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ROLE AND POSITION OF EURO INFO CENTRE IN HUNGARY AMONG THE NATIONAL BUSINESS SUPPORT INSTITUTIONS

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The Euro Info Centers

With almost 300 Offices the EIC network is to date the largest Community business support network.

The Euro Info Centre (EIC) project was initiated by the European Commission in 1986 as one of the key elements of its support programme for small and medium-sized enterprises (SMEs). The goal of the project was to bring the European Commission closer to these companies and help them to develop their activities and adapt to the changing economic environment. There are 273 EICs in the European Member States and in Central and Eastern Europe (in candidate countries) and 12 Euro Info Correspondent Centres in Lithuania, Switzerland and in Mediterranean area.

Euro Info Centres are not Commission Agencies, although they are under the aegis of the Commission and act under the guidance of Enterprise Directorate General. They are set up by existing local institutions, so called "host organisations" which are typically chamber of commerce, local or regional government bodies, trade or professional associations, banks. All they are institutions or businesses which are dealing with a wide range of enterprises and SMEs. The EICs are non-profit organisations financed jointly by the "hosts" and the European Commission.

The activity of EICs focus on information, advice and consultancy to help small and medium sized firms do business in Europe.

EICs help SMEs Europeanise and internationalise their strategies in particular through development of Community information services.

- Providing companies with information on EU policies, programmes and legislation
- Promoting co-operation with EU companies, searching partners and setting up of projects
- Providing companies with the national characteristics of the different European countries (regarding to their legislative and regulatory provisions) and on their market profiles
- Advising in areas of business development (marketing, financing etc.)
- Informing SMEs on the impact of enlargement to the CEECs.

The personnel and technical requirements of a Euro Info Centre:

- Minimum 2 full time staff with foreign language and computer skills and experience in providing information and advice to enterprises
- office, computer and telecommunication facilities

The Commission

- provides Community information of use to SMEs
- makes effort to get community information producers to disseminate their products to the network under the best terms (documents and other media and information free of charge or at preferential rates)
- supports from Brussel-based EIC Technical Assistance Office attached to the Commission's Enterprise Directorate General. It provides documents, consultation teams of specialised information officers, gives the EICs assistance with complex questions and maintain an EIC extranet.
- provides joint funding -a lump-sum contribution to costs of EUR 25,000 per year (which should be a minor part of financing),
-a budget of EURO 15,000 per year for joint funding of information products, generalist and decentralised training sessions etc. to maintain skills of the staff.
- coordinates decentralised promotional actions and contributes advice in the development of promotional tools for the network
- identifies and encourages the exchange of good practices between EICs
- provides quality control over the whole network
- provides the "Euro Info Centre" service mark and its characteristic logo

Because the EICs receive a contribution from the Commission, which is public money and have to provide contractually agreed information services on a proper level, every EIC has to report its activity, which will be analysed and evaluated every six months by the EIC Audit Service. This is organised as a stand-alone unit, under contract to the Commission and reporting to the Commission's Head of Unit responsible for the EIC network.

EIC network quality management and feed back system

The EICs are required to report every semester, by 15th January and by 15th July for the previous six months electronically, using a dedicated IT application hosted on the EIC extranet. This application "ActiNet" offers EICs a sequence of structured screens, each corresponding to a specific EIC activity: seminars organized, newsletters published, publicity events, SME questions answered etc.

The data gathered through ActiNet is stored in a central database, from where it can be extracted for management information purposes as well as for auditing. EICs are also required to send by mail copies of relevant documents: seminar programs, publications, articles published in newspapers and so on. Each auditor has "his" or "her" EICs and while auditing, they contact us by phone or e-mail to make sure, that the information has been received is complete.

The Audit team not only control and evaluate our work every six months based on our extra-net reports and a common methodology to identify weaknesses in the organization and services, but also identify examples of "good practice" from which other members of the EIC network can learn.

The EICs receive feedback about their performance in various forms and at various times.

- The auditors phone or e-mail with “their EICs”
- The auditors also visit EICs. This may happen during the audit itself, especially if an EIC is borderline and appears to be at risk of failing to fulfill its contract. Audit visits are in principle unannounced. The logic of such a visit is of course to be able to observe the EIC in its normal day-to-day operating mode.
- Official “evaluation letter” sent out by the Commission, based on Audit’s report. It is addressed to the host organisation. The EICs, which are identified as being in default by Audit are generally refused payment by the Commission for the period in question. The EICs, which have underperformed receive a warning.
- The EICs have the opportunity to meet their auditors, during their visit in Brussels while they participate on Generalist Training or at the EIC Annual Conference.

Services offered by EICs

- Distribution of information to enterprises. All media available.
- Services with added value –to work with enterprises in their development, assistance in the areas of financing, searching for partners, technology transfer.
- Services on access to markets –public procurement, searching for partners, trade and business missions and trade fairs.

EICs play an intermediary role between enterprises and local and community authorities. This allows to build up feedback and lobbying.

EICs position themselves as regional co-ordinators in regional networks.

They also benefit from official recognition from the Commission. They can help understanding Community actions and projects.

Hungarian EIC network since 1999

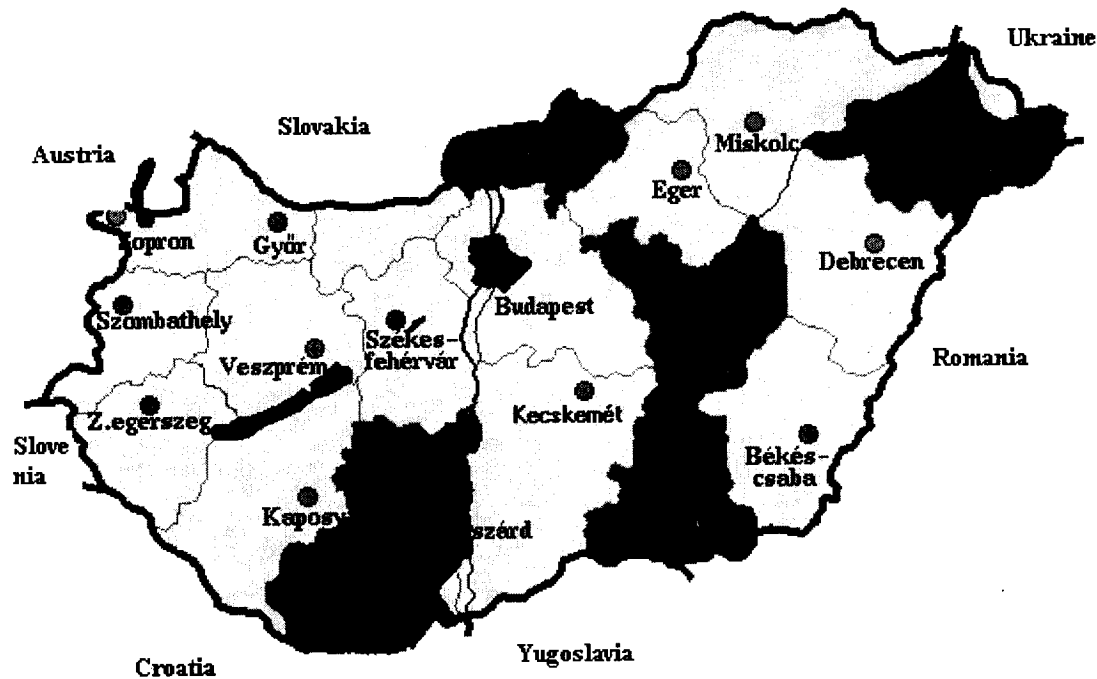
At the end of 1998 the Commission’s Call for Proposal was published, inviting interested bodies to establish an Euro Info Centre in the “accession countries”, consequently in Hungary as well. The proposal of Tolna County CCI was selected, and on 4th October 1999 the EIC HU732 was officially opened.

There are 7 EICs in Hungary, one in Budapest (which operated as an EICC for 5 years before) and 6 in the regions.

The host organisation structures of Hungarian EICs

Hungarian Investment and Trade Development Agency (ITD-H)	EIC727	Budapest
“Primom” Foundation for Enterprise Promotion	EIC733	Nyiregyhaza
5 Chambers of Commerce and Industry	EIC730	Pecs
	EIC728	Salgotarjan
	EIC731	Szeged
	EIC732	Szekszard
	EIC729	Szolnok

Euro Info Centre Network in Hungary



We, the Hungarian EICs successfully performed a common PR Campaign, meet each other on national meetings quarterly and each of us plan to choose special fields of activities, like environment, consumer protection, health and safety, CE marking, food legislation, internationalization etc. to be more informed in these fields and to consult the other EICs in these issues.

EIC HU 732

-The contract with the Commission was signed by the host organization

-Host organization is the Tolna County CCI

-The EIC is not a legal body

-The EIC is operating on a non-profit basis

-The EIC is not financially independent from the Host

-The EIC is integrated into the Trade Development Department

- 2 full time and 1 part time staff work in the EIC

- *an Engineer-Economist with English, German, Russian language knowledge*
- *an Economist with English language knowledge*
- *a computer specialist with German language knowledge*

We have a special position because of the changing chamber system. (From 1st November 2000 the new system of chambers will be based on non-compulsory membership.). Financing problems of the "Host" may also affect the life of EIC

Mission: *providing comprehensive knowledge (helyette inkább az information szót használnám) , service and assistance to the SMEs of the region in order to prepare them for the EU membership and for being competitive in the foreign market.*

Business environment in Tolna County

Tolna County is situated in the southern part of Hungary, more precisely in South-eastern Transdanubia. Szekszárd, the county seat is 140 kilometre south of Budapest. The county is not bordering with any foreign country. The county has a territory of 3700 km² ranking it 15th among the nineteen Hungarian counties. The population of some 250,000 people live in nine towns and 99 villages. Szekszárd is the biggest town in the county with 40,000 inhabitants. Within the county's population there is a relatively large German ethnic group. Their organisations preserve and cultivate traditions. The climate is continental, with average of sunny hours over 2000 per year. The soil is excellently suited for agriculture. The conditions are most favourable for fruit growing. Wine growing is a millenary tradition. Szekszárd wine region ranks among the best in Hungary. There are relatively few known mineral resources but thermal water is abundant. There are two famous hunting and wildlife reserves in the county: the forests of Gemenc and Gyulaj. The Gemenc reserve will become part of the envisaged Danube-Drava National Park.

Region South Transdanubia and Tolna County



Most of the active population was employed in agriculture before 1989, and most of the existing industry dealt with food processing. Industrial capacities were created mainly for processing meat, milk, wine and vegetables. There were also activities in the construction industry and light industry. Some national companies in the engineering industry established local production units in the county. There was neither mining nor metal processing and very little chemical industry. In the early 80's the only nuclear power plant in the country was erected here in town Paks.

After the changes of Hungary's economic system, the majority of the enterprises and co-operatives have been privatised. They have been transformed into companies with private owners – Hungarian or foreign ones. One of the consequences of the privatisation process has been the closing down of the unprofitable lines of business. Most spectacular in this transformation process is the establishment of thousands of new businesses. The only factor limiting their growth is capital shortage. Excepted from this problem – and maybe its solution – are joint ventures. (??) Prominent examples of major foreign investors within the county are: Samsonite, Triumph, Van de Velde and Massive.

Round 16 000 enterprises are operating in Tolna County and only 13% of them (1650) are incorporated bodies. 99,1% of the enterprises have less than 50 employees and only 0,1% of them are large companies.

Competitors of EIC HU732

- Chambers
- ***Hungarian Investment and Trade Development Agency (ITD-H) and its Trade Agencies abroad***
- Regional Enterprise Development Agencies
- Sectoral and professional associations
- Other business consultants

The Hungarian Chamber System and the Chamber of Commerce and Industry in Hungary.

In Hungary, in the autumn of 1994 the earlier chamber system set up on the basis of private law was replaced by a chamber system based on public bodies, on compulsory membership. Three main types of the chambers were organised in line with the regional principle: at each county seat and also in Budapest the agricultural, the commercial and industrial as well as the handicraft chamber were set up.

The Hungarian Chamber of Commerce and Industry, the Hungarian Chamber of Agriculture and the Hungarian Chamber of Handicraft generally provide services to their members, which are the regional chambers, but in some areas directly to Hungarian and foreign businessmen. The "Chamber law" was changed at the end of last year. The chambers of handicraft on each level had to be integrated into the chambers of commerce and industry by the end of March 2000 and a new system of chambers, based on non-compulsory membership has to be created by the elections of the officials until 1st November 2000.

The "classical" chamber functions, like drawing up chamber norms, information flow, trade development, consultancy, commodity expert and insurance surveyor activities, ethical disputes and arbitration and also the conventionally performed public administration type duties, like authentication of documents or issuing of certificates of origin will remain.

The main tasks are informing and supporting the member companies in the field of trade development and the preparation of enterprises for joining the European Union, and also special importance is attached to developing the bilateral relations between the various regional chambers and the foreign partner chambers as well as to the cooperation partnership with the chambers of neighbouring countries.

The regional chambers of commerce and industry have established a wide ranging customer service network for providing information to their members and to foreign businessmen, like

- Business consultancy (funding of a venture, business management, marketing, advertising, protection of industrial rights, special training, tenders and ??? (and vary on ?) competitions etc.)
- Legal, customs and commercial consultancy, providing information on Hungarian and foreign customs tariffs and on export and import regulations of certain countries.
- Intermediating Hungarian and foreign business offers.
- Completing domestic and foreign lists of addresses from the chamber's and other databases and from catalogues.
- Library utilization (on-site studying of domestic and foreign trade books, catalogues, magazines, journals, offers, etc.
- Selling publications.
- Organizing participation in businessmen's meetings, trade events and missions, exhibitions both in Hungary and abroad.

As mentioned above, our host organization is the Tolna County Chamber of Commerce and Industry, so we use its contacts and also build up partnership with other chambers, like Tolna County Chamber of Agriculture or chambers of commerce in other regions of Hungary. The territorial coverage of the Hungarian EIC network determines, that in the future we have to widen our territorial activities to provide information and services to the enterprises of Transdanubia. To achieve this goal the main partners could be the regional chambers.

Partnership: joint events, dissemination of information.

Hungarian Investment and Trade Development Agency

ITD-H is the Hungarian government's Investment and Trade Development Agency, established by the Ministry of Economic Affairs in 1993 to promote international economic relations. There are 8 regional representative offices in Hungary and **6 Foreign Trade Service offices in 34 countries (since 1st July 1997 operated by ITD-H)**

ITD-H concentrates on the following activities:

- ***Information and consultation for foreign investments in Hungary.***
Its investment consultants provide general information on the investment scene, seek partners for the different parties and participate as consultants in the legal and financial preparation of joint companies.
- ***Distribution of investment ideas and proposals of Hungarian companies abroad*** with the help of lectures, investment seminars exhibitions and publications.
- ***Operating a joint venture database***, which offers legal, financial and project advisory services for potential foreign investors.
- ***Export promotion, trade consulting***
Marketing programmes for Hungarian exporters – logistical, financial and professional support to carry out efficient marketing and increase exports.
- ***Foreign Trade Service Network***

Handling of foreign business offers

The offices have on-line access to ITD-H's various databases and to a number of external data resources and networks, through which foreign business offers and inquiries may reach the widest range of the Hungarian business community

Business partner searching for domestic clients abroad

Preparing market analyses and prognoses

Assistance for Hungarian entrepreneurs who visit their country of residence

- **Operating Euro Info Centre HU 727**

To increase general awareness of the single European Market and offer a wide range of information covering legal, trade, financial, employment and regional aspects of the European Union to the Hungarian Business Community and supply European clients with relevant business information about Hungary.

Partnership fields:

Joint events and business missions, seminars (financing and information on foreign markets), dissemination of business offers

Regional Enterprise Development Agencies of the Hungarian Foundation of Enterprise Promotion

The major activities and services of Tolna County Regional Enterprise Agency:

- Operation of a business incubator house
- Managing the micro credit system for small sized enterprises
- Operation of consultancy programmes, business advising, credit assurance, business start up advising, creating applications
- Training programmes, seminars, events
- Promoting subcontracting
- Organising participation in exhibitions abroad and business missions

Partnership: organising joint events, seminars

Signposting: in case of financial advising, when our clients meet the requirements for micro credit

Sectoral and professional associations

They are specialised in one or more fields. Their specific knowledge could be very useful for the EIC. Sometimes they are not real competitors, because of their specific interests.

Partnership

One of our partners in the field of environment is the Association of Environmental Protection Service Providers. We use this contact for answering specific questions and we provide them business offers from abroad concerning their field of activities.

Other business consultants

The general business consultancy providers are in some fields our competitors. In the future we have to pay more attention to them, because we also would like to create value added services and charge for them.

When we choose our field or fields of specialisation among the Hungarian EICs, we also have to check the competitors in that particular field or fields.

What is needed to the succes of such a business advisory office like the EIC?

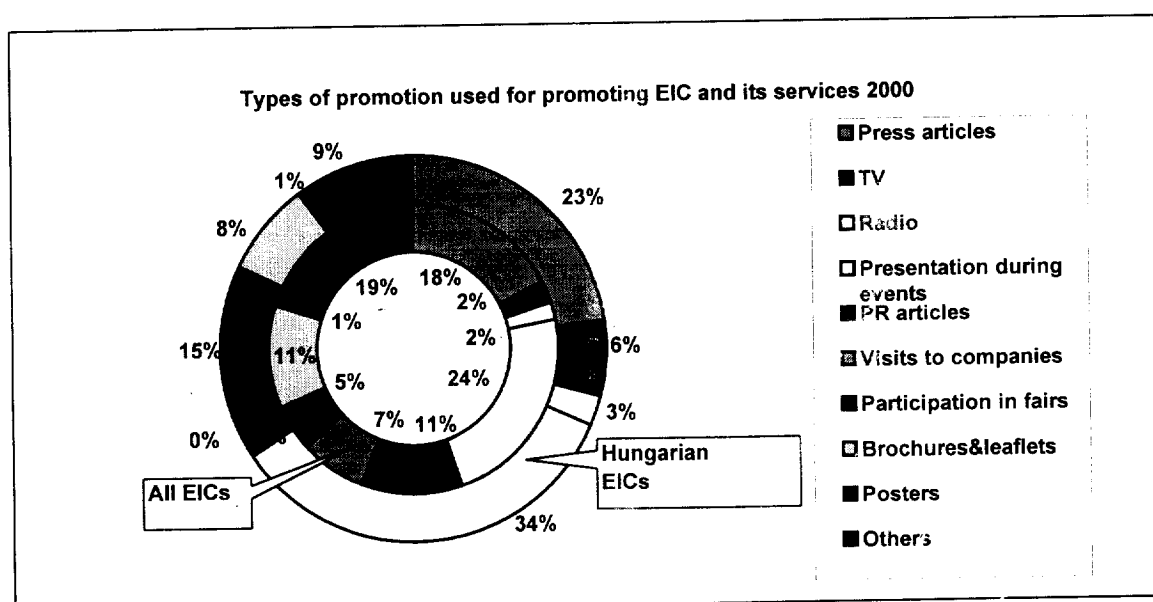
- **Well skilled staff with language** knowledge and experiences in terms of assistance and advice(they have to be recognised by the clients)
- **Being close to enterprises**, to know the real life of SMEs, their problem areas and needs.
- Besides disseminating the information, it has to **offer value added services**, which include advising and accompanying support.
- **Providing international dimension** for local activities through the International Network or partnership.
- **Co-operation with different business advisory networks**
- **Signposting**, which is more than simply directing clients to the other networks! It means to be recognised by the enterprises as a real business support service, because you can identify and analyse the needs of the enterprises and direct them finally to the most appropriate network where they will be served in the most efficient way.

The most important issues at the beginning

- Have a good staff!!!
- Have a strategy that you have to achieve!
- Be sure that you can provide all the basic services needed to your activity and have also value added ones.
- Visibility -Make yourself known (importance of PR and advertising, using of name and logo!)
- Create contacts, build up partnership (you and your colleagues can not serve all the clients' needs and your partner can also signpost some clients to you!)
- Tell the clients what is free of charge and even when you work on a non- profit basis –charge for value added services!
- Do not forget about your competitors!

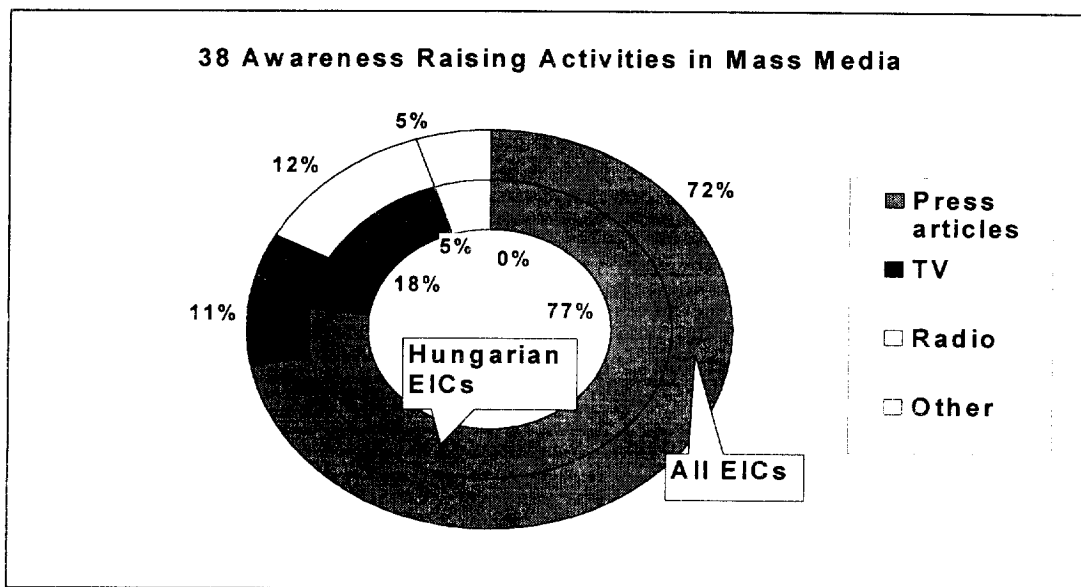
And now some figures

Both in 1999 and in the past period of 2000 more than 5% of the all promotional and PR activities of the whole EIC network were performed by the Hungarian EICs, which is a very good proportion, showing that we as new EICs make special efforts to be visible and make ourselves known among the potential clients. The main types of promotion that were used: presentation during events, press articles, brochures & leaflets. TV is also more often used than the average of the whole network.



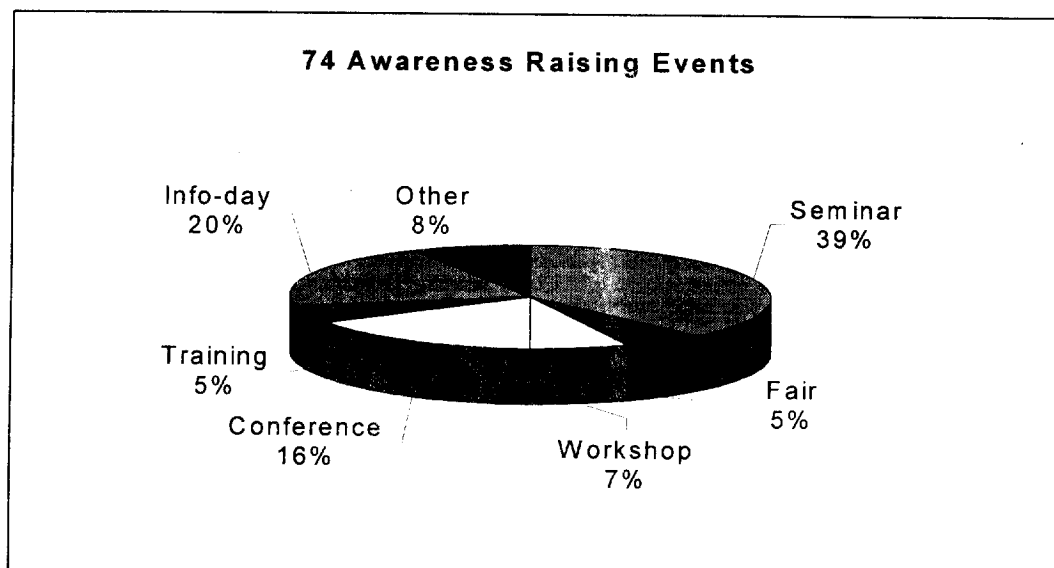
To make the SMEs get to know EU topics, we use mass media, organize events and publish information documents.

While using mass media, the EICs publish press articles but also put reports on TV and radio to inform the SMEs. From 629 of awareness raising actions organised by the EICs this year in mass media, round 12% (38) were performed by the Hungarian EICs. The written form seems to be the most popular one because of the importance and sometimes the complexity of the subjects.

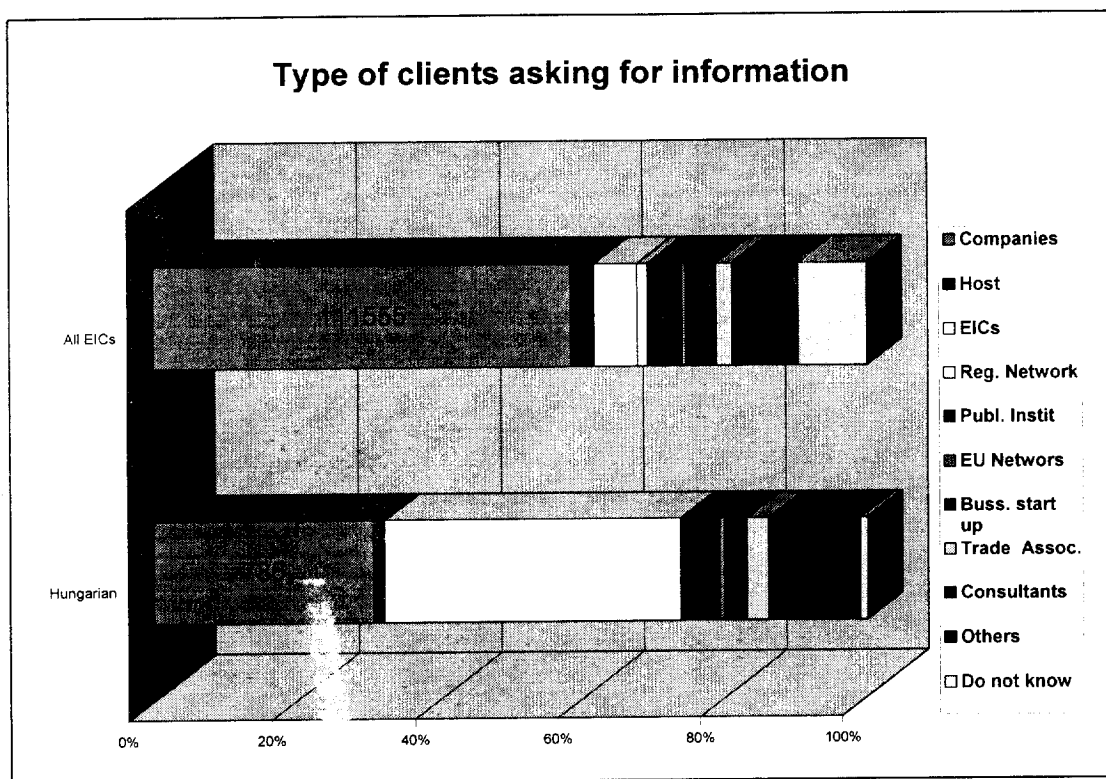


Besides the general institutional matters (12%) the subjects covered by Hungarian EICs concerned the every-day life of the enterprises, like business co-operation (21%), programs and sources of funding (13%), internal market (10%) and internationalization (10%).

It is always important to meet potential clients during conferences, seminars and workshops. 2131 awareness raising events were organized by the EICs, from which 74 were held in Hungary.



The EIC network handled this year 190 890 questions. 2 559 questions (1,3 %) were asked from the Hungarian EICs.



786 questions (31 %) were asked by companies, mainly SMEs (79% of the client-companies) and 1 064 by other EICs. The reason of it could be, that in the EU a lot of questions are raised which concern the Hungarian national law, business environment, taxes etc. ***This is one of the reasons of networking: ask questions from the people who might be well informed in that field!*** On the graphic chart you can see a big difference in “others”. We, the Hungarian EICs are often asked by students and private people, which “belong” to the others. (Ezt kissé érthet bbe kellene kifejtteni!) As you can see our position in the public is not clear enough. I think, the last item, “do not know” is thin, because we, the Hungarian EICs pay attention to find out who are our clients.

The data above show that the EIC network is a very efficient SME information and advisory system in Europe. The Commission has a feedback which helps to create new strategies for the European SME development policy.

There is a discussion about the reform of the Commission’s networks. We hope that the generalist skills combined with specialized know-how in several areas, the appropriate usage of information technologies and our every-day contact with SMEs will strengthen our position and the EIC network can serve as a backbone to other community network systems.