



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 the importance to contextualise the cluster policies (and related) analysed in the factsheets, a comprehensive outlook of the country can be consulted in the [Kosovo 2021 Report](#), which highlights the country's recent developments, economic outlook and the state of play of its relations with the EU.

The COVID-19 pandemic has caused an unprecedented economic shock to Kosovo and the global economy. In response, Kosovo launched the [Economic Recovery Package](#) to stabilise economic activity in the country. It provides support for businesses, employment, investment, and innovation but does not mention cluster development as an explicit goal. In addition to the COVID-19 pandemic, the ongoing Russian military aggression against Ukraine has also taken its toll on EU companies and industrial ecosystems, highlighting the significance of policy efforts in supporting SMEs and clusters.

At the same time, the [Common Regional Market \(CRM\) 2021-2024 Action Plan](#) for the West Balkans Six countries will promote Kosovo's international economic integration and emphasise the advantages of a structured cluster development strategy to back Kosovo's businesses' integration into regional and global value chains.

In the following, a succinct overview of the cluster policy in Kosovo will be provided. The structure of this factsheet encompasses:

- 1) an overview of the National Development Strategy of Kosovo,
- 2) an assessment of the state of play of the national cluster policy.

01

National cluster policy, programmes and initiatives



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1. National cluster policy, programmes and initiatives

In this section we provide an overview of the existing Kosovar cluster policies on a national level.

The breakdown is presented in the form of a table, with the first column showcasing information on the aspects which constitute the policy (beginning with 'Policy Objectives', following with 'Policy Focus', etc.). The second column represents the case of Kosovo's National Development Strategy 2016-2021, as this policy comprises the promotion of cluster development.

Within the table the text presented in bold (black) depicts standardised categories across country factsheets (56 in total for 2022), which are applied for comparative purposes. This is followed by a complementary descriptive text to provide more insights about the cluster policy in Kosovo.



Policy type:	Broad policy
Policy name:	National Development Strategy 2016-2021
POLICY OBJECTIVES 	Strengthening cooperation between companies or industry and RTDI actors Increasing competitiveness and boosting scale up of SMEs Supporting internationalisation activities Enhancing the visibility of clusters Fostering R&D activities, technology development and implementation Fostering innovation and strengthening innovation ecosystems Supporting the creation of new cluster organisations Promoting resilience and sustainable economy and other solidarity-based initiatives Promoting employment and upgrading skills and competences Cluster analysis and support for policymaking Increase supply chain resilience





Policy type:	Broad policy
Policy name:	National Development Strategy 2016-2021
	<p>The broad cross- and multi-sectoral National Development Strategy 2016-2021 (NDS) integrates the “Concept of Kosovo 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> <p>There is no successor policy of the NDS yet (Sep 2022). The more recent Private Sector Development Strategy 2018-2022 touches on cluster development only parenthetically and includes a small project to enhance cluster visibility.</p> <p>In September 2020 a Concept for Drafting the National Development Strategy 2030 was released. Currently, a draft version of the new NDS from May 2022 is available. However, at the time of research for this factsheet (Sep 2022), it had not been finalised yet. Neither the Concept nor the Draft make any reference to cluster policy.¹</p>
<p>POLICY FOCUS</p> 	<p>No specific focus</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> <p>Beyond industrial policy, it delineates policy frameworks for human capital, good governance and rule of law, as well as infrastructure.</p> <p>The planned NDS 2030 will include a stronger focus on sustainability.</p>
	<p>In charge of drafting</p>

¹ For the public consultation process, see <https://konsultimet.rks-gov.net/viewConsult.php?ConsultationID=41413> (accessed Sep 29, 2022).



Policy type:	Broad policy
Policy name:	National Development Strategy 2016-2021
RESPONSIBLE AUTHORITIES 	In charge of implementation <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 – most prominently the Ministry of Industry, Entrepreneurship and Trade, which was also responsible for the Concept of Kosovo Industrial Policy (2014), the Guidelines for Cluster and the Private Sector Development Strategy 2018-2022 (2018).</p>
BENEFICIARIES 	<p>SMEs</p> <p>Cluster organisations</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>



Policy type:		Broad policy
Policy name:		National Development Strategy 2016-2021
INSTRUMENTS 	Financial	Funding collaboration initiatives Support to R&D projects, SMEs becoming cluster members, etc. Application to labelling schemes and similar initiatives Financing networking events Innovation: voucher, support to hire PhDs, cooperation with R&I actors
	Technical assistance	Support for soft skills development: coaching, management training, upskilling/reskilling Support for networking and partnership building (at national and/or international level) Marketing activities: advertising, communication, events, fairs, and so on
	Explanation	<p>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 to 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.</p>
HISTORY 	Period	Limited period
	Ending year (for policies with limited period)	2021
	Starting year	2016
	Explanation	The NDS was approved in 2016 for a 6-year period until 2021. A new NDS 2030 was commissioned.



Policy type:		Broad policy
Policy name:		National Development Strategy 2016-2021
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	<p>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. 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. However, the report urges for further improvements in framework conditions for the effective formation of clusters.</p> <p>By contrast, the Economic Reform Program 2019-2021 paints a darker picture about the state of cluster development, even calling the low levels of FDI and problems with cluster development the "main obstacles to the overall development of the industrial sector". It recognizes "poor cooperation between companies and educational and research institutions and lack of innovation" (p. 64).</p> <p>The NDS envisaged a final evaluation report to be released until the end of its final year, i.e. 2021. However, upon the time of research for this factsheet (Sep. 2022), no such report had been available yet.</p>
POLICY ALIGNMENT WITH THE EU PRIORITIES		Digitalisation Resilience

02

State of play of cluster policy



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2. State of play of cluster policy

This section presents an overview of the state of play of Kosovo's cluster policy in the form of a quantitative and qualitative assessment. The data below illustrates how the country ranks in terms of **maturity of cluster policy at the national level**. The maturity assessment is based on a combination of factors presented in Chapter 1, which receive a score based on the existence or absence of a given element in the cluster policy.

Note: the maturity assessment does not reflect the performance of a country, but only the degree of development of their national cluster policy at the moment of data collection (Q3 2022). The assessment illustrates how the country scores for each of the four criteria (policy scope, continuity of cluster policies, evidence of performance, cluster support instruments) compared to the maximum score that they can reach. Please refer to the **Annex** for a detailed overview of the categories and the scoring system.

The table below presents an overview of the **maturity assessment for Kosovo** for 2022. The total score of Kosovo is 2 point out of 8.

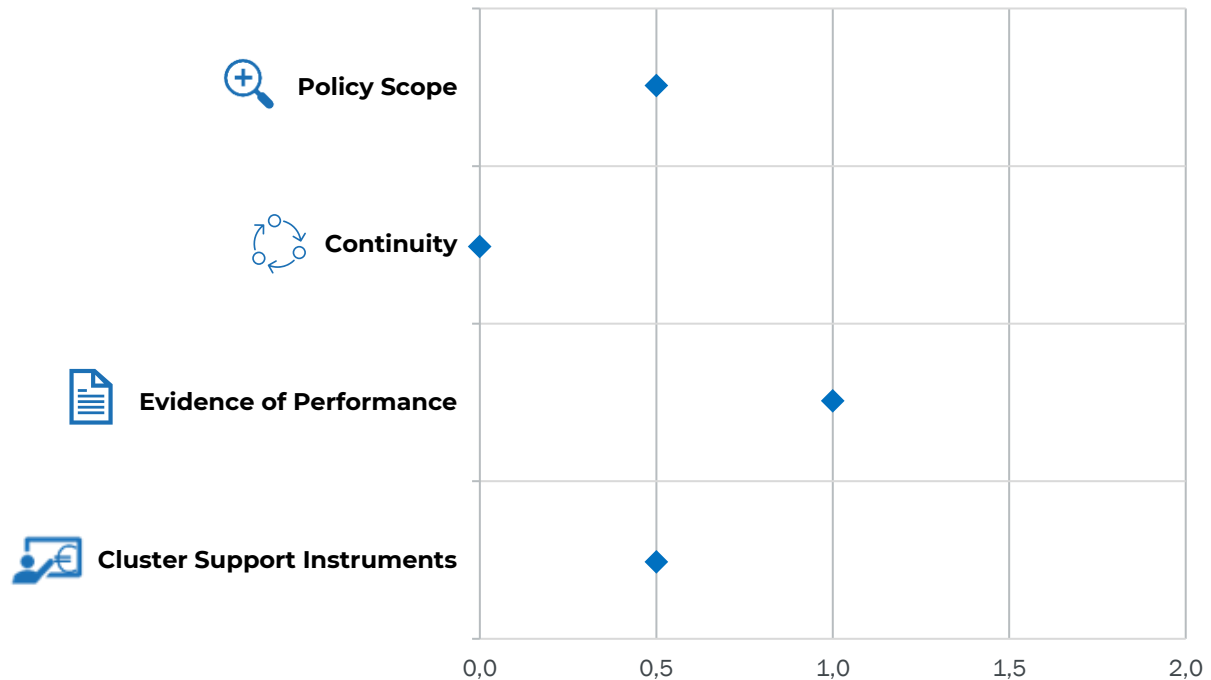
Kosovo	MATURITY ASSESSMENT	Max score	Actual score
POLICY SCOPE	Absence of cluster policy	0	
	Broad policy	0,5	0,5
	Sectoral policy	1	
	National and/or regional cluster policy	2	
CONTINUITY	No cluster-specific policy available	0	0
	Cluster policy established recently	0,5	
	Cluster policy established between over 2 and 10 years	1	
	Cluster policy established over 10 years ago	2	
EVIDENCE OF PERFORMANCE	No evaluation and / or monitoring available	0	
	Existence of evaluations of past policies	0,5	
	Existence of monitoring or an ongoing / interim evaluation	1	1
	Existence of monitoring and ex-ante or ongoing / interim evaluation	2	
CLUSTER SUPPORT INSTRUMENTS	No instruments for cluster development	0	
	Financial support for cluster development in the broader and / or sectoral policy	0,5	0,5
	Financial or technical support for cluster development in dedicated cluster policy	1	
	Financial and technical support for cluster development in dedicated cluster policy	2	
TOTAL (8)			2

Source: ECCP (2022)



Drawing from the table above that showcases the scored points in Kosovo's cluster policy, the Figure below portrays the **degree of maturity** across four categories related to the national level cluster policy.

Figure 1: Maturity of cluster policy - Kosovo



Source: ECCP (2022)

The text below provides a **qualitative description** of the state of play of the cluster policy in Kosovo, which is complementary to the maturity assessment presented above.

Policy scope

The NDS promotes cluster development broadly across sectors. Under point 17 it specifically proposes an analysis and measures to facilitate cluster building and networking between SMEs and large companies to strengthen supply relations.

Continuity

As of today, no national cluster policy exists in Kosovo. Broad strategies and policies prepare the ground for future cluster policy development.

Meanwhile, the Ministry of Industry, Entrepreneurship and Trade in collaboration with the GIZ supports the creation of clusters such as the Cluster for Metal Industry and Renewable Energy² (MIRECK/KIMERK, since 2017, 40+ members) and the Wood Processing Cluster (current initiative).

² See the cluster's website available under: <https://mireckcluster.org/about-us/> (last accessed 21.11.2022).



Evidence of performance

There is no evaluation of specifically cluster policies in Kosovo available, but the interim evaluation of the NDS 2016-2021 touches on clusters shortly.

Cluster support instruments

The NDS provides financial and technical assistance for a range of activities promoting cluster development. However, there is no support for a dedicated cluster policy.

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Annex

Criterion of maturity assessment	Description	Scoring (points between 0 and 2)
Policy scope	assessment whether the country has a dedicated cluster policy, or cluster creation and/or development is targeted through broader policies, e.g. foreign trade policies, labour and social policies or specific sectoral policies, e.g. industrial policy tourism policies, agriculture policies	<p>absence of cluster policy = 0</p> <p>existence of broader policies = 0,5</p> <p>existence of specific sectoral policies = 1</p> <p>existence of targeted cluster policies = 2</p>
Continuity of cluster policies	assessment of the duration and experience of the country in carrying out cluster policies. This criterion assesses only existence of targeted cluster policies and not broader policies or sectoral policies	<p>absence of policies supporting cluster development = 0</p> <p>cluster policy established recently (within the last 2 years) = 0,5</p> <p>cluster policy established between over 2 and 10 years = 1</p> <p>cluster policy established over 10 years ago = 2</p>
Evidence of performance	assessment whether there are evaluations of past and ongoing policies and a monitoring system in place. The existence of monitoring and evaluation mechanisms determines the degree of policy development in the country	<p>no evaluation and / or monitoring available = 0</p> <p>existence of evaluations of past policies, e.g. ex-ante = 0,5</p> <p>existence of monitoring or an ongoing / interim evaluation =1</p> <p>existence of monitoring and ex-ante or ongoing / interim evaluation =2</p>
Cluster Support Instruments	assessment whether the policies provide any instruments to support the policy implementation, being these financial and/or technical support	<p>no instruments for cluster development =0</p> <p>financial support for cluster development in the broader and / or sectoral policy = 0,5</p> <p>financial or technical support for cluster development in dedicated cluster policy = 1</p> <p>financial and technical support for cluster development in dedicated cluster policy = 2</p>

Source: ECCP (2022)