



EUROPEAN CLUSTER
COLLABORATION PLATFORM

Country factsheet

Kosovo

An initiative of the European Union





Contents

1. Introduction and economic policy context	4
2. National cluster policy, programmes and initiatives	6
3. State of cluster policy	12
References	15
Annex.....	16



01

Introduction and economic policy context



EUROPEAN CLUSTER
COLLABORATION PLATFORM

Strengthening the European economy through collaboration

1. Introduction and economic policy context



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 2023 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 European 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:

- an overview of the Strategy for Industrial Development and Business Support of Kosovo,
- an assessment of the state of play of the national cluster policy.



02

National cluster policy, programmes and initiatives





2. 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 Strategy for Industrial Development and Business Support 2030.

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 Kosovo.




Table 1: Overview of cluster policy in Kosovo

Policy type:	Broad policy
Policy name:	Strategy for Industrial Development and Business Support 2030
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 resilience and sustainable economy and other solidarity-based initiatives</p> <p>Promoting employment and upgrading skills and competences</p> <p>Increase supply chain resilience</p> <p>The Strategy for Industrial Development and Business Support 2030 (SIDBS) is the first distinct industrial policy in the post-independent period. The Government of Kosovo developed the policy to provide a strategic policy framework for fostering industrial development. SIDBS identifies specific priority policy actions. These actions are:</p>



Policy type:	Broad policy
Policy name:	Strategy for Industrial Development and Business Support 2030
	<ul style="list-style-type: none"> • supporting the establishment of modern industrial parks with eco-friendly features to attract investment and facilitate inter-firm horizontal and vertical collaboration. • creating a national facility for product certification to accelerate international market penetration, including supporting conformity assessment bodies. • scaling up the Export Finance Facility of the Kosovo Credit Guarantee Fund (KCGF) to improve access to financing for export-oriented manufacturers. • upgrading the import tariff regime for selected manufacturing goods to reduce the high dependency on foreign suppliers and inputs. • implementing a labour manufacturing program that combines wage subsidy and in-company apprenticeships to address the high level of unemployment among vulnerable groups. • creating a skills credit scheme to enhance skills among the workforce for more and better engagement in manufacturing. • supporting increased investments in green technologies through combining loans and grants to improve efficiency and digitalisation. • upgrading public procurement legislation to provide incentives for domestically produced and green products. • offering tax incentives for investments in product innovation to encourage greater innovation toward higher value-added products.
POLICY FOCUS 	Sectoral focus <p>The manufacturing sector is identified as key by the SIDBS in the structural transformation of Kosovo's economy. It is considered as the sector with the highest potential to create significant productivity and value addition gains by absorbing new technologies and innovation.</p> <p>The SIDBS is closely aligned with the National Development Strategy 2030 (NDS), the overarching strategic document for Kosovo's national development. However, the NDS doesn't contain specific support for Clusters.</p>
	In charge of drafting




Policy type:		Broad policy
Policy name:		Strategy for Industrial Development and Business Support 2030
RESPONSIBLE AUTHORITIES 		In charge of implementation The SIDBS was mainly drafted by Kosovo's Ministry of Industry, Entrepreneurship and Trade.
BENEFICIARIES 		SMEs Research organisations Academic institutions Business associations Large firms Policy makers The foreseen actions outlined in the draft action plan of the SIDBS benefit a wide array of actors. These include the support of businesses and higher educations as well as the drafting of laws.
INSTRUMENTS 	Financial	Funding collaboration initiatives Support to R&D projects, SMEs becoming cluster members, etc. Application to labelling schemes and similar initiatives 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



Policy type:		Broad policy
Policy name:		Strategy for Industrial Development and Business Support 2030
HISTORY 	Explanation	A draft action plan that specifies the activities for the first three years of strategy implementation until 2026 in line with the priority policy actions has been developed. It contains 75 activities involving four types of interventions around specific priority policy actions: regulatory interventions, government incentives, informational interventions, and those involving public ownership. ¹
	Period	Limited period
	Ending year (for policies with limited period)	2030
	Starting year	2023
BUDGET 	Explanation	The SIDBS contains Kosovo's vision for its industry by 2030.
	Overall	€69.1 million (only for the period 2023-2025).
	Annual	€20.2 million for 2023 (€4.96 million capital and €15.34 million current).
	Source of funding	The source of founding is mainly Kosovo's state budget, complemented by donors and international development partners. The draft action plan contains the yearly foreseen budgets until 2026 (different for each year).
	Availability	no policy evaluation

¹ Draft Action Plan of the Strategy for Industrial Development and Business Support 2030: <https://mint.rks-gov.net/desk/inc/media/BA0E8A1F-206D-4902-B9E9-83DDE8538754.pdf>



Policy type:		Broad policy
Policy name:		Strategy for Industrial Development and Business Support 2030
POLICY EVALUATION 	Results	There is no policy evaluation available yet. A mid-term review of the SIDBS is planned.
	POLICY ALIGNMENT WITH THE EU PRIORITIES 	Green Economy Digitalisation Resilience



03

State of cluster policy





3. State of cluster policy

This section presents an overview on the state of play of Kosovo's cluster policy in the form of a qualitative assessment across 4 areas of analysis – policy scope, continuity of cluster policies, evidence of performance, and the range of cluster support instruments. Please refer to the Annex for a detailed overview of the categories and the scoring system. The table below presents an overview of the **state of play of Kosovo's cluster policy** for 2023.

Table 2: State of play

Kosovo	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 Kosovo.

Policy scope

The SIDBS promotes cluster development in the manufacturing sector. It identifies the priority sectors in the manufacturing industry that contribute significantly to the economic development of Kosovo.

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).

Kosovo entrepreneurs, with support from the United States Agency for International Development (USAID) have emerged as promising players in the prefabricated homes industry and have established a cluster of prefabricated buildings. Notably, data from Kosovo Customs reveals an 126% increase in exports of Kosovo-made prefabricated homes over the past two years, with exports exceeding €8.2 million in 2022 alone.

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. A mid-term review of the SIDBS is planned.

Cluster support instruments

There is no support for a dedicated cluster policy.

² See the cluster's website available under: <https://mireckcluster.org/about-us/> (last accessed 05.01.2024).

References



EUROPEAN CLUSTER
COLLABORATION PLATFORM

Strengthening the European economy through collaboration



References

Republic of Kosovo, Ministry of Industry, Entrepreneurship and Trade (2023). Draft Action Plan of the Strategy for Industrial Development and Business Support 2030. Available under: <https://mint.rks-gov.net/desk/inc/media/BA0E8A1F-206D-4902-B9E9-83DDE8538754.pdf> (last access: 05 January 2024).

Republic of Kosovo, Ministry of Industry, Entrepreneurship and Trade (2023). Strategy for Industrial Development and Business Support 2030 ("Industrial Policy"). Available under: <https://mint.rks-gov.net/desk/inc/media/242E31B4-01F1-461C-A4FA-911B8E66E9BD.pdf> (last access: 05 January 2024).

United States Agency for International Development (2023). Kosovo's Prefab Homes Industry Makes its Mark in International Markets. Available under: <https://www.usaid.gov/kosovo/news/aug-28-2023-kosovos-prefab-homes-industry-makes-its-mark-international-markets> (last access: 05 January 2024).



Annex

Table 3: Analytical framework for the state of cluster policy

Criterion of maturity assessment	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).