



EUROPEAN CLUSTER  
COLLABORATION PLATFORM

# Country factsheet

North Macedonia

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 North Macedonia. 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 [North Macedonia 2023 Report](#) and the [North Macedonia Factograph](#). The 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 North Macedonia and the global economy. North Macedonia's [Plan for Accelerated Economic Growth 2022-2026](#) recognizes the need to counter these economic challenges but does not mention cluster development as an explicit means to handle them. In addition to the COVID-19 pandemic, the ongoing Russian military aggression against Ukraine and the ensuing international market disruptions reaffirm the importance of cluster development in order to strengthen North Macedonia's economic resilience.

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

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

- 1) an overview of the sectoral (industrial) policy in North Macedonia,
- 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 cluster policies in North Macedonia 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 North Macedonia's Industrial Strategy 2018-2027, as this policy both promotes the general collaboration of different actors from business and society to foster regional development and explicitly supports cluster development.

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 North Macedonia.

**Table 1: Overview of cluster policy in North Macedonia**



Policy type:	Sectoral policy
Policy name:	Industrial Strategy of the Republic of Macedonia 2018-2027
<b>POLICY OBJECTIVES</b> 	<b>Strengthening cooperation between companies or industry and RTDI actors</b> <b>Increasing competitiveness and boosting scale up of SMEs</b> <b>Supporting internationalisation activities</b> <b>Enhancing the visibility of clusters</b> <b>Fostering R&amp;D activities, technology development and implementation</b> <b>Fostering innovation and strengthening innovation ecosystems</b> <b>Supporting the consolidation of existing cluster organisations</b> <b>Supporting the creation of new cluster organisations</b> <b>Promoting entrepreneurship, start-ups and spin-offs</b> <b>Promoting social and sustainable economy and other solidarity-based initiatives</b> <b>Promoting employment and upgrading skills and competences</b>



Policy type:	Sectoral policy
Policy name:	Industrial Strategy of the Republic of Macedonia 2018-2027
	<p><b>Increase supply chain resilience</b></p> <p>The “Industrial Strategy of the Republic of Macedonia 2018-2027”<sup>1</sup> (ISRM) outlines the national strategy for increasing competitiveness. In contrast to its predecessor, the “Industrial Policy of the Republic of Macedonia 2009-2020”, it does not have cluster development among its explicit headline targets. Measure 1.6, though, is focused on the “Further development of industrial clusters with a focus on innovation and competitiveness”. The goal is to develop existing clusters from mere business organisations into true hubs of innovation. As first steps, the Strategy proposes to “develop demonstration industrial/manufacturing clusters as a best practice of innovation clustering through a ‘Pilot Integrated Cluster Programme for Immature Clusters’ involving a mixture of capacity building, awareness raising, consultancy and grant funding”. Beyond that dedicated cluster development measure, a broad range of the other objectives and measures are designed to support SMEs and, implicitly, clusters regarding the integration into global value chains, skill development, innovation, scaling-up, research cooperations, and many more. On top of that, there is a strengthened emphasis on sustainability and the green economy.</p>
<p><b>POLICY FOCUS</b></p> 	<p><b>Sectoral</b></p> <p>The ISRM 2018-2027 has a dedicated focus on the manufacturing sector. The reasoning is that there are a range of other broad policies in the field of innovation and competitiveness, which obviates the need for another broad and generic industrial strategy, like the previous version had been. A stronger focus on the manufacturing sector, thus, helps to reduce overlaps and redundancies.</p>
<p><b>RESPONSIBLE AUTHORITIES</b></p> 	<p><b>In charge of drafting</b></p> <p><b>In charge of implementation</b></p> <p><b>Provides funding</b></p> <p><b>Oversees the implementation</b></p> <p>The Ministry of Economy is the “key ministry” for industrial policy and has the leading role in drafting, implementation, funding as well as monitoring and evaluation. A great many other ministries, agencies, offices, chambers, NGOs, etc. are involved in the</p>


<sup>1</sup> The documents „Industrial Strategy of the Republic of Macedonia 2018-2027” and “Industrial Strategy with a focus on Manufacturing”, both dating from Octobre 2018, are identical in content as far as one can tell. This analysis is based on the latter as it was available in English. See the bibliography for both documents.





Policy type:	Sectoral policy	
Policy name:	Industrial Strategy of the Republic of Macedonia 2018-2027	
	implementation of the individual measures. Funding comes from different sources beyond the state budget like private investment and international donors, but the Ministry of Economy is in charge of coordinating all funds.	
<b>BENEFICIARIES</b> 	<p><b>SMEs</b></p> <p><b>Cluster organisations</b></p> <p><b>Research organisations</b></p> <p><b>Academic institutions</b></p> <p><b>Start-ups</b></p> <p><b>Business associations</b></p> <p><b>Large firms</b></p> <p><b>NGOs</b></p> <p><b>Technology centres</b></p> <p><b>General population</b></p> <p>SMEs and large firms profit from a broad range of measures including technology transfer support, supply chain integration and innovation funding. Fast growing SMEs ("gazelles"), micro firms, Start-ups receive special funding and other services like a "MakerSpace" (also "FabLab") – essentially a technology centre – or entrepreneurial training. Cluster organisations shall be modernised to be more focused on innovation. Research and academic institutions benefit from linkages to industry and sponsored PhD positions. Business associations are key partners and, like NGOs, as stakeholders involved in the implementation of the programme. The general population benefits from the increased focus on sustainable production in general, and skill development programmes in particular.</p>	
<b>INSTRUMENTS</b> 	<b>Financial</b>	<p><b>Support to R&amp;D projects, SMEs becoming cluster members, etc.</b></p> <p><b>Application to labelling schemes and similar initiatives</b></p> <p><b>Subsidies to hire personnel</b></p>






Policy type:		Sectoral policy
Policy name:		Industrial Strategy of the Republic of Macedonia 2018-2027
		<b>Supporting market entry (e.g. testing, proof-of concept, prototyping, demonstration projects)</b> <b>Financing start-ups</b> <b>Innovation: voucher, support to hire PhDs, cooperation with R&amp;I actors</b>
	Technical assistance	<b>Infrastructure: coworking spaces, offices, incubation and accelerator spaces, research centres, technology parks etc.</b> <b>Support for hard skill development: knowledge transfer, intellectual property, entrepreneurship, export advice, market intelligence</b> <b>Support for soft skills development: coaching, management training, upskilling/reskilling</b> <b>Support for networking and partnership building (at national and/or international level)</b> <b>Marketing activities: advertising, communication, events, fairs, and so on</b>
	Explanation	<p>Financial instruments provide mainly support to R&amp;D projects that bring together different companies along the supply chain in addition to research and academic institutions. Labelling schemes and standards shall promote internationalisation and visibility. Further support is given for early-stage product development and market entry. Special funding is provided for start-ups. Sponsored PhDs and part-time schemes support the hiring of scientific personnel and exchange with academic institutions.</p> <p>Technical assistance is provided broadly in the form of technology centres, technology transfer, export advice and market analysis through agencies and platforms like InvestMacedonia, management training, upskilling, economic diplomacy, and international marketing.</p>
<b>HISTORY</b> 	Period	<b>Limited period</b>
	Ending year (for policies with	2027



Policy type:		Sectoral policy
Policy name:		Industrial Strategy of the Republic of Macedonia 2018-2027
	<i>limited period)</i>	
	<b>Starting year</b>	2018
	<b>Explanation</b>	The Industrial Strategy is designed for the 2018-2027 period to lead up to and cover the EU budget period of 2021-2027.
<b>BUDGET</b> 	<b>Overall</b>	The overall budget for the Industrial Strategy is not publicly available. However, according to Annex B, the budget for measure 1.6 ("Further development of industrial clusters") was projected at EUR 2 Million for the 2019-2022 period, to be provided by a donor.
	<b>Annual</b>	There are no annual budget numbers available.
	<b>Source of funding</b>	The budget is to be covered by the government, the use of EU funds and donor programs by EUD, GIZ, USAID, UNDP, Swiss Contact, EBRD, World Bank, and others.
<b>POLICY EVALUATION</b> 	<b>Pre-defined</b>	<b>In-itinerere</b>
	<b>Results</b>	<p>The Strategy foresees annual self-evaluations of the implementation of the action plan by the Ministry of Economy. Furthermore, independent evaluations shall be commissioned every three years, with the first at the end of 2020 to evaluate the first action plan (2018-2020) and two more at the end of 2023 and in 2026/27 to evaluate subsequent action plans and finally the whole Strategy.</p> <p>Monitoring and evaluation reports shall be published on <a href="https://konkurentnost.mk/">https://konkurentnost.mk/</a>, however, the report section was still empty at the time of the research for this factsheet (as of 03.10.2022).</p> <p>Evaluations of the previous Industrial Policy 2009-2020 were foreseen and are referred to in the new Strategy but appear to be not publicly available. The Strategy provides a short summary in the introduction.</p>



Policy type:	Sectoral policy
Policy name:	Industrial Strategy of the Republic of Macedonia 2018-2027
<p><b>POLICY</b></p> <p><b>ALIGNMENT WITH THE EU PRIORITIES</b></p> 	<p><b>Green economy</b></p> <p><b>Resilience</b></p>

Source: ECCP (2023).



# 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 North Macedonia 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 North Macedonia** for 2023.

**Table 2: State of play**

North Macedonia	State of play
<b>POLICY SCOPE</b>	Absence of cluster policy
	Broad policy
	Sectoral policy
	National and/or regional cluster policy
<b>CONTINUITY</b>	No cluster policy available
	Cluster policy established recently
	Cluster policy established between over 2 and 10 years
	Cluster policy established over 10 years ago
<b>EVIDENCE OF PERFORMANCE</b>	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
<b>CLUSTER SUPPORT INSTRUMENTS</b>	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 North Macedonia.

#### **Policy Scope**

The Industrial Strategy 2018-2027 has a dedicated manufacturing focus. The reasoning is twofold. First, there is already a range of broad policies promoting competitiveness and innovation (e.g. the SME policy). Therefore, another broad industrial policy would produce numerous redundancies, while a more focused approach reduces them. Second, recent developments in European and international thinking about industrial policy and economic development have reemphasized the importance of manufacturing for the national economy. Targeting the manufacturing sector specifically is therefore justified by the positive spill-over effects it has on the rest of the economy.



### **Continuity**

There is no dedicated cluster policy in North Macedonia. A cluster development programme was intended in the previous Industrial Policy 2009-2020 but has not been further developed. The current Industrial Strategy 2018-2027 envisions more limited measures for cluster development. A “Cluster Development Strategy 2018-2025” mentioned in some places could not be verified.

### **Evidence of Performance**

The Strategy foresees annual self-evaluations of the implementation of the action plan by the Ministry of Economy. Furthermore, independent evaluations shall be commissioned every three years, with the first at the end of 2020 to evaluate the first action plan (2018-2020) and two more at the end of 2023 and in 2026/27 to evaluate subsequent action plans and finally the whole Strategy.

Monitoring and evaluation reports shall be published on <https://konkurentnost.mk/>, however, the report section was still empty at the time of the research for this factsheet (as of 03.10.2022).

Evaluations of the previous Industrial Policy 2009-2020 were foreseen and are referred to in the new Strategy but appear to be not publicly available. The Strategy provides a short summary in the introduction.

### **Cluster Support Instruments**

The Industrial Strategy 2018-2027 provides both financial and technical assistance to large firms, SMEs and other relevant actors in the manufacturing sector, but without a dedicated focus on cluster development. There are, however, measures to develop a new pilot cluster and to reorient existing cluster organisations towards innovation and competitiveness.

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## Annex

**Table 3: Analytical framework for the state of cluster policy**

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

Source: ECCP (2023).