

Study Tour in Hungary organized by The Business Incubators Project Team 23-27 March 2010

The Agency for SMEs (AIPPIMM), together with the UNDP business incubators project team and administrators of business incubators included in the project, organized a study tour to business incubators and related organizations in Hungary. This marks the upcoming development of several new business incubators under AIPPIMM's Establishment and Development of Business and Technology Incubators Programme, as well as its component to support the establishment of the first Association of Business Incubator and Cluster Administrators in Romania.

The team met with representatives of the Association of Business Incubators in Hungary and of several successful business incubators – Innostart Budapest, INNTEK Innovation and Technology Center, and the Békéscsaba Business Incubator.



Discussions addressed three main issues:

- The establishment and functioning of the Association of Business Incubators in Hungary, in view of creating a similar organization in Romania and establishing a collaboration with its Hungarian counterpart.
- Knowledge exchange regarding the management and administration of business incubators – including technology incubators, clusters and industrial parks – as well as various forms of association and collaboration with similar bodies.
- Potential collaborations between the business incubator administrators in Hungary and Romania.

The study tour was highly informative and fruitful both in terms of knowledge exchange as well as for establishing the basis for collaboration between associations and incubators in Hungary and Romania.

Outcomes and learnings

Drawing from Hungary's 18 years of experience in business incubation, the discussions held during the study tour informed several general learnings and recommendations, including the following:

- In order to establish a compatible entity with the European Business Network and their associations, the Romanian Business Incubator Association should be registered as an NGO.
- The involvement of private funds as well as national and European investment funds is highly desirable for the running of business incubators and especially for Technological Incubators.
- It is desirable for clusters to be established no sooner than after the first incubation cycle, among mature and viable companies (either previously incubated or not). This is because the existence of the entire entity could be jeopardized if members of the cluster encounter severe operational difficulties or slip into bankruptcy.
- Business Incubators (BI) and Technology Incubators (TI) can be thought of as complementary entities in that TIs can provide business ideas and technologies for industrial processes to BIs.
- In order to increase their financial sustainability, the incubator's administrator can incubate their own business.
- Companies in TIs are the most fragile entities due to the long timeframe in which they can attract foreign investment - generally between 6 months and one year.
- Venture capital funds willing to invest in a BI and/or TI are the best evaluators of incubators' necessities.



In addition, the meetings were highly informative with regard to the legal frameworks enabling the development of business incubators in Hungary and included discussions about the necessity of governmental funds in supporting projects in Research, Innovation and Development and the advantages of the Risk Warranty Fund, providing protection to new business ideas and companies in Hungary.

Overall, the team is happy to have laid the foundations for cooperation between incubators and organizations in Romania and Hungary and hope to see the realization of common projects in the near future.