



EUROPEAN CLUSTER
COLLABORATION PLATFORM

Country factsheet

Bosnia and Herzegovina

An initiative of the European Union





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Introduction



This document presents an overview of the cluster policy in Bosnia and Herzegovina. Given its importance to contextualise the cluster policies (and related) analysed in the factsheets, a comprehensive outlook of the country can be consulted in the [Bosnia and Herzegovina 2020 Report](#), which highlights the country's recent developments, economic outlook and the state of play of its relations with the EU.

01

National cluster policy, programmes and initiatives




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1. National cluster policy, programmes and initiatives

Policy type:	Broad policy	Broad policy (at regional level)	Broad policy (at regional level)
Policy name:	Mid-term work program 2020-2022 <i>Industrial policy</i>	Strategy for SMEs development (2021-2027) <i>SME policies</i>	Strategy Development of Federation BiH (2021-2027) <i>SME policies</i>
POLICY OBJECTIVES 	Strengthening cooperation between companies or industry and RTDI actors Increasing competitiveness and boosting scale up of SMEs Supporting the creation of new cluster organisations Promoting entrepreneurship, start-ups and spin-offs Promoting employment and upgrading skills and competences	Strengthening cooperation between companies or industry and RTDI actors Increasing competitiveness and boosting scale up of SMEs Supporting internationalisation activities Promoting employment and upgrading skills and competences Connect to global supply chains	Strengthening cooperation between companies or industry and RTDI actors Increasing competitiveness and boosting scale up of SMEs Supporting internationalisation activities Fostering R&D activities, technology development and implementation Fostering innovation and strengthening innovation ecosystems Promoting employment and upgrading skills and competences Connect to global supply chains
	At the BiH ¹ state level (i.e. composed of Federation BiH (FBiH), Republic of Srpska (RS) ² and district Brcko), clusters are mentioned under competitiveness policy (i.e. industrial competitiveness) as a “tool” for improving SMEs and	In Republic of Srpska, clusters are part of SME policy. The Strategy for SMEs development (2021-2027) and Action plan for innovation of SMEs in Republic of Srpska (2021-2013) mentions clusters policy in the context of creating clusters for internationalisation and	In Federation BiH, clusters are part of SME policy. The particular attention is given to following initiatives: development of creative sector/industries, connection to global value chains through clusters, supporting creation of clusters in rural

¹ BiH = Bosnia and Herzegovina

² RS = Republic of Srpska



	<p>innovation. However, there is no particular programme/action plan at state level relevant to clusters. Clusters are mentioned in general context and perceived as a tool to improving SMEs and innovation. Improving country's competitiveness is common goal at the state level, but two entities (i.e. Federation BiH and Republic of Srpska) have different strategies on clusters development on their territories (as explained more in details in regional cluster policy sections)</p>	<p>integration of SMEs in global value chains, and establishing links between innovation, research and academic centres with clusters. On the other hand, previous Strategy for SMEs development (2016-2020) had more elaborated cluster policy with reference to more activities such as capacity building of new and existing clusters (i.e. increasing employment, supporting exports, using advanced technologies and innovation, cooperation with research institutes, triple helix model); inter-cluster cooperation with other clusters, including those from abroad; supporting export activities ; new products and services through transnational clusters; organising seminars, workshop, forums; clusters promotion through media, fairs, websites (particularly in industry and tourism).</p>	<p>areas, infrastructure development (e.g. assigning lands to tech parks etc.), develop innovative clusters with diaspora, creating "clean energy" clusters.</p>
<p>POLICY FOCUS</p> 	<p>No specific focus</p> <p>Any sector can be supported if organised in clusters. The aim is to increase the country's industrial competitiveness and smart growth.</p>	<p>No specific focus</p> <p>Any sector can be supported.</p>	<p>No specific focus</p> <p>Any sector can be supported.</p>
<p>RESPONSIBLE AUTHORITIES</p> 	<p>In charge of drafting</p> <p>Council of Ministers, Directorate for Economic Planning</p>	<p>Both drafting and implementation</p> <p>Provides funding</p> <p>Government of RS is in charge of adopting strategy and annual progress report, together with National Assembly of RS; However, the Ministry of Industry, Energy and Mining, the Agency for SMEs development, the local authorities and other governing</p>	<p>Both drafting and implementation</p> <p>The strategy is issued and drafted by the Government of FBiH with the support of the Federal Institute for Development Programming and the support of other foreign funded programs. However, the</p>



			bodies are coordinating the implementation and monitoring of strategy. The Ministry of Industry, Energy and Mining summarises gathered data in the annual progress report that is discussed and adopted by the government and National Assembly.	implementation is done by different Ministries, cantons and municipalities.
BENEFICIARIES 	SMEs	SMEs Cluster organisations Start-ups Research organisations Academic institutions Technology centres	SMEs Cluster organisations Start-ups Research organisations Academic institutions Technology centres	SMEs Cluster organisations Start-ups Research organisations Academic institutions Technology centres
		<p>There is no national programme on clusters. Clusters are considered part of SMEs development, contributing to industrial competitiveness.</p>	<p>The Strategy includes stakeholders contributing to strengthening links between innovation, research and academic centres with clusters/SMEs /businesses.</p>	<p>The Strategy constitutes a broad framework for increasing competitiveness through businesses. Furthermore, it emphasises the need for investing in R&D, as the lack of innovation is hindering competitiveness (i.e. BiH is one of the least innovative/competitive countries in Europe).</p>
INSTRUMENTS 	Financial	-	Funding collaboration initiatives Support to R&D projects, SMEs becoming cluster members, etc.	Funding collaboration initiatives Support to R&D projects, SMEs becoming cluster members, etc.
	Technical assistance	-	Support for hard skill development: knowledge transfer, intellectual property, entrepreneurship, export advice, market intelligence	Infrastructure: coworking spaces, offices, incubation and accelerator spaces, research centres, technology parks etc.



			<p>Support for soft skills development: coaching, management training, upskilling/reskilling</p> <p>Support for networking and partnership building (at national and/or international level)</p>	<p>Support for hard skill development: knowledge transfer, intellectual property, entrepreneurship, export advice, market intelligence</p> <p>Support for soft skills development: coaching, management training, upskilling/reskilling</p> <p>Support for networking and partnership building (at national and/or international level)</p>
	Explanation	The “Mid-term programme” does not provide details on financial/non-financial instruments.	The clusters are at the early stage of development, so they require basic capacity building support from both financial aspect and technical expertise.	The clusters are at the early stage of development, so they require basic capacity building support from both financial aspect and technical expertise.
<p>HISTORY</p>	Period	Limited period	Limited period	Limited period
	Ending year (for policies with limited period)	2022	2021	2021
	Starting year	2020	2027	2027



	Explanation	Since 2014, the Government issues bi-annual mid-term work programmes, for planned activities. The current programme is available for 2020-2022.	The Strategy is applicable for the period 2021-2027.	The Strategy is applicable for the period 2021-2027.
BUDGET 	Overall	-	Total value EUR 82 million; while activities mentioning cluster support for the inclusion in global value chains: EUR 511 thousands.	-
	Annual	-	-	-
	Source of funding	State budget	The Investment-Development Bank of RS (IRBRS) and the Guarantee Fund of RS provide the main funding share, while the remaining share comes from other sources such as the: state budget, local authorities budget, donations etc. Cluster related activities are financed by the state budget, donations, clusters and SMEs.	-
POLICY EVALUATION 	Availability	In-itinere	Ex-post	No policy evaluation
	Results	An annual review report on the mid-term work programme is published each year. However, the progress on cluster development is not covered in the annual report.	In the past strategies progress was evaluated annually, as the government and National Assembly adopt the report. The current strategy mentions that mid-evaluation will take place in 2024/2025 and the final evaluation is expected in 2027/2028.	No policy evaluation has been identified.
POLICY ALIGNMENT WITH THE EU PRIORITIES 		Social inclusion		Green Economy Digitalisation

02

State of play of cluster policy



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2. State of play of cluster policy

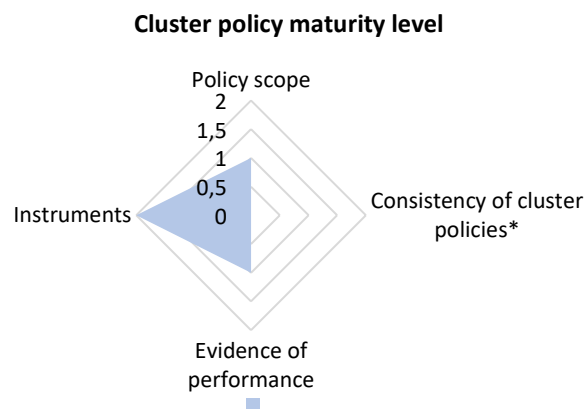
The data below illustrates how the country ranks in terms of maturity of cluster policy. The maturity index is based on a combination of factors presented in Chapter 1 and which are scored based on their existence:

- **Policy scope:** whether the country has a dedicated cluster policy, or cluster creation and/or development is targeted through broader policies (existence of broader policies = 1 point; existence of targeted cluster policies = 2 points)
- **Consistency of cluster policies:** assessment of the duration and experience of the country in doing cluster policies. This dimension assesses only existing cluster policies and not broader policies (no cluster policies available = 0 points; < 10 years of experience or > 10 years (but interrupted) = 1 point; > 10 years (but with clear continuity) = 2 points)
- **Evidence of performance:** the existence of monitoring and evaluation mechanisms determines the degree of policy development in the country (no evaluations = 0 points; existence of evaluations of past policies or in-itinere = 0.5 points; existence of ex-ante and/or ex-post evaluations = 0.5 points)
- **Instruments:** whether the policies provide any instruments to support the policy implementation, being these financial and/or technical assistance (1 point for each type of instrument available)

It is important to note that the maturity does not reflect the performance of a country, but only the degree of development of their cluster policy at the moment when the data was collected (2020). The maturity index illustrates how the country scores for each of these four dimensions (policy scope, consistency of cluster policies, evidence of performance and instruments) compared to the maximum score that they can reach.

	Bosnia and Herzegovina	Maximum score
Policy scope	1	2
Consistency of cluster policies*	0	2
Evidence of performance	1	1
Instruments	2	2

** This dimension is scored solely if the country has a dedicated cluster policy and it assesses only cluster policies*



State of play of cluster policy in the country



<p>Policy evaluation (for terminated policies)</p>	<p>No policy evaluation</p> <p>There is no policy targeting cluster development specifically and this is only done through broader policies (in this case, SME policies).</p>
<p>Policy approach in the country</p>	<p>Cluster approach used directly by national/regional development agencies</p>
<p>Continuity</p>	<p>The first clusters in BiH were developed in 2004-2008 with support of the USAID Program on Cluster Competitiveness Activity (USAID CCA). At the beginning, prior to the publication of the first state strategy programme referring to clusters (i.e. 2010 'Strategy for the Development of Bosnia and Herzegovina'), The cluster concept was introduced by international aid programmes. 'Strategy for the Development of Bosnia and Herzegovina' (2010) mentioned that the limiting factors for the country's economic development was the lack of a national single market and compliance with international rules for export. The next state's strategy on clusters was part of 'Strategic framework for BiH' (2015-2018). The strategy acknowledged a low economic competitiveness, and clusters were considered as one of the instruments for improving industrial competitiveness and smart growth (i.e. increasing overall country's competitiveness, employment, workers competences, better linking between research centres and technological parks with businesses, regional cohesion through business networks, internationalisation, marketing for enhancing clusters visibility). It is written by Council of Ministers (i.e. from both entities and canton), Directorate for Economic planning BiH. Since 2014, the Council of Ministers is publishing bi-annual work documents (i.e. Mid-term work plans) with an annual programme of activities and its review. The present mid-term strategy is available for the period 2020-2022. Clusters development is also mentioned under the industrial competitiveness objective, and in particular, the need for organising SMEs into clusters and improving innovation. The lack of investment in research and innovation is an important obstacle for cluster formation and improving the present situation.</p> <p>Besides the state level, due to the complex country structure divided into two (i.e. Federation BiH (FBiH), Republic of Srpska (RS)), one district (i.e. Brčko), ten cantons (i.e. sub-entities of Federation BiH and municipalities), there are territorial strategies which also tackle cluster development. (i) Federation of Bosnia and Herzegovina clusters were mentioned under "Strategy Development of Small and Medium Enterprises of Federation of Bosnia and Herzegovina". The cluster policy is currently covered under newly adopted "Strategy for SMEs development of Federation BiH (2021-2027)". (ii) In the past, the Policy for SMEs development was covered under newly adopted "Strategic Framework for the Development of the State Support for the Formation and Development of Clusters in the period between 2013-2015, the Strategy for SMEs development in Republic of Srpska and the Strategy for SMEs development in the District of Brčko".</p>
<p>Consistency</p>	<p>No cluster development</p> <p>The cluster development is not consistent with the state strategy.</p>



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³ BiH = Bosnia and Herzegovina

⁴ RS = Republic of Srpska



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