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**DRAFT COUNTRY REPORT  
FOR HUNGARY**

BASED ON:

- 1) COMMENTS on creating Technology - Based Enterprises  
(Inter-regional Workshop, November 10-16, 1991, Cuernavaca,  
Mexico)
- 2) IBIS - International Business Incubators Budapest
- 3) Fax information from Mr R. Fazekas  
Hungarian Small Business Administration

In Hungary the first steps in creating of Science Parks, Technology Parks, Innovation Centres, Incubators were initiated by the Ministry of Industry, in the early '80s. Due to this the INNOTECH Innovation Park was established, inside Budapest Technical University. Since December 1989 INNOTECH has become independent Ltd. INNOTECH Innovation Park has few small companies out of its 21 that are engaged in consultancy in technology transfer (e.g. a joint company 'Britannic' or MTK Invent or MILITECH) , while others are interested in entrepreneurial training (e.g. Hungarian SEED Foundation, this company is going to set up an incubator network, too). AGROCENTER in Gödöllő has a feasibility study of Stage 1 on its International Exhibition and Trade Centre for Food Production AGROCENTER's conception is to organize scientific conferences and training, in addition to the other activities (consultancy, providing service on agricultural technology and market information etc.).

In Szeged, "TALENT" is a business park like incubator with a centre building, and lots of smaller ones around. It specialize in promotion of business of young entrepreneurs. It has been open in August 1991.

The incubator in Nyíregyháza, Infoorg has been open in February 1992.

The incubator in Ozd Régió will be opened in the Spring.

The financial support for technological innovation, small and medium-sized enterprises is performed in the frame of the Hungarian Research and Development policy. The main source of financing is the Central Fund for Technological Development (KMUFA), which is separated part of budget, its amount is about 0.6-0.8% of GDP. The main characteristic of CFTD is to be gained in a competition system. The applicants, in aware of the condition, have to submit their application, elaborated clearly from both engineering and economic view points to an independent Assessment Committee taking into account the novelty of the approach, the objectives, required resources and the expected economic benefits.

After the applications being accepted and arranged in a contract, the research starts.

In addition to the Government's financial support there are the contractual commissions from the production sphere (companies). As a new way of promotion, developed in new political and social environment, is the support of local government. The latest one has special value, because innovation parks have important role in development of regions (by raising intellectual level, compensate the unemployment to some extent, may increase industrialization etc.). Technology Parks, Innovation Centres, and thereupon small technology or business-based enterprises, have good possibilities to tap directly or indirectly, practically, all resources.

As far the whole income of parks is concerned the Hungarian technology-based enterprises are versatile very much. The majority of the Hungarian innovation parks, even hosted by universities, feels they can not afford to follow those philosophy which declare "the university should not be selling office services to small companies" as some of Western parks can. Our idea in creating either science or technology parks is to translate the inventiveness of scientists to industry and so making profit, of course.

Such attitude doesn't restrict the park's activity on profit making only. Innovation centres participate in education, training, support young engineers, scientists to come up. Sometimes the parks, basically technology oriented ones, extend their field toward business, trade and investment (short and long term investments).

To be supported this broad palette, some members of the Hungarian monetary and commercial sphere have joined the Hungarian Innovation Park Association, like Industrial Venture Capital Ltd, National Saving Bank, "Innotrade" Environmental Innovation & Trade Ltd. etc.

There is an increasing participation expected in the investment of the private sector. The goal is to involve these layer as much as possible and the state takes guarantee in preserving national and local values.

Among the others, international loans and aids are also taken into account as resources (eg. World Bank, Phare project etc.).

IBIS - International Business Incubators is an internationally unique enterprise. It creates the possibility of organizing a connection (communication) system among the hungarian and foreign incubators. It is the combination of an incubatorhouse, a trade center and an innovational and industrial park. In comparison to the traditional incubators, where services and business development are kept within the local bounds, the main features of IBIS are following:

- extensive size creating the opportunity for greater number of entrepreneurs (than what the "critical amount" would be) for participation and thus - due to their mutual cooperation - automatically guaranteeing a market,
- the mixing of entrepreneurs - about half of participants would be hungarian small entrepreneurs, while the other half would be affiliated firms of foreign companies,
- rapid application of the provisions of hungarian and foreign economical experts,
- special services - from the design to supply of management every component bears international element. This element for exemple, can be a comprehensive R&D service, the assistance to break into the foreign (export) market or consulting-, shipping-, and delivering services which are concentrated on the foreign markets,
- (other) special services to satisfy the individual needs of a high tech industrial sector (eg. clean-room for electronic industrial branch),
- the incubator organization and services themselves of IBIS are renewed from time to time.

The combined influence of all this gives an impulse to the innovation and to the modernization of the production process; the two factors which are decisive considering the growth of the economy. One of the international expert-team's targets is to summarize the observations carried out in the area of innovation so far, and to apply them to the hungarian circumstances.

The first phase of program is the making of the feasibility study, the preparation of which takes a year (June 1991 - June 1992). During this time the financial-, the placing- and the technical questions, will be clarified. The marketing of services and enterprises will start in 1992 and the first entrepreneurs can "move in" in 1993. The constructions would go on until 1996.

The first step is the 5000-6000 m<sup>2</sup> serviceable site which would be continuously extended - until the total completion - to 20 000 m<sup>2</sup> where offices, workshops and warehouse would be placed.

The businesses in average will employ 4-6 people with nearly 50 foreign companies from numerous countries of the world.

The central services include the following: concierge-service, telephone exchange, copying, telefax and postal services, conference halls, discussion chambers, video-conference system, reading-room, library, data network, security systems, secretarial services, management services, business consulting, innovational consulting and assistance, formation of PR, market-research, legislative-, standard-, trade-mark- and bookkeeping counseling, advertising and information services. Among the services there would be special ones such as common "clean-room". Some of the services would be performed by the (participating) enterprises.

The first part of the project (the feasibility study) is hoping for support from the following sources:

- the Hungarian Small Business Administration, the National Institute of Technical Development, the Hungarian Business Development Foundation, United Nations Development Program;
- the Finnish Ministry of Industry Trade and Finnish companies;

The cost of the investment (approximately 50 mill. USD) can be financed from international loans, investments and venture capital.

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