



European Commission
Enterprise and Industry



Agreement Title: **Cluster Excellence network for training and Mobility**

Project Acronym: **CENTRAMO**

Agreement ref. no.: **SI2.607231 – 4/G/ENT/CIP/11/C/N04C021**

Technical Implementation Report & Financial Statement for Period 01/12/2011 – 30/11/2012

Report Due Date: **15/01/2013**

Actual Submission Date: **15/01/2013**

Project Start Date:

01/12/2011

Project End Date: **11/30/2013**

Period Start / End Dates:

01/12/2011 – 30/11/2012

Lead Coordinator's name: **MAG – Hungarian Economic Development Centre**

Strand no.: **Strand 2: Promoting excellence of cluster management in the CIP participating countries (4/G/ENT/CIP/11/C/N04C021).**

Revision [Draft]

Project co-funded by the European Commission within the Competitiveness and Innovation Framework Programme (2007-2013)

Dissemination Level

PU	Public
PP	Restricted to other programme participants (including the Commission Services)
RE	Restricted to a group specified by the consortium (including the Commission Services)
CO	Confidential, only for members of the consortium (including the Commission Services)

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PREAMBLE

The overall objective of the CENTRAMO (Cluster Excellence Network for TRaining And MObility) project is to raise the level of excellence of cluster and network management in the member countries and region of our consortium, namely in Poland, Slovakia, the Czech Republic, Hungary, Croatia and the Izmir region in Turkey by exploiting the results of the ECE Initiative.

The end users of the CENTRAMO project will be clearly the cluster organisations with better skills and increased experience to drive the clusters they manage to success.

The composition of the CENTRAMO consortium is as follows:

1. MAG - Hungarian Economic Development Centre, Hungary - coordinator
2. the Slovak Energy and Innovation Agency, Slovakia,
3. CzechInvest, The Czech Republic,
4. Ministry of Entrepreneurship and Crafts, Croatia
5. Izmir Development Agency, Turkey and
6. Ministry of Economy, Poland

PUBLISHABLE EXECUTIVE SUMMARY

First year of implementation of the CENTRAMO project ended on 30/11/2012. **Overall, the partnership reached a good progress** in the implementation of tasks, but **some delays** are observed in the cluster benchmarking activity. This, however does not endanger the timely finish of the project by 30 November 2013.

Concerning progress broken down to work packages the most relevant information is summarised below:

The cluster benchmarking training (Activity 1.1.2) has been successfully completed in May 9-11, 2012. The training took place in Budapest. MAG procured VDI/VDE Innovation Technik GmbH as the European Secretariat for Cluster Analysis (ESCA) mandated by the ECEI project consortium. Each consortium partner sent 2 participants for the training. All 12 participants were present in the training in its full length and all of them completed the benchmarking training successfully. The content of the benchmarking training was in line with the ESCA benchmarking methodology. The IP agreement to be signed by participants caused however some problems. After a couple of rounds of negotiations with both partners and VDI/VDE, MAG could propose such a version that was acceptable to all. Nevertheless some partners insisted that they would only sign the IP agreement once they procured VDI/VDE as the organisation for the evaluation of the benchmarking reports. Since the signature of the IP agreement was a precondition to the execution of the benchmarking interviews, delays are observed at most partners with the cluster benchmarking.

The cluster benchmarking activity (Activity 2.1) was delayed at most partners due to problems with signature of the IP agreement (see above). As a consequence 14 of 60 planned benchmarking interviews have been completed until 15/01/2013. **We expect that remaining benchmarking interviews will be finished in Q1 2013.**

Concerning project management the kick-off meeting was held in Budapest on 12 January 2012 at the premises of MAG. During the project implementation partners discussed several issues on a daily basis related to various project issues. Major communications channels were emailing, phone and skype. Further, MAG developed the identity of the project. Logos of the project, letter headed paper samples, layout for letters and presentations have been created and roll-ups have been produced.

SECTION 1 – OVERVIEW

The content of the interim report package has been compiled based on the instructions of the Commission and relevant documents.

Partners delivered the necessary financial statement data based on which the consolidated cost statement could be produced.

The reported total eligible costs in the period are EUR 51,099.68

Based on this the requested EC contribution for the Period is EUR 48,013.26

Audit certificates are missing for the following partners:

- Slovak Innovation and Energy Agency
- Investment and Business Development Agency CzechInvest
- MINISTERSTWO GOSPODARKI

These will be delivered to the Commission as soon as partners send MAG their report.

SECTION 2 – WORKPACKAGE PROGRESS

Work Package 1: Training work package

The DoW determines the work package structure as follows:

1.1	Train the trainers
1.1.1	Selection of participants for the two types of training
1.1.2	Organise and participate in the trainings on benchmarking of clusters
1.1.3	Organise and participate in the trainings for instructors on cluster management
1.2	Customise and translate training materials

Activity 1.1.1: Selection of participants for the two types of training

Selection of participants for the cluster benchmarking training and the cluster management training has been carried out by all partners without any reported problems. Partners selected experienced participants, who successfully finished the cluster benchmarking training course (see next point). **For the cluster benchmarking training**, 12 experts have been selected (2 participants from each consortium member). Participants mainly chose internal colleagues for this training, only 3 participants from 2 partners were external experts. Status of participants is summarised in the table below:

Partner	Selected participants at the cluster benchmarking training	Names of selected participants
MAG, Hungary	2 internal experts	Mr Peter Keller Mr Matyas Somkuti
SIEA, Slovakia	2 internal experts	Mr Miroslav Balog Mr Pavol Duman
CZECHINVEST, Czech Republic	2 internal experts	Ms Martina Fronkova Ms Hana Brezinova
Ministry of Entrepreneurship and Crafts, Croatia	1 internal and 1 external expert	Ms Zdenka Mesic Ms Sandra Hizak
IZKA, Turkey	2 internal experts	Mr Sena Gürsoy Mr Korhan Mangir
MINISTERSTWO GOSPODARKI, Poland	2 external experts	Ms Dominika Walec Ms Monika Jedrzejczak

For the cluster management training partners successfully selected 1 participant on behalf of each consortium member (altogether 6 participants). Selection of participants was done with a view to the requirements set by the training provider Cluster Competitiveness Foundation. All participants are internal colleagues of the consortium partners. All participants were accepted by the Foundation and they all could start the cluster management training in December 2012. The list of the selected participants is shown in the table below:

Partner	Name of selected participant
MAG, Hungary	Mr Peter Keller
SIEA, Slovakia	Mr Miroslav Balog
CZECHINVEST, Czech Republic	Ms Martina Fronkova
Ministry of Entrepreneurship and Crafts, Croatia	Ms Iva Rasic
IZKA, Turkey	Mr Emin Cetin Hasar
MINISTERSTWO GOSPODARKI, Poland	Ms Justyna Choinska

Activity 1.1.2: Organise and participate in the trainings on benchmarking of clusters

The cluster benchmarking training has been successfully completed in May 9-11, 2012. The training took place in Budapest. MAG procured VDI/VDE Innovation Technik GmbH as the European Secretariat for Cluster Analysis (ESCA) mandated by the ECEI project consortium (Contract No. 1 in the subcontracting sheet of MAG). VDI/VDE appointed Mr Helmut Kergel and Mr Thomas Lämmer-Gamp as the benchmarking trainers. According to the contract, the ESCA training experts asked for the compensation of their travel to and from Budapest beyond the service contract (Contract No. 2 in the subcontracting sheet of MAG). MAG has provided catering for the 12 participants during the training (Contract No. 6 and Contract No. 7 in the subcontracting sheet of MAG).

Each consortium partner sent 2 participants for the training. All 12 participants were present in the training in its full length and all of them completed the benchmarking training successfully. The content of the benchmarking training was in line with the ESCA benchmarking methodology.

The issue of the so-called IP agreement¹ caused however lasting problems. Consortium partners expressed their view that the IP agreement draft proposed by VDI/VDE was imposing undue liabilities on the trained experts and so partners asked for the possibility of making comments to the IP agreement with the aim coming to a jointly acceptable solution. After a couple of rounds of negotiations with both partners and VDI/VDE, MAG could propose such a version that was acceptable to all. Nevertheless some partners insisted that they would only sign the IP agreement once they procured VDI/VDE as the organisation for the evaluation of the benchmarking reports. Based on information from partners the status with the signature of the IP agreement is as follows (status valid 15.01.2013):

¹ Intellectual Property Agreement for Cooperation in the Context of the Benchmarking of Cluster Organisations and the Use of Related Materials Provided by ESCA for this Purpose

Partner	IP agreement
MAG, Hungary	2 signed IP agreements
SIEA, Slovakia	IP agreements to be signed in January
CZECHINVEST, Czech Republic	IP agreements to be signed in January
Ministry of Entrepreneurship and Crafts, Croatia	IP agreements to be signed in January
IZKA, Turkey	2 signed IP agreements
MINISTERSTWO GOSPODARKI, Poland	IP agreements to be signed in January

Since the signature of the IP agreement was a precondition to the execution of the benchmarking interviews, delays are observed at most partners with the cluster benchmarking (see below).

Activity 1.1.3 (beyond reporting period): Organise and participate in the trainings for instructors on cluster management

The cluster management training was procured by MAG beyond the reporting period. The procured service provider is Cluster Competitiveness Foundation. All six previously selected training participants have been admitted to the course and could start the training with the first in-class training in Barcelona on 11 December, 2012. Since the training is beyond the reporting period no costs of this Activity are included in the current cost statement.

Activity 1.2: Customise and translate training materials

After the project start and during the procurement of the two trainings it has become clear that this activity is only relevant for the cluster management training materials. As such, no actual performance has been carried out in this activity in the current reporting period.

Work Package 2: Benchmarking work package

The DoW determines the work package structure as follows:

2.1	Benchmarking clusters
2.2	Collecting additional relevant information on regional assets, framework conditions etc.

Activity 2.1 Benchmarking clusters

In the DoW partners have undertaken to conduct 8-12 cluster benchmarking interviews each, as follows:

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Partner	IP agreement
MAG	12
SIEA	8
CZECHINVEST	12
Ministry of Entrepreneurship and Crafts, Croatia	10
IZKA	8
MINISTERSTWO GOSPODARKI	10

This activity was substantially delayed at most partners due to problems with signature of the IP agreement (see above). As a result partners have reported the following status concerning the execution of the benchmarking interviews:

Partner	Total	Finished until 30/11/2012	Finished until 15/01/2013
MAG	12	7	12
SIEA	8	0	2
CZECHINVEST	12	0	0
Ministry of Entrepreneurship and Crafts, Croatia	10	0	0
IZKA	8	0	0
MINISTERSTWO GOSPODARKI	10	0	0
Total	60	7	14

We expect that remaining benchmarking interviews will be finished in Q1 2013, which is a delay to the original timeplan but does not endanger the timely finish of the project.

The evaluation of the cluster benchmarking reports is outsourced to competent organisations according to the DoW. Procurement of the cluster benchmarking evaluation was/is done at partner level. MAG has signed a contract with VDI/VDE for the evaluation of the benchmarking interviews with a deadline of 15 March 2013. Other consortium partners are close to sign their contract but have not contracted yet.

Activity 2.2 Collecting additional relevant information on regional assets, framework conditions etc.

This activity will be strongly connected to the on-the-field part of the cluster management training in H1 2013. Therefore no performance has been done in this activity in the reporting period.

Work Package 3: Mobility work package

The DoW determines the work package structure as follows:

3.1	Organisations and management of study visits
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No performance has been done in this activity in the reporting period.

Work Package 4: Project management and project communication

The kick-off meeting was held in Budapest on 12 January 2012 at the premises of MAG. Partners introduced themselves, presented their plans in and added value to the project. Partners discussed through the work packages and the timeplan of the project.

We invited representatives of the European Commission to the event. EC representatives could join us via skype for part of the meeting. MAG provided catering for partners for the event (Contract No 3 and Contract No 5 in the subcontracting sheet).

MAG developed the project identity involving a professional organisation (Contract No 4 in the subcontracting sheet). Logos of the project, letter headed paper samples, layout for letters and presentations have been created and roll-ups have been produced.

In general, communication between partners is excellent and efficient. Partners discussed several issues on a daily basis related to the implementation of the project. Major communications channels were emailing, phone and skype. Further, on professional events where partners were present in person, they discussed relevant project management issues, as well.

SECTION 3 – CONSORTIUM MANAGEMENT

Action plan status bar chart

		2011	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2012	2013	2013	2013	2013	2013	2013	2013	2013	2013	2013	
		12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11
Activity		M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	M13	M14	M15	M16	M17	M18	M19	M20	M21	M22	M23	M24
1 WP1 Training work package																									
1.1 Train the trainers activities																									
1.1.1	Selection of participants for all trainings																								
1.1.2	Train the trainers (benchmarking)						BT																		
1.1.3	Train the trainers (cluster management)																								
1.2	Customising training modules																								
2 WP2 Benchmarking work package																									
2.1 Benchmarking clusters																									
2.2	Collecting information on regional assets, framework conditions etc.																								
3 WP3 Mobility work package																									
3.1 Study visits of cluster managers																									
4 WP4 Project management and communication work package																									
4.1	Management and communication	SC			SC			SC			SC			SC			SC			SC			SC		SC

SECTION 4 – FINANCIAL STATEMENT

The section includes:

- 1. Consolidated Cost Statement signed and dated by the coordinator and presented in original. The Consolidated Cost Statement will be considered as a request for an interim payment as required by article I.5 of the Grant Agreement.*
- 2. Individual Cost Statements for each consortium member showing eligible costs incurred in a period.*
- 3. Voucher Statement.*
- 4. Person-Month Status Table;*
- 5. Financial Management Challenges of the action faced during the period and actions undertaken.*
- 6. Audit certificates for each co-beneficiary signed, dated and presented in original.*

The Coordinator is requested to provide the Financial Statement excel file in electronic version in addition to the print outs included in this Technical Implementation Report. The electronic version has to be coherent with the Technical Implementation Report.

In course of the action and for a period of five years from the date of payment of the balance, the Commission may ask each co-beneficiary to provide supporting documents for costs claimed for reimbursement as established in article II.20 of the Grant Agreement.

SECTION 4 – FINANCIAL STATEMENT

1. Consolidated Cost Statement

SECTION 4 – FINANCIAL STATEMENT

2. Individual Cost Statements

SECTION 4 – FINANCIAL STATEMENT

3. Voucher Statement

Not relevant for the CENTRAMO project

SECTION 4 – FINANCIAL STATEMENT

4. Person-Months Status Table

Not relevant for the CENTRAMO project

SECTION 4 – FINANCIAL STATEMENT

5. Financial Management Challenges

Please describe the Financial Management Changes of the action faced during the period and actions undertaken.

1. Amendment of Grant agreement

MAG initiated a grant agreement amendment on 29/06/2012. The main reason for the amendment was that partners decided that MAG should procure the cluster management training for the whole consortium – after the investigation of legal possibilities for the procurement - instead of partner level procurements. Official approval for the amendment request was given to the consortium not before than 14/11/2012, which hindered MAG to start with the procurement of the cluster management training in time. As a consequence the 6 participants almost missed the first in-class session of the cluster management training. Nevertheless, MAG managed to procure the service provider for the training just in time and CENTRAMO participants could start the in-class training together with the other consortia's participants.

2. Budget allocation to cluster management training

Both in the project proposal phase and in the early project implementation phase there was uncertainty about the necessary budget allocation to the cluster management training. Q&As to the call documentation and various communication later on suggested that the subcontracted cost of the cluster management training will be above EUR 100,000. At that time it seemed that CENTRAMO consortium can only complete part of the training, because less money (97,720 at consortia level) was allocated in the Grant Agreement for this purpose. Further, travel and accommodation costs of participants for the management training have been pressed under adequate amounts just to cover as much as possible from the cluster management training service fee.

As a consequence substantial budget stake had been reallocated to MAG (altogether EUR 97,720) in the first grant agreement amendment so that MAG would have been able to conduct the procurement of the cluster management training for all partners. However, when contracting for the cluster management training in December 2012, MAG faced a much lower price for the provision of the training. At the same time, it became clear only at this stage that the on-the-field project requires much more internal staff allocation than previously thought.

Based on this we foresee a grant amendment request in Q1 2013 in which partners' budget is increased on mainly the charge of MAG's unused cluster management training budget:

- a. At each partner internal staff allocation may be necessary to increase to reflect adequate allocation to the on-the-field part of the cluster management training.
- b. At each partner the travel and accommodation costs for the cluster management training must be increased to cover estimated costs.
- c. At each partner the travel and accommodation costs for the on the field project's reference trip should be budgeted.

SECTION 4 – FINANCIAL STATEMENT

6. Audit Certificates

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SECTION 5 – DISTRIBUTION REPORT

The section includes a report on the distribution of the EC grant. Please, sign, date and provide original.

Funds Received from the European Commission

Type of Funds: **pre-financing**

Date Received: **28/12/2011**

Amount (Euros): **EUR 80,000.00**

Funds Distributed to Beneficiaries

Beneficiary (acronym)	Amount	Date of Distribution
SIEA	EUR 12,363.94	26/01/2012
CZECHINVEST	EUR 12,328.30	26/01/2012
Ministry of Entrepreneurship and Crafts, Croatia	EUR 11,106.13	26/01/2012
IZKA	EUR 12,722.36	26/01/2012
MINISTERSTWO GOSPODARKI	EUR 12,363.94	26/01/2012

Signed on behalf of (Project Acronym) Consortium by the Project Coordinator:

_____ Name of the Coordinator (Print)

Date

SECTION 6 – DELIVERABLES

Table 1: Deliverables List

List all deliverables, giving date of submission and any proposed revision to plans.

Del. no.	Deliverable name	Workpackage no.	Date due	Actual/Forecast delivery date	Estimated indicative person-months *)	Used indicative person-months *)	Lead Beneficiary
1	Full set of ECE training materials translated into languages of the consortium partners.	1	July 2013	July 2013			
2	60 completed questionnaires on cluster benchmarking sent to ECE for evaluation	2	January 2013	March 2013			
3	Improvement actions recommended to 60 clusters based on the benchmarking	2	January 2013	April 2013			
4	Relevant information collected on cluster policy framework, regional assets, marketing materials for each participant member's country/region	2	July 2013	July 2013			
5	Introduction of well performing clusters to the European Club of Cluster Managers	2	March 2013	April 2013			

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6	Definition and summary of 6 development areas relevant to benchmarked clusters	2	March 2013	April 2013
7	Summary of 6 peer reviews based on study visits	3	November 2013	November 2013

*) if available

Table 2: Milestones List

List all milestones, giving date of achievement and any proposed revision to plans.

Milestone no.	Milestone name	Workpackage no.	Date due	Actual/Forecast delivery date	Lead Beneficiary
1	Kick-off meeting	4	January 2012	12.01.2012	
2	Cluster benchmarking training	1	May 2012	9-11.05.2012	
3	Cluster management training	1	July 2013	July 2013	
4	Completion of cluster benchmarking	2	January 2013	March 2013	
5	Study visits	3	November 2013	November 2013	