



EUROPEAN CLUSTER
COLLABORATION PLATFORM

Country factsheet

Bosnia and Herzegovina

An initiative of the European Union





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01

Introduction and economic policy context



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1. Introduction and economic policy context



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 2022 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.

02

National cluster policy, programmes and initiatives



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2. 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 2023), 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.



Table 1: Overview of cluster policy in Bosnia and Herzegovina

Policy type:	Broad policy	Broad policy (at regional level)	Broad policy (at regional level)
Policy name:	Three-year work plan 2022-2024	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 Fostering R&D activities, technology development and implementation Fostering innovation and strengthening innovation ecosystems Supporting the consolidation of existing cluster organisations	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





Policy type:	Broad policy	Broad policy (at regional level)	Broad policy (at regional level)
Policy name:	Three-year work plan 2022-2024	Strategy for SME development in the Republic of Srpska 2021-2027	Development Strategy of the Federation of Bosnia and Herzegovina 2021-2027
	Supporting the creation of new cluster organisations Promoting entrepreneurship, start-ups and spin-offs		Promoting employment and upgrading skills and competences Connect to global supply chains
	<p>The three-year plan 2022-2024 is focused on implementing the Small Business Act for Europe (SBA), the Action Plan for Innovations in Small and Medium Enterprises for the period 2021-2023 and defining the framework of SME support policies to be adopted and developed in order to improve the business environment and increase the competitiveness of SMEs.</p> <p>Clusters are not explicitly mentioned but there is a programme stream that supports the "Establishment of sectoral networks for innovation and strengthening of existing ones (metal sector, wood, IT...)". (Activity 3.3). Furthermore, measure 4 supports the development of entrepreneurial infrastructure in the form of entrepreneurial zones and their support institutions.</p> <p>Other activities aim to support business development, research-business collaboration as well as strengthening</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,</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:	Three-year work plan 2022-2024	Strategy for SME development in the Republic of Srpska 2021-2027	Development Strategy of the Federation of Bosnia and Herzegovina 2021-2027
	R&D activities and the innovation system.	websites (particularly in industry and tourism).	
POLICY FOCUS 	Sectoral	No specific focus	No specific focus
	Most of the programme streams are open to all sectors. One programme stream, however, specifically targets the IT sector and the collaboration of manufacturing and IT businesses (with about ¼ of the overall funding).	Any sector can be supported.	Any sector can be supported.
RESPONSIBLE AUTHORITIES 	Both drafting and implementation	Both drafting and implementation Provides funding	Both drafting and implementation
	The Federal Ministry of Development, Entrepreneurship and Trade is in charge of drafting and implementing the work plan.	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	The strategy is issued and drafted by the Government of the FBiH with the support of the Federal Institute for Development Programming and the support of other foreign funded programs. However, the implementation is done by different Ministries, cantons and municipalities.



Policy type:		Broad policy	Broad policy (at regional level)	Broad policy (at regional level)
Policy name:		Three-year work plan 2022-2024	Strategy for SME development in the Republic of Srpska 2021-2027	Development Strategy of the Federation of Bosnia and Herzegovina 2021-2027
			adopted by the government and the National Assembly.	
BENEFICIARIES 		SMEs Research organisations Start-ups Business associations	SMEs Cluster organisations Start-ups Research organisations Academic institutions Technology centres	SMEs Cluster organisations Start-ups Research organisations Academic institutions Technology centres
		The work plan primarily supports SMEs, their collaboration with research organisations and start-ups. There is a programme stream for business organisations and networks.	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. Financing start-ups	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.



Policy type:		Broad policy	Broad policy (at regional level)	Broad policy (at regional level)
Policy name:		Three-year work plan 2022-2024	Strategy for SME development in the Republic of Srpska 2021-2027	Development Strategy of the Federation of Bosnia and Herzegovina 2021-2027
	Technical assistance	Infrastructure: coworking spaces, offices, incubation and accelerator spaces, research centres, technology parks etc. Support for networking and partnership building (at national and/or international level)	Support for hard skill development: knowledge transfer, intellectual property, entrepreneurship, export advice, market intelligence Support for soft skills development: coaching, management training, upskilling/reskilling Support for networking and partnership building (at national and/or international level)	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 Support for soft skills development: coaching, management training, upskilling/reskilling Support for networking and partnership building (at national and/or international level)
	Explanation	<p>The work plan provides financial support for business collaboration, R&D, and start-ups.</p> <p>There is technical support in the form of entrepreneurial infrastructures and networking support.</p>	<p>The clusters are at the early stage of development, so they require basic capacity building support in both financial support and technical expertise.</p>	<p>The clusters are at the early stage of development, so they require basic capacity building support in both financial support and technical expertise.</p>
	Period	Limited period	Limited period	Limited period



Policy type:		Broad policy	Broad policy (at regional level)	Broad policy (at regional level)
Policy name:		Three-year work plan 2022-2024	Strategy for SME development in the Republic of Srpska 2021-2027	Development Strategy of the Federation of Bosnia and Herzegovina 2021-2027
HISTORY 	Ending year (for policies with limited period)	2024	2027	2027
	Starting year	2022	2021	2021
	Explanation	The work plan sets the framework for the Ministry's business support activities for the years 2022-2024.	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	EUR 18,408,666 ¹	Total value EUR 82 million; while activities mentioning cluster support for the inclusion in global value chains: EUR 511 thousand.	-
	Annual	2022: EUR 5,468,131 2023: EUR 6,463,682 2024: EUR 6,476,853	-	-
	Source of funding	The work plan is funded from the state budget.	The Investment-Development Bank of the RS (IRBRS) and the Guarantee Fund of the RS provide the main funding share, while the	-

¹ Converted from Bosnia and Herzegovina Convertible Marks according to the InforEuro conversion rate for 11/2023. Available under: https://commission.europa.eu/funding-tenders/procedures-guidelines-tenders/information-contractors-and-beneficiaries/exchange-rate-inforeuro_en (accessed 21.11.2023).



Policy type:		Broad policy	Broad policy (at regional level)	Broad policy (at regional level)
Policy name:		Three-year work plan 2022-2024	Strategy for SME development in the Republic of Srpska 2021-2027	Development Strategy of the Federation of Bosnia and Herzegovina 2021-2027
			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	The work plan foresees financial and other reports.	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.	No policy evaluation has been identified.
POLICY ALIGNMENT WITH THE EU PRIORITIES 		Green Economy Digitalisation		Green Economy Digitalisation



03

State of cluster policy



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3. State of cluster policy

This section presents an overview on the state of play of cluster policy in Bosnia and Herzegovina in the form of a qualitative assessment across four categories of analysis – policy scope, continuity of cluster policies, evidence of performance, and the range of cluster support instruments. Please refer to the **Annex** for the detailed overview of the categories. The table below presents an overview of the **state of play of cluster policy in Bosnia and Herzegovina** for 2023.

Table 2: State of Play

Bosnia and Herzegovina	State of Play
POLICY SCOPE	Absence of cluster policy
	Broad policy
	Sectoral policy
	National and/or regional cluster policy
CONTINUITY	No cluster-specific policy available
	Cluster policy established recently
	Cluster policy established between over 2 and 10 years
	Cluster policy established over 10 years ago
EVIDENCE OF PERFORMANCE	No evaluation and / or monitoring available
	Existence of evaluations of past policies
	Existence of monitoring or an ongoing / interim evaluation
	Existence of monitoring and ex-ante or ongoing / interim evaluation
CLUSTER SUPPORT INSTRUMENTS	No instruments for cluster development
	Financial support for cluster development in the broader and / or sectoral policy
	Financial or technical support for cluster development in dedicated cluster policy
	Financial and technical support for cluster development in dedicated cluster policy

Source: ECCP (2023)

The text below provides a **qualitative description** of the state of play of the cluster policy in Bosnia and Herzegovina.



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 recent 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. The work plan of the Federal Ministry of Development, Entrepreneurship and Trade for 2022-2024 continues an SME-focused business development strategy with a focus on the collaboration of manufacturing and IT sectors as well as energy efficiency measures.

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, the work plan foresees regular financial and other reports.

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.

References



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References

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Annex

Table 3: Analytical framework for the state of cluster policy

Criterion	Description	Categorical variables
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	absence of cluster policy existence of broader policies existence of specific sectoral policies existence of targeted cluster policies
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	absence of policies supporting cluster development cluster policy established recently (within the last 2 years) cluster policy established between over 2 and 10 years cluster policy established over 10 years ago
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	no evaluation and / or monitoring available existence of evaluations of past policies, e.g. ex-ante existence of monitoring or an ongoing / interim evaluation existence of monitoring and ex-ante or ongoing / interim evaluation
Cluster Support Instruments	assessment whether the policies provide any instruments to support the policy implementation, being these financial and/or technical support	no instruments for cluster development financial support for cluster development in the broader and / or sectoral policy financial or technical support for cluster development in dedicated cluster policy financial and technical support for cluster development in dedicated cluster policy

Source: ECCP (2023)