

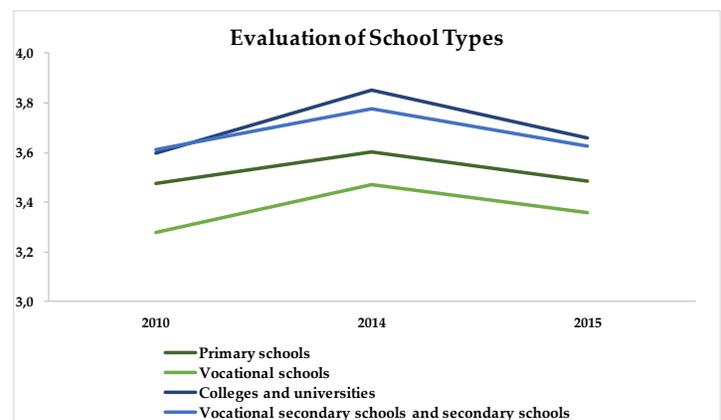
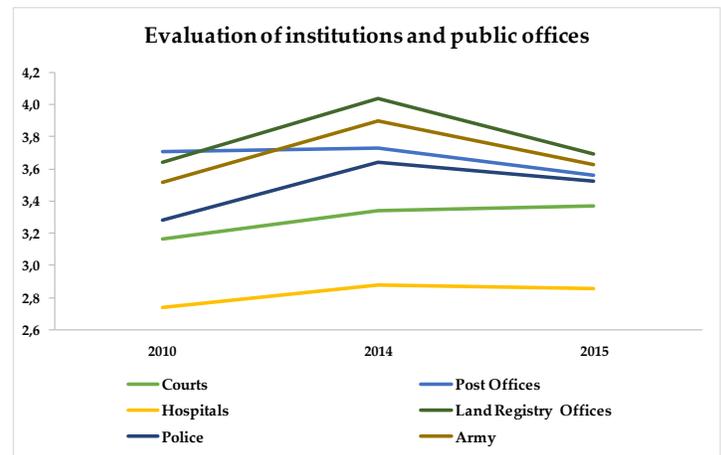
In the following analysis we examine how domestic businesses assessed various institutions and public offices in terms of efficiency and quality of the services they provide. The analysis is based on the October 2010, July 2014 and January 2015 business climate surveys of the Institute for Economic and Enterprise Research (IEER). The businesses surveyed believe that in January 2015 the land registry office functioned the most efficiently and the services they provided were of the highest quality; the lowest ratings were given to hospitals. Among educational institutions colleges and universities were rated best by companies, the worst were vocational schools. Among the periods examined, companies evaluated institutions most positively in July 2014. After this the views of businesses typically worsened, and the results of January 2015 have fallen back to 2010 levels.

## Reviews

This analysis is based on questions from the business climate survey in which respondent companies evaluated on a scale from 1 to 5 the efficiency and quality of service of those institutions listed in the questionnaire. Subsequently the evaluation of the courts, post offices, hospitals, land registry offices, the police, the army and different types of schools are presented.

The companies surveyed in October 2010 assessed that post offices and the land registry offices offered the best in terms of operational efficiency and the quality of their services. By July 2014, however, the assessment of post offices degraded, resulting in the land registry offices to be evaluated as the best both then and in January 2015, while the army was given the second highest rating. Hospitals were the worst in the opinion of business leaders.

In terms of types of schools, the companies surveyed in October 2010 evaluated two types of schools, colleges/universities and secondary vocational schools/secondary schools, as almost equally the best. However, in July 2014 and January 2015 a slight difference arose in the evaluation of these two types of schools: the best performance was given to higher education institutions, followed by secondary vocational schools/secondary schools, and then primary schools. Vocational schools received the lowest evaluation.



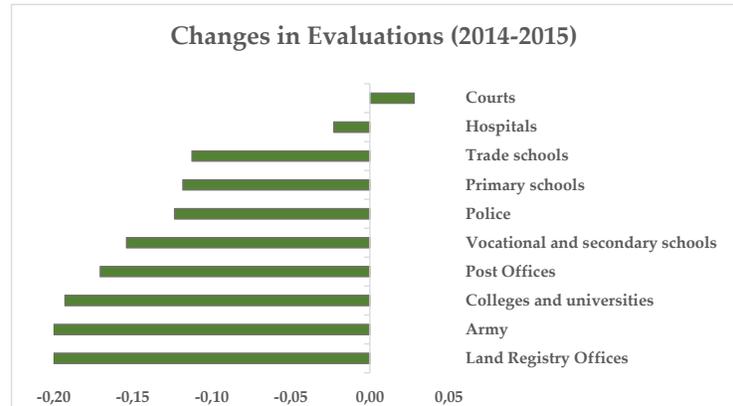
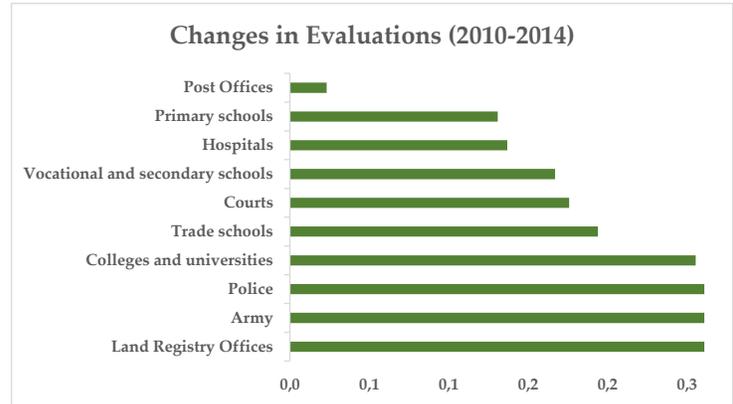
## Changes in Evaluations

In July 2014 companies typically assessed somewhat better the different institutions and public offices as compared to October 2010. An exception to this was post offices, as this evaluation had not improved between the two periods. The greatest growth in terms of evaluation was that of land registry offices and the army. The opinions toward hospitals also slightly improved, but in their case the rate of increase was lower than the institutions listed thus far. Among school types the perception of colleges and universities improved the most, with the perception of primary schools having changed the least.

After July 2014, the views of companies by and large deteriorated. Exceptions were hospitals and the courts, as their assessment did not significantly change. Generally, the assessment of those institutions improved which declined the most between October 2010 and July 2014. Thus, the rating of land registry offices declined the most, followed by the army. Among school types the evaluation of higher education institutions deteriorated the most and the appreciation of vocational schools and primary schools the least.

The initial improvement of the evaluations followed by a deterioration of the ratings resulted that the January 2015 and the October 2010 assessments do not differ significantly for most public offices and institutions. Exceptions to this were the police, courts and hospitals, in which cases the opinions were slightly more positive in January 2015 than in 2010. Besides, the appreciation of post offices changed as well: a lower rating can be observed in January 2015 than in October 2010.

Overall, we can say that of the periods under review July 2014 was the best regarding the assessment of the efficiency and quality of service of various institutions and public agencies by businesses. After July 2014 the opinions of businesses surveyed deteriorated and, as a result, in the assessments between October 2010 and January 2015 a significant difference can be observed only in the case of a few institutions.



## Macroeconomic trends: Horizon 2020's SME Instrument overview

European small and medium-sized enterprises have an opportunity to apply for financial support to the European Union, which is available in the form of grants, loans or guarantees. Financial support is provided directly by the EU or indirectly through the national and regional programs. In the following we will present Horizon 2020's SME Instrument, which is one of the programs available to SMEs directly by the EU. Horizon 2020 is the EU's program for research and innovation, during the period 2014-2020. In the program, SMEs are supported through an SME instrument with a budget of € 2.8 billion for the program period.

### Aim of the Horizon 2020's SME instrument

As a new approach, SME instrument is strongly focused on supporting projects which could create radical innovations. The SME instrument supports all types of SMEs' innovation activities with a visible European added-value. The aim of the SME instrument is to provide funding for research activities which are in the early stage. It targets all types of innovative SMEs with a strong potential for development, growth and internalisation. This instrument is managed by the European Commission (EC) through the Executive Agency for Small and Medium-sized Enterprises (EASME).

### Three phases of the SME instrument

The SME Instrument is structured into 3 phases according to the innovation cycle:

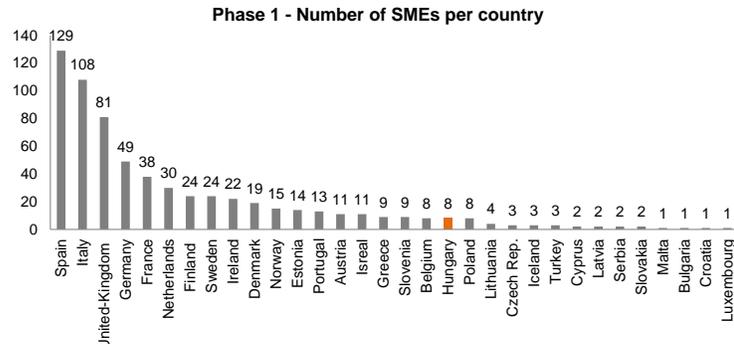
**Phase 1** 'Concept and feasibility assessment' is the initial phase which covers the assessment of the technological and commercial potential of an idea. In this phase, funding amounts to €50,000 and the expected project duration is up to 6 months.

**Phase 2** 'Demonstration, Market Replication, R&D' aims to cover research and development activities with a focus on demonstration and market replication, such as prototyping, testing, piloting, scaling up, etc. Available grant amounts between €0.5 million and €2.5 million and the expected project duration is from 12 to 24 months.

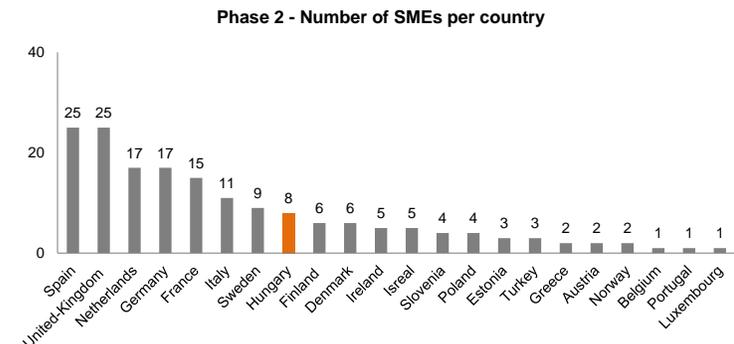
**Phase 3** 'Commercialization' aims to give an indirect support to SMEs towards commercialization of their innovative products. Support is provided in the form of training, mentorship, facilitating access to finance and networking. There is no direct funding during this phase.

### Fund allocations during 2014

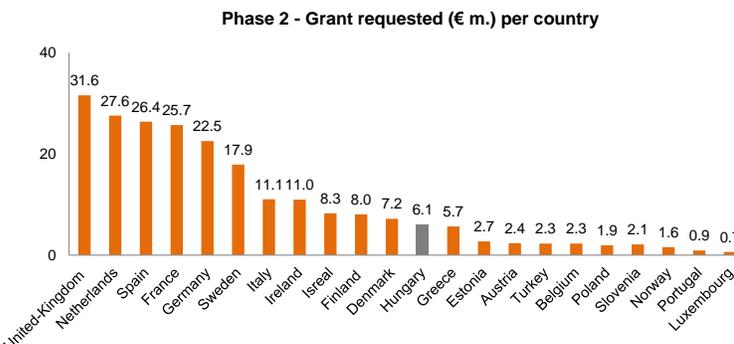
The European Commission has selected 655 SMEs, involved in 592 projects, during three calls of Phase 1 in 2014. Total project funding was €29.6 million. The beneficiaries under Phase 1 were from 32 countries. Specifically, Spain (129), Italy (108), and the United-Kingdom (81) were the countries with the highest number of selected SMEs.



Source: European Commission



Source: European Commission



Source: European Commission

Eight Hungarian SMEs, involved in 8 projects, were successful in attracting funds during Phase 1. Selected Hungarian companies had business proposals on the following topics: biomarkers/diagnostic medical devices (2), Open Disruptive Innovation<sup>1</sup> (2), nanotechnologies (1), food production (1), low carbon energy system (1) and transport (1).

Further, the EC has selected 172 SMEs involved in 134 projects, which were funded by €225.75 million, under two calls of Phase 2 in 2014.

In the calls of Phase 2, the selected SMEs were from 22 countries. Spanish and UK SMEs have been the most successful with 25 beneficiaries per country, followed by Dutch (17) and German (17) companies. The highest amount of the grant under Phase 2 has been attracted by the UK companies (€31.6 million), followed by Dutch and Spanish companies.

In Phase 2, eight Hungarian SMEs, involved in 6 projects, have received €6.1 million. Three companies have been involved in the projects related to Open Disruptive Innovation Scheme, while two companies have been involved in the transport projects and another two in food production. One company has a project in the field of nanotechnology.

For detailed information about SME instrument and its open calls please see the following link:  
<http://ec.europa.eu/easme/en/horizons-2020-sme-instrument>

**Source:**

Website of the Executive Agency for Small and Medium-sized Enterprises (EASME):

<http://ec.europa.eu/easme/en/horizons-2020-sme-instrument>

List of Phase 1 beneficiaries:

[http://ec.europa.eu/research/participants/portal/doc/call/h2020/h2020-smeinst-1-2014/1650128-sme-instrument-phase1-beneficiaries\\_en.pdf](http://ec.europa.eu/research/participants/portal/doc/call/h2020/h2020-smeinst-1-2014/1650128-sme-instrument-phase1-beneficiaries_en.pdf)

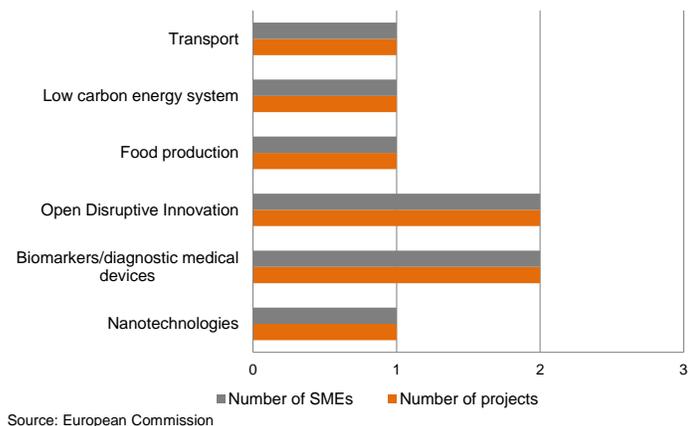
List of Phase 2 beneficiaries:

[http://ec.europa.eu/research/participants/portal/doc/call/h2020/h2020-smeinst-2-2014/1650129-sme-instrument-phase2-beneficiaries\\_en.pdf](http://ec.europa.eu/research/participants/portal/doc/call/h2020/h2020-smeinst-2-2014/1650129-sme-instrument-phase2-beneficiaries_en.pdf)

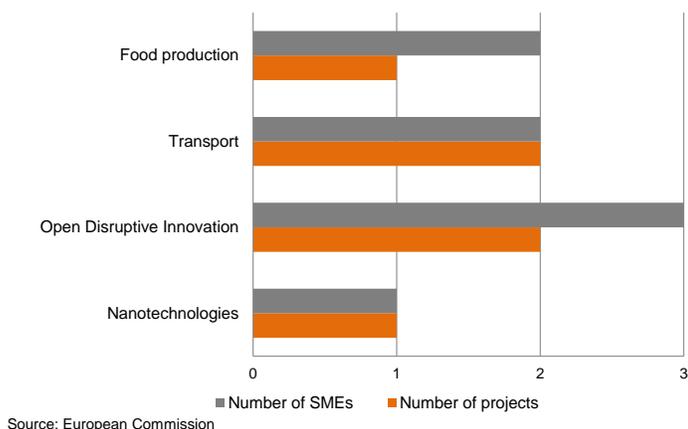
Digital Agenda for Europe:

<http://ec.europa.eu/digital-agenda/en/open-disruptive-innovation-0>

**Phase 1 - Overview for Hungary**



**Phase 2 - Overview for Hungary**

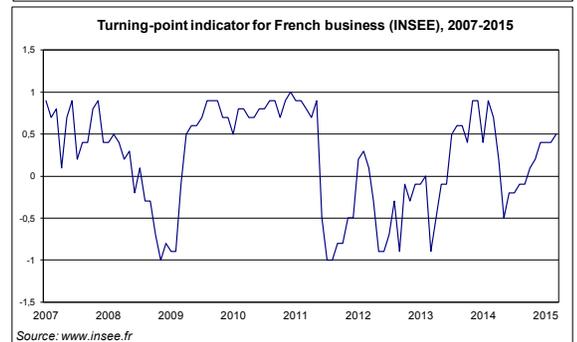
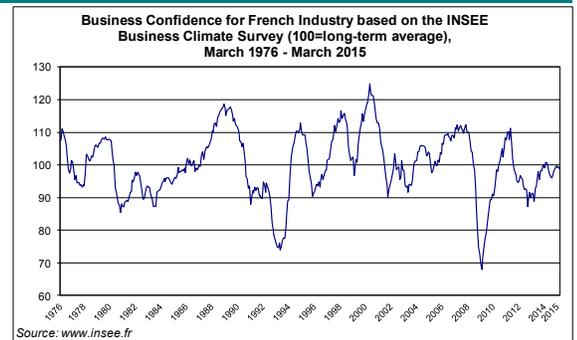
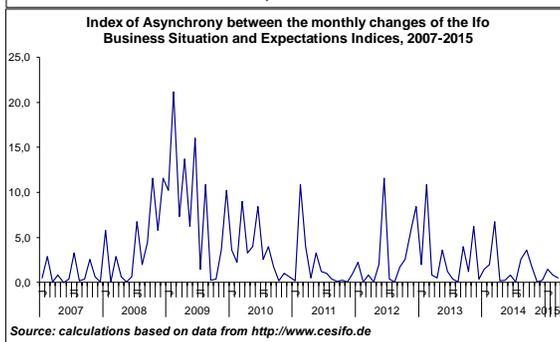
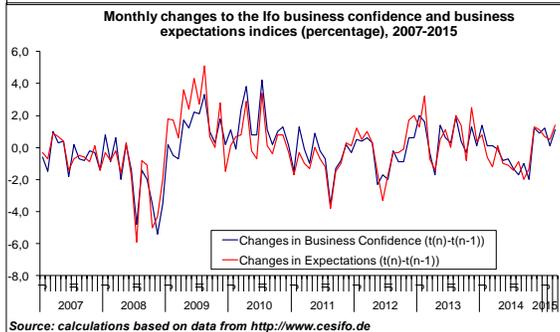
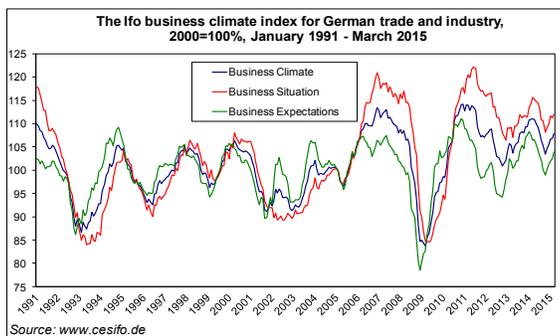


<sup>1</sup> The Open and Disruptive Innovation (ODI) scheme aims to foster the development of fast-growing, innovative SMEs with promising, close-to market ideas bearing high disruptive potential in terms of products, services, models and markets.

## International trends

The Ifo Business Climate Index for industry and trade in Germany increased in March 2015 to 107.9 points from 106.8 points in February 2015. The business climate index has reached a turning point in November 2014. Assessments of the current business situation have increased by 1.1 points in March. Expectations with regard to the months ahead are also brighter. The gap between the current business situation and the expected developments, as calculated by the IEER Index of Asynchrony, decreased in March, so the business confidence index showed lower uncertainty than in the previous month. According to Ifo analysts, companies were far more satisfied with their current business situation and the majority was also optimistic about the business outlook, so this year of the German economy continues to be favourable. (Source: Ifo, <http://www.cesifo-group.de>)

Results from the March survey by the French statistical office (INSEE) show that the business climate in industry in France is nearly stable, the composite indicator which measures it has decreased by one point compared to the previous month. The composite indicator is stable at level 99 which is very close to its long-term average (100). The turning-point indicator has risen and is in the zone indicating a favourable short-term economic situation. The balance of opinions on past change in production has decreased by 8 points and is below its long-term average. The balance of opinions on personal production expectations has decreased compared to the previous month and it is above its long-term average. The balance of general production expectations, which represents business managers' opinion on French industry as a whole, has been continuously increasing since October. In March it has increased by 8 points compared to the previous month and exceeded its long-term average. (Source: INSEE, <http://www.insee.fr>)



Written by: Anna Bárdits (analyst, IEER)  
 Ágnes Makó (analyst, IEER)  
 Jasna Zarkovic (intern, IEER)  
 Anita Varga (intern, IEER)  
 Zsanna Nyirő (analyst, IEER)  
 Emília Kompaktor

In case of publication please cite as follows:  
 IEER Monthly Bulletin of Economic Trends,  
 April / 2015, Budapest,  
 2015-05-06