME) or between an undertaking and a research organisation, or	80 %	75 %	65 %
— subject to wide dissemination of results			
Experimental development	45 %	35 %	25 %
— subject to effective collaboration between undertakings (for large enterprises, cross-border or with at least one SME) or between an undertaking and a research organisation, or	60 %	50 %	40 %
— subject to wide dissemination of results			
Aid for feasibility studies	70 %	60 %	50 %
Aid for the construction and upgrade of research infrastructures	50 %	50 %	50 %
Innovation aid for SMEs	50 %	50 %	-
Aid for process and organisational innovation	50 %	50 %	15 %
Aid for innovation clusters			
Investment aid	50 %	50 %	50 %
— in assisted regions fulfilling the conditions of Article 107(3)(c) of the Treaty,	55 %	55 %	55 %
— in assisted regions fulfilling the conditions of Article 107(3)(a) of the Treaty	65 %	65 %	65 %
Operating aid	50 %	50 %	50 %

The European Observatory for Clusters and Industrial Change (#EOCIC) is an initiative of the European Commission's Internal Market, Industry, Entrepreneurship and SMEs Directorate-General. The Observatory provides a single access point for statistical information, analysis and mapping of clusters and cluster policy in Europe, aimed at European, national, regional and local policy-makers, as well as cluster managers and representatives of SME intermediaries.

The aim of the Observatory is to help Europe's regions and countries design better and more evidence-based cluster policies and initiatives that help countries participating in the COSME programme to:

- develop world-class clusters with competitive industrial value chains that cut across sectors;
- support Industrial modernisation;
- foster Entrepreneurship in emerging industries with growth potential;
- improve SMEs' access to clusters and internationalisation activities; and
- enable more strategic inter-regional collaboration and investments in the implementation of smart specialisation strategies.

In order to address these goals, the Observatory provides a Europe-wide comparative cluster mapping with sectoral and cross-sectoral statistical analysis of the geographical concentration of economic activities and performance, made available on the website of the European Cluster Collaboration Platform (ECCP)³⁴. The Observatory provides the following services:

- **Bi-annual "European Panorama of Clusters and Industrial Change"** that analyses cluster strengths and development trends across 51 cluster sectors and 10 emerging industries, and investigates the linkages between clusters and industrial change, entrepreneurship, growth, innovation, internationalisation and economic development;
- **"Cluster and Industrial Transformation Trends Report"** which investigates the transformation of clusters, new specialisation patterns and emerging industries;
- **Cluster policy mapping** in European countries and regions as well as in selected non-European countries;
- **"Regional Eco-system Scoreboard for Clusters and Industrial Change"** that identifies and captures favourable framework conditions for industrial change, innovation, entrepreneurship and cluster development;
- **Updated European Service Innovation Scoreboard³⁵**, that provides scorecards on service innovation for European regions;
- **"European Stress Test for Cluster Policy"**, including a self-assessment tool targeted at cross-sectoral collaboration, innovation and entrepreneurship with a view to boosting industrial change;

³⁴ <https://www.clustercollaboration.eu/>

³⁵ Previous versions for 2014 and 2015 were developed by the European Service Innovation Centre (ESIC), see http://ec.europa.eu/growth/tools-databases/esic/index_en.htm

- **Customised advisory support services** to twelve selected model demonstrator regions, including expert analysis, regional survey and benchmarking report, peer-review meeting, and policy briefings in support of industrial modernisation;
- **Advisory support service to European Strategic Cluster Partnerships**, in order to support networking between the partnerships and to support exchanges of successful practices for cross-regional collaborations and joint innovation investments;
- **Smart Guides** for cluster policy monitoring and evaluation, and for entrepreneurship support through clusters that provide guidance for policy-makers; and
- **Brings together Europe's cluster policy-makers and stakeholders** at four European Cluster Policy Forum events, European Cluster Days, and at the European Cluster Conference in early 2019 in order to facilitate high-level cluster policy dialogues, exchanges with experts and mutual cluster policy learning. Two European Cluster Policy Forums took place in February and April 2018, and the European Cluster Conference is scheduled for May 2019 in Bucharest (Romania).
- Online presentations and publications, discussion papers, newsletters, videos and further promotional material accompany and support information exchanges and policy learning on cluster development, cluster policies and industrial change.

More information about the European Observatory for Clusters and Industrial Change is available at: <https://www.clustercollaboration.eu/eu-initiatives/european-cluster-observatory>

