



EUROPEAN CLUSTER
COLLABORATION PLATFORM

Country factsheet

Kosovo

An initiative of the European Union





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Introduction



This document presents an overview of the cluster policy in Kosovo. 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 [Kosovo 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
Policy name:	National Development Strategy 2016-2021 Regional development policy and structural change
POLICY OBJECTIVES 	<p>Strengthening cooperation between companies or industry and RTDI actors</p> <p>Increasing competitiveness and boosting scale up of SMEs</p> <p>Supporting internationalisation activities</p> <p>Fostering R&D activities, technology development and implementation</p> <p>Fostering innovation and strengthening innovation ecosystems</p> <p>Promoting entrepreneurship, start-ups and spin-offs</p> <p>Promoting social and sustainable economy and other solidarity-based initiatives</p> <p>Promoting employment and upgrading skills and competences</p> <p>The broad cross- and multi-sectoral National Development Strategy 2016-2021 (NDS) integrates the “Concept of Kosova Industrial Policy”, developed by the Ministry of Trade and Industry in 2014, which is the seminal document for cluster development. The NDS aims to promote networks and cluster associations by providing financial and technical support. In order to stimulate further innovation, the linkage between research and educational institutes with industry will be strengthened by facilitated access to smart specialisations, in line with “Europe 2020”. The NDS promotes an export-oriented growth through deeper integration of diaspora business networks. Furthermore, a strong legal framework shall strengthen entrepreneurship and attract FDI. Human capacity and improving skills are one of the main pillars of the NDS. The strategy foresees increased investments in education and employment promotion as a means of ensuring sustainable growth. The broad objectives are the increase of competitiveness and innovation and improvement of quality standards for productive activities.</p>
POLICY FOCUS 	<p>Cross-sectoral</p> <p>The NDS integrates a wide range of different sectors which play a key role for the country’s development. However, the main focus lies on industry and the improvement of quality standards in the production sector. Priority is also given to the coordination of different actors in the ITC sector and its dissemination. For the agricultural sector upscaling and land consolidation are promoted.</p>



RESPONSIBLE AUTHORITIES 		<p>In charge of drafting</p> <p>In charge of implementation</p> <p>The Strategic Planning Office (SPO) of the Office of the Prime Minister (OPM) took the leading and coordinating role of the drafting process, which included consultation with key stakeholders and working groups. Technical support was provided from the European Commission Office in Kosovo. For the implementation, the corresponding ministries are responsible.</p>
BENEFICIARIES 		<p>SMEs</p> <p>Research organisations</p> <p>Academic institutions</p> <p>Business associations</p> <p>Large firms</p> <p>NGOs</p> <p>General population</p> <p>Policy makers</p> <p>The NDS provides financial and technical assistance to SMEs to facilitate upgrading to activities with higher added value and to foster regional and international competitiveness. Larger firms are thought to assume leadership role in cluster associations in the sense that SMEs are supported to become their suppliers within the cluster. Additionally, a stronger cooperation between research institutes, universities and industry is foreseen. Education programmes are planned to be better connected and integrated with the labour market, generating also benefits for society. The general population also benefits from the focus on social cohesion and inclusion and human capital (e.g. Employment Fund with the main purpose of job creation). Business associations and NGOs are encouraged and supported to promote and offer Corporate Integrity Commitment programmes. Policy makers benefit from the encouragement of evidence-based policy making with the establishment of Regulatory Impact Assessment (RIA) leading to policies and laws informed by data on the ground.</p>
INSTRUMENTS 	Financial	<p>Funding collaboration initiatives</p> <p>Application to labelling schemes and similar initiatives</p> <p>Innovation: voucher, support to hire PhDs, cooperation with R&I actors</p>
	Technical assistance	<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 NDS is committed to support the country's development with concrete financial measures such as grants, subsidies, innovation support schemes and tax exemptions. Special funds (e.g. Development and Employment Fund) are set up for this end. Furthermore, the establishment of an instrument to assist in quality standards certification is planned. Technical assistance is provided in the form of general advisory services and the fostering of connection with international research institutions, especially targeting export-oriented SMEs. Soft skill development is mainly targeted during education with the aim of improved correlation between skills acquired in education and labour market needs.
HISTORY 	Period	Limited period
	Ending year (<i>for policies with limited period</i>)	2021
	Starting year	2016
	Explanation	The NDS was approved in 2016 for a 6-year period until 2021.
BUDGET 	Overall	-
	Annual	-
	Source of funding	International development partners and state budget. The NDS very generally outlines the government's commitment of resources. However, it does not mention any concrete numbers. The Ministry of Finance starts with allocating budget ceilings in Medium-Term Expenditure Framework and then specifically into the annual budget.
POLICY EVALUATION	Availability	in-itinere
	Results	The Strategic Planning Office ensures evaluation over two years and at the end of the period in 2021. The first report was published in 2018 and concludes overall good results. It highlights that all measures have been implemented, however with certain delays. Macro level indicators demonstrate most improvement in employment and social cohesion. GDP grew by 4% on average per year, clearly diverging from the target of 7%. The export target of 28% of share of GDP was nearly obtained with an increase from 19.3% in 2015 to 27,1% in 2017. However, the import-export ratio improved only slightly and FDI decreased from 308 million EUR in 2015 to 220 million EUR in 2016. Poverty levels decreased significantly while labour market participation increased. The NDS's pillar focusing on competitive industries, the development and support of SMEs and clusters, is on an advanced stage and measures are largely implemented on time. Finally, the report urges for further improvements in framework conditions for the effective formation of clusters.



<p>POLICY ALIGNMENT WITH THE EU</p> <p>PRIORITIES</p> 	<p>Digitalisation</p> <p>Social inclusion</p>
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02

State of play of cluster policy



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2. State of play of cluster policy

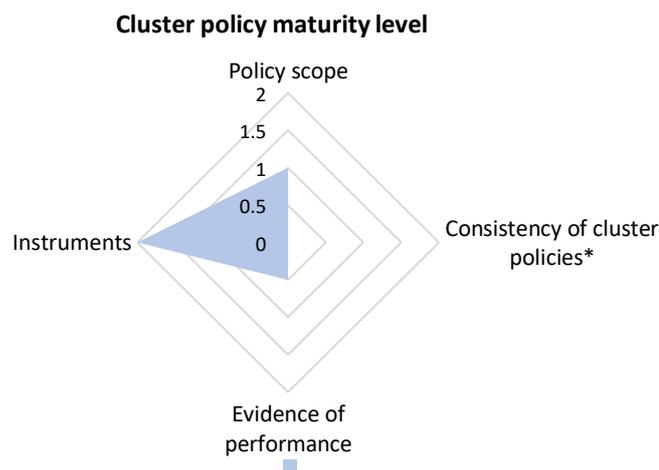
The data below illustrates how the country ranks in terms of maturity of cluster policy. The maturity index is based on a combination of factors presented in Chapter 1 and which are scored based on their existence:

- **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.

	Kosovo	Maximum score
Policy scope	1	2
Consistency of cluster policies*	0	2
Evidence of performance	0,5	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

No policy evaluation



Policy evaluation (for terminated policies)	There is no terminated policy that contained a direct focus on SMEs collaboration or cluster development. However, thanks to several project with international partners (UNDP, Finish government), clusters became a priority in boosting the country's competitiveness, which has been incorporated in the current NDS and ERPs.
Policy approach in the country	<p>Specific policies to support cooperation projects</p> <p>Broad-based framework policies to support cooperation effectiveness</p>
Continuity	<p>Due to the lack of a fully-fledged industrial policy, today no specific cluster policy exists in Kosovo. However, scattered measures (e.g. development of industrial parks and economic zones) are in place and can be seen as base for cluster development and future policies. The "Concept of Kosova Industrial Policy" of 2014 sets the base for cluster prioritization and its principles are integrated in national strategies and other programs (e.g. NDS, ERPs), which explicitly commit to support and strengthen clusters with financial and technical means. The Ministry of Trade and Industry (MIT) also developed Cluster Guidelines (available on the official website). A recent OECD report (2019) mentions that the MIT together with the Kosovo Investment and Enterprise Support Agency (KIESA) planned a support programme for clusters, however the programme is at an early stage, heavily relies on donor contributions and is yet not officially promoted.</p> <p>Kosovo's Private Sector Development Strategy 2018-2022 also mentions the support to clusters and encouraging bottom-up initiatives on addressing common problems constraining the growth of their industries</p>
Consistency	<p>No cluster policy available</p> <p>As of today, no national cluster policy exists in Kosovo. Broad strategies and policies prepare the ground for future cluster policy development.</p>

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