



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 the importance to contextualise the analysis of cluster policies (and related), a comprehensive outlook of the country can be consulted in the [Bosnia and Herzegovina 2021 Report](#), and the [Bosnia and Herzegovina factograph](#). These documents highlight 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 Bosnia and Herzegovina and the global economy. In response, Bosnia and Herzegovina reoriented its support policies for SMEs to ensure their survival. There is, however, no specific support for clusters and cluster organisations.

The ongoing Russian military aggression against Ukraine and the ensuing international market disruptions reaffirm the importance of cluster development in order to strengthen Bosnia and Herzegovina's economic resilience.

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

Bosnia and Herzegovina is a federal state formally consisting of two governmental entities, the Federation of Bosnia and Herzegovina and the Republic of Srpska, as well as the condominium of Brčko. Both regional entities as well as the state level have enacted policy relevant for cluster development. Accordingly, the factsheet will provide an overview of each of them.

To distinguish the different federal and regional governmental entities of Bosnia and Herzegovina, the following terms will be used throughout the document:

- "Bosnia and Herzegovina" (BiH): the state-level government, led by the "Council of Ministers".
- "Federation of Bosnia and Herzegovina" (FBiH): one of the two regional-level governmental entities, commonly associated with hosting the majority of the country's Bosniak and Croat communities.
- "Republic of Srpska" (RS): the other regional-level governmental entity, commonly associated with hosting the majority of the country's Serb community.

In the following, a succinct overview of the cluster-related policy in Bosnia and Herzegovina will be provided. The structure of this factsheet encompasses:

- 1) an overview of the industrial and business development policies in Bosnia and Herzegovina,
- 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 Bosnian cluster-related policies on the national as well as on the regional 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 Bosnian cluster-related policy on the national level. Columns three and four present the regional policies of the governmental entities of the Republic of Srpska and the Federation of Bosnia and Herzegovina.

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 Bosnia and Herzegovina.

Policy type:	Broad policy	Broad policy (at regional level)	Broad policy (at regional level)
Policy name:	Medium-term work programme 2020-2022	Strategy for SME development in the Republic of Srpska 2021-2027	Development Strategy of the Federation of Bosnia and Herzegovina 2021-2027
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



Policy type:	Broad policy	Broad policy (at regional level)	Broad policy (at regional level)
Policy name:	Medium-term work programme 2020-2022	Strategy for SME development in the Republic of Srpska 2021-2027	Development Strategy of the Federation of Bosnia and Herzegovina 2021-2027
	<p>At the state level, clusters are mentioned under competitiveness policy (i.e. industrial competitiveness) as a “tool” for improving SMEs and innovation. However, there is no particular programme/action plan at state level relevant to clusters. Improving the country’s competitiveness is a common goal at the state level, but the two entities (i.e. FBiH and RS) have different strategies on cluster development on their territories (as explained more in detail in the regional policy sections).</p>	<p>In the Republic of Srpska, clusters are part of SME policy. The Strategy for SME development 2021-2027 and the Action plan for innovation of SMEs in the Republic of Srpska 2013-2021 mention cluster policy in the context of creating clusters for internationalisation and integration of SMEs into global value chains, and establishing links between innovation, research and academic centres with clusters. On the other hand, the previous Strategy for SME development (2016-2020) had a 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>In the FBiH, clusters are part of SME policy. Particular attention is given to the following initiatives: development of creative sector/industries, connection to global value chains through clusters, supporting the creation of clusters in rural areas, infrastructure development (e.g. assigning lands to tech parks etc.), developing innovative clusters with the diaspora, creating “clean energy” clusters.</p>



Policy type:	Broad policy	Broad policy (at regional level)	Broad policy (at regional level)
Policy name:	Medium-term work programme 2020-2022	Strategy for SME development in the Republic of Srpska 2021-2027	Development Strategy of the Federation of Bosnia and Herzegovina 2021-2027
POLICY FOCUS 	No specific focus Any sector can be supported. The aim is to increase the country's industrial competitiveness and smart growth.	No specific focus Any sector can be supported.	No specific focus Any sector can be supported.
	RESPONSIBLE AUTHORITIES 	In charge of drafting Council of Ministers, Directorate for Economic Planning	Both drafting and implementation Provides funding The government of the RS is in charge of adopting both strategy and annual progress reports, together with the National Assembly of the RS; However, the Ministry of Industry, Energy and Mining, the Agency for SME development, the local authorities and other governing bodies are coordinating the implementation and monitoring of the 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 the National Assembly.
	SMEs Research organisations	SMEs Cluster organisations Start-ups	SMEs Cluster organisations Start-ups



Policy type:	Broad policy	Broad policy (at regional level)	Broad policy (at regional level)
Policy name:	Medium-term work programme 2020-2022	Strategy for SME development in the Republic of Srpska 2021-2027	Development Strategy of the Federation of Bosnia and Herzegovina 2021-2027
BENEFICIARIES 		Research organisations Academic institutions Technology centres	Research organisations Academic institutions Technology centres
	There is no national programme on clusters. Clusters are considered part of SME development, contributing to industrial competitiveness. The Programme aims to support research activities, while acknowledging the limited means to do so.	The Strategy includes stakeholders contributing to strengthening links between innovation, research and academic centres with clusters/SMEs/businesses.	The Strategy constitutes a broad framework for increasing competitiveness through business development. Furthermore, it emphasises the need for investing in R&D, as the lack of innovation is hindering competitiveness (BiH is one of the least innovative/competitive countries in Europe).
INSTRUMENTS 	Financial	-	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 Support for soft skills development: coaching, management training, upskilling/reskilling
		Funding collaboration initiatives Support to R&D projects, SMEs becoming cluster members, etc.	Infrastructure: coworking spaces, offices, incubation and accelerator spaces, research centres, technology parks etc. Support for hard skill development: knowledge transfer, intellectual property, entrepreneurship, export advice, market intelligence



Policy type:	Broad policy	Broad policy (at regional level)	Broad policy (at regional level)
Policy name:	Medium-term work programme 2020-2022	Strategy for SME development in the Republic of Srpska 2021-2027	Development Strategy of the Federation of Bosnia and Herzegovina 2021-2027
		Support for networking and partnership building (at national and/or international level)	Support for soft skills development: coaching, management training, upskilling/reskilling Support for networking and partnership building (at national and/or international level)
	Explanation	The Medium-term work 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 in both financial support and technical expertise.
HISTORY 	Period	Limited period	Limited period
	Ending year (for policies with limited period)	2022	2027



Policy type:		Broad policy	Broad policy (at regional level)	Broad policy (at regional level)
Policy name:		Medium-term work programme 2020-2022	Strategy for SME development in the Republic of Srpska 2021-2027	Development Strategy of the Federation of Bosnia and Herzegovina 2021-2027
	Starting year	2020	2021	2021
	Explanation	Since 2014, the Government issues bi-annual medium-term work programmes, for planned activities. The current programme is available for 2020-2022.	The Strategy is applicable for the period 2021-2027, in line with the EU budget period.	The Strategy is applicable for the period 2021-2027, in line with the EU budget period.
BUDGET 	Overall	-	Total value EUR 82 million; while activities mentioning cluster support for the inclusion in global value chains: EUR 511 thousand.	-
	Annual	-	-	-
	Source of funding	State budget and unspecified "other sources".	The Investment-Development Bank of the RS (IRBRS) and the Guarantee Fund of the RS provide the main funding share, while the remaining share comes from other sources such as the: state budget, local budgets, 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 medium-term work programme is published each year. However, the	In the past, the strategies' progress was evaluated annually, as the government and the National Assembly adopt the report. The current strategy mentions that mid-	No policy evaluation has been identified.



Policy type:	Broad policy	Broad policy (at regional level)	Broad policy (at regional level)
Policy name:	Medium-term work programme 2020-2022	Strategy for SME development in the Republic of Srpska 2021-2027	Development Strategy of the Federation of Bosnia and Herzegovina 2021-2027
	progress on cluster development is not covered in the annual report.	evaluation will take place in 2024/2025 and the final evaluation is expected in 2027/2028.	
POLICY ALIGNMENT WITH THE EU PRIORITIES 	Resilience		Green Economy Digitalisation

02

State of play of cluster policy



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2. State of play of cluster policy

This section presents an overview on the state of play of Bosnian 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. The regional cluster policy example is not included in this assessment.

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 the detailed overview of the categories and the scoring system.

The table below presents an overview of the **maturity assessment for Bosnia and Herzegovina** for 2022. The total score of Bosnia and Herzegovina is 2,5 points out of 8.

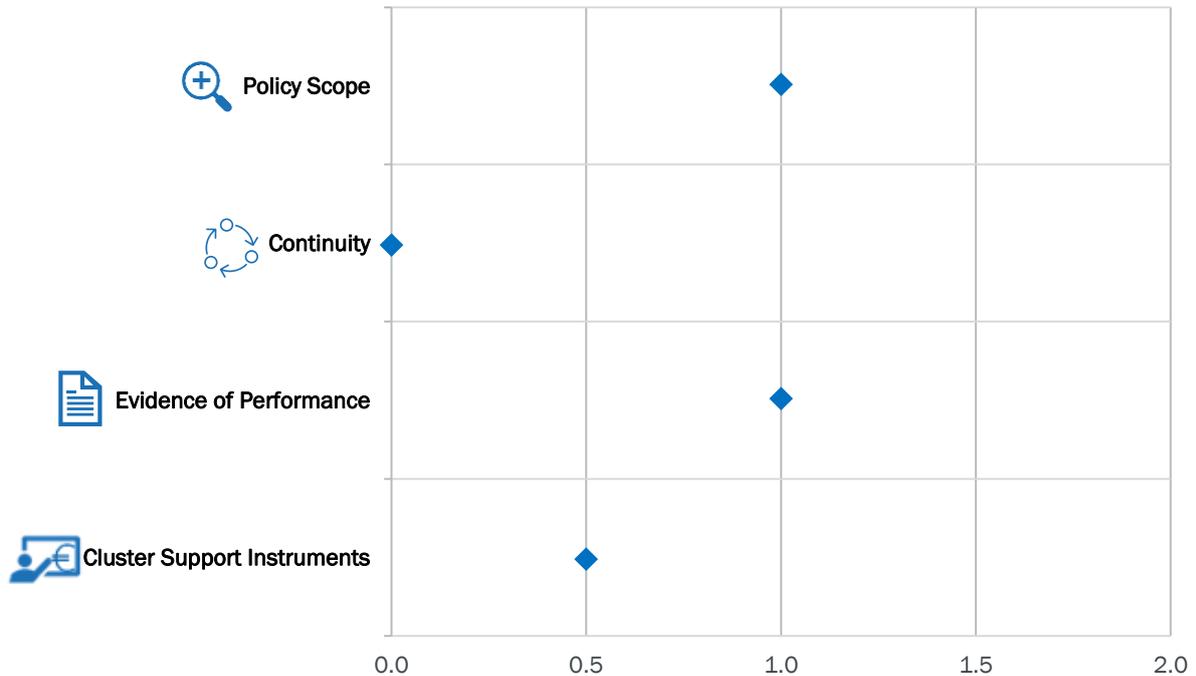
Bosnia and Herzegovina	MATURITY ASSESSMENT	Max score	Actual score
POLICY SCOPE	Absence of cluster policy	0	
	Broad policy	0,5	
	Sectoral policy	1	1
	National and/or regional cluster policy	2	
CONTINUITY	No cluster-specific policy available	0	0
	Cluster policy established recently	0,5	
	Cluster policy 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)			2,5

Source: ECCP (2022)



Drawing from the table above that showcases the scored points in Bosnia and Herzegovina'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 – Bosnia and Herzegovina



Source: ECCP (2022)

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

Policy scope

There is no policy targeting cluster development specifically and this is only done through broader policies. Likewise, regional policies support clusters within the framework of broader business development policies.

Continuity

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. The 'Strategy for the Development of Bosnia and Herzegovina' (2010) mentioned that the limiting factors for the country's economic development were the lack of a national single market and compliance with international rules for export. The next state 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 the country's overall 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 had been 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 (Medium-term work programmes) 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 recognised as an important obstacle for cluster formation and improving the present situation.

Besides the state level, due to the complex country structure divided into two entities (i.e. Federation BiH (FBiH), Republic of Srpska (RS)), one district (i.e. Brcko district) and ten cantons (i.e. sub-entities of Federation BiH and municipalities), there are different territorial strategies which also tackle cluster development. (i) For the FBiH, clusters were mentioned under the 'Strategy Development of Federation BiH 2010-2020'. Cluster development is currently covered under the newly adopted 'Strategy Development of Federation BiH 2021-2027'. (ii) In the past, the Republic of Srpska mentioned clusters under the 'Strategy for SME development 2016-2020'. The cluster policy is currently covered under the newly adopted 'Strategy for SME development 2021-2027'. However, state support for the formation of first clusters dates back to 2007. Furthermore, in the period between 2013-2015, the RS implemented a 'Programme for promotion and cluster development in Republic of Srpska'. (iii) There are no registered cluster initiatives and organisations on the territory of Brcko district.

Evidence of performance

On the state level, an annual review report on the medium-term work programme is published each year. However, the progress on cluster development in particular is not covered in the annual report.

In the RS, in the past, the strategies' progress was evaluated annually, as the government and the 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.

For the FBiH no evidence of performance could be identified.

Cluster support instruments

Specific cluster support instruments, which tend to describe broader strategic goals and more general projects are absent in state-level programmes. Meanwhile on the regional level, some initial instruments for financial and technical support are present. However, these are not integrated into a dedicated cluster development 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)