



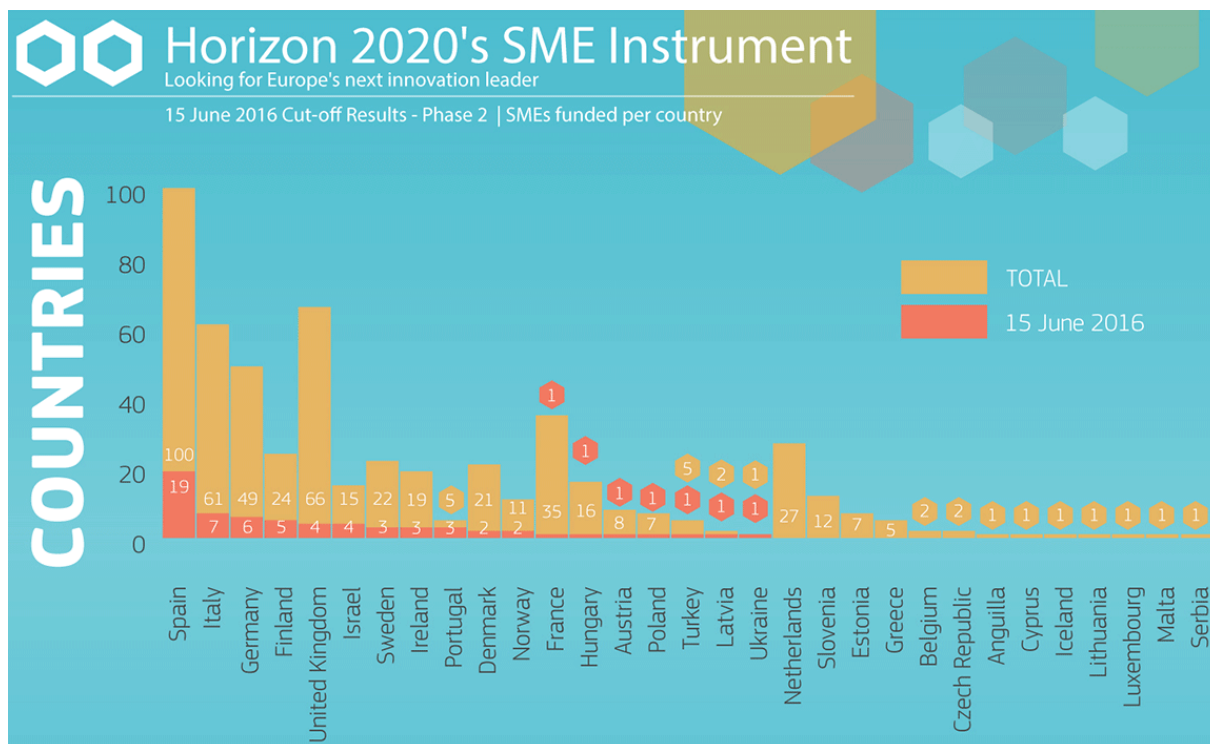
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### ***Another Hungarian winner among innovative enterprises of Horizon 2020***

**In the second phase of the Horizon 2020 SME Instrument, another Hungarian enterprise has recently gained the trust of tender committees, and thus the number of successful Hungarian applicants benefiting from this Brussels-based direct funding scheme has risen to sixteen. Compared to other Central European countries, Hungary has inarguably been the best performer among Horizon 2020 applicants and the number of Hungarian winners was similar to those from countries with highly developed, mid-sized economies. This success rate indicates that the Hungarian SME sector does have the innovation potential and dynamics required by a highly competitive environment.**

The Research and Technology Development Programmes, the 8<sup>th</sup> stage of which is Horizon 2020, are financing vehicles created by the European Commission in order to support and facilitate research in the European Research Area (ERA). Objectives and actions have changed from financing period to financing period. In phases 6 and 7, the programme focused on technological research. Horizon 2020, on the other hand, places innovation in the foreground as the accelerator of economic growth. The volume of funding available through this programme totals EUR 90 million.

In the latest tendering round, in June 2016, the European Commission selected 65 SMEs of altogether 18 countries, which had been found worthy of special support. Each project could obtain funding of up to EUR 2.5 million – up to EUR 5 million in case of healthcare projects – to spend it on the development of an innovative test-phase product, and later on its marketing. Enterprises and their projects are also awarded a 12-day business training course.



*Source: European Commission*

Spanish SMEs have been the most successful applicants, as 19 companies were awarded funding of altogether EUR 20.6 million. Italy comes as second, with 7 companies and funding of EUR 8.6 million, followed by Germany with 6 winners that share EUR 7.7 million. Most of the distinguished projects – altogether 12 -- have been presented by innovative enterprises from the ICT sector, followed by projects aiming at more transport- and energy-efficiency as well as lower fossil fuel consumption. 17 projects of innovative Hungarian SMEs have been selected under Horizon 2020, of which three have been awarded in 2016. Among Central European countries, Hungary has clearly been the most successful, and the performance of Hungarian SMEs is similar to that of countries with a medium-sized and highly developed economy.

On the international map of innovation Hungary belongs to the group of moderate innovators. The innovation index of the European Innovation Scoreboard 2016 estimates the country's innovation performance to be in the 50-90 percent range. With that, Hungary is placed in the same category with Croatia, Cyprus, the Czech Republic, Estonia, Greece, Italy, Lithuania, Malta, Poland, Portugal, Slovakia and Spain. Between 2008 and 2015, the performance of ten countries has improved. Average annual innovation growth registered at these countries in the observed



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period was, in descending order, as follows: 4 percent in Lithuania, 3.6 percent in Malta, 2.4 percent in Lithuania, 1.5 percent in Italy, 1.4 percent in Slovakia, 1.1 percent in Estonia and 0.9 percent in Portugal. These countries have all managed to beat the EU average. The innovation performance of the Czech Republic improved with on a par with that of the EU (0.7 percent). This indicator shows improvement of 0.1 percent in Poland and 0.4 percent in Hungary, which is below the EU average growth rate, and this signals the worsening of relative performance compared to the rest of Europe. The achievements of Hungarian SMEs at Horizon 2020, however, shows that this sector does have the innovation potential and dynamics required in cut-throat international competition.

Company	Location	Topic	call deadline date
SILEX IPARI AUTOMATIZALASI ZRT	Budapest	Small business innovation research for Transport and Smart Cities Mobility	2016 / 06
CENTRAL EUROPEAN RESEARCH CENTER KFT	Budapest	Accelerating the uptake of nanotechnologies advanced materials or advanced manufacturing and processing technologies by SMEs	2016 / 04
LIGHTWARE VETTESTECHNIKAI KFT	Budapest	Open Disruptive Innovation Scheme	2016 / 04

Internationalization is a key factor in terms of the development of innovation capacity. This namely implies alliances with both international scientific networks and international development projects. This integration enables Central European countries to improve performance in the fields of science, technology and economic output. Isolated innovation systems, especially in case of small countries, cannot make it in a globalized world economy. The building of innovation systems requires a certain stable institutional background; in this regard Central European countries in general and Hungary in particular needs certain changes.

Hungarian enterprises may not only advance through international competition: the Hungarian Government has earmarked large volumes of funding for innovative enterprises with strong growth potential.



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Hungary's operative programmes in the period 2014-2020 are aiming to boost the performance of corporate innovation. Under the Economic Development and Innovation Operative Programme, a state venture fund of EUR 96.7 million is to be established to finance knowledge- and technology-intensive companies as well as to develop the domestic innovation eco-system. Thus, another channel will be opened through which companies can finance innovation activities. The Government is weighing the option of establishing a second venture capital fund and more than double resources, bringing the total amount of funding to EUR 225.8 million in it.