# Cluster development in the EaP countries: overview of project work and policy recommendations

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# Background: EaP+ project activities supporting EaP-EU cluster collaboration

→Review of the state of development of clusters in EaP countries *(March 2017)*

→Launch of the cluster grant scheme call and selection of clusters *(December 2017)*

→Implementation of cluster activities *(end of 2017- end of 2018)*

→Workshop *"Towards cluster collaboration between EU - Eastern Partnership countries"* was held for all involved clusters in Tbilisi, Georgia, to discuss collaboration, lessons learnt and recommendations *(July 2018)*

→Finalisation of activities and collection of feedback reports from clusters *(Dec 2018 – Feb 2019)*

→Analysis of the collaboration and final report with recommendations *(March - May 2019)*

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# Cluster landscape in EaP countries: main characteristics

→The cluster landscape in the EaP countries is not yet well developed, despite a growing political interest in the topic and an increasing number of cluster-like organisations emerging

→Cluster policies in the EaP countries are in their early phase of development

→Existing cluster development related policies in the EaP countries are predominantly organised at a national level today, and there seems to be little interaction between national, regional and local levels of cluster development related policies

→All EaP countries have developed policy programmes tailored towards improving SME's competitiveness and internationalisation and the development of high potential sectors. There is also a growing dynamic for regional sectorial specialization. These are good indicators that there is a progressive build up, both from institutions and businesses, for cluster development in the future.

# Georgia

Traditionally bottom-up cluster initiatives have forestalled top-down policy initiatives in Georgia. There have been some important steps taken in the last two years:

- The government entrusted GIZ to create a cluster policy, and it is now anticipated that a policy document will be adopted in the nearest future. GIZ also contributed to the establishment of two clusters: the Georgian Furniture cluster and ICT cluster.

- The Georgian Clusters' National Platform (GCNP) was recently established and now plays an important role in supporting clusters in the country and unites 10 clusters.

- the EU created an Action plan for economic and business development in Georgia for 2018-21 called *"Regional Development programme of Georgia"*

➡ Georgia can be considered as the EaP country where most advancements have taken place in the last two years.

# Armenia

- In Armenia there has been a strong policy development in recent years targeted at innovation, research, and technology development, nevertheless there is still no support or funding mechanism established on national level to support cluster development.

- Currently the Ministry of Economic Development and Investments of Armenia is developing a new Innovation Development Strategy which is supposed to include components on cluster development and smart specialization. The strategy is supposed to be adopted by the end of 2019.

- There are many associations in Armenia that resemble clusters, however the first formal cluster, Green Energy Cluster, has been established through the EaP Plus project's cluster grant scheme with the strong support of its EU partner, the Transylvanian Mechanical Engineering Cluster.

Armenia is the EaP country where cluster-oriented policies are the least developed and there were no formal cluster organisations before the EaP+ project. Nevertheless, the positive developments in the R&I landscape give promises for the next years.

# Belarus

- In Belarus, the official strategic plan was approved in 2014, however by 2019 it has not been followed by an effective implementation.

- In 2018 Belarus became visible on ECCP with 3 registered clusters

- The EaP+ cluster grant scheme has enabled the creation of "The Innovative and Industrial Cluster in the field of Biotechnologies and Green Economy"
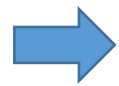
# Moldova

- In Moldova the government has adopted the "Concept of Industrial Cluster Development" in 2013.

- There are about 20 cluster-like organisations identified in Moldova, out of which 2 are registered on ECCP

Overall, it is very positive that the notion of clusters is recognised and that there are related strategic documents and action plans in place. Nevertheless, these documents have not been followed by an effective implementation. There are also no existing national cluster associations in these countries.

# Ukraine

- In Ukraine the **first document on cluster policy was prepared in 2008**. Nevertheless, there was no cluster-oriented state programme implemented in the past years and no steps taken to financially support cluster initiatives.

- Around **50 cluster-like organisations** were operational in Ukraine in the period 2012-2017, and there are clusters, such as the ICT Cluster in Lviv region that fully comply with the definition of clusters in Europe.

- There are currently **21 registered Ukranian clusters on the ECCP platform**, which is significantly higher compared to the number of registered clusters from other EaP countries.

  ➡ Out of the EaP countries, Ukraine has the highest number of clusters or cluster-like organisations. However, it would be important to implement a national cluster programme and to provide financial support to clusters.

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# Main drivers of cluster development in the EaP countries

- Political will – to develop cluster policies and take concrete actions for implementing the existing or emerging strategic plans in the next years
- Existence of policies and programmes targeted at R&I that contribute to set the ground for cluster development and effective cluster policies in all six countries
- Strong motivation and "bottom up" initiatives from the clusters' side – even with a lack of effective support on the national level, it is very inspiring to see the efforts made in all the EaP countries to create cluster or cluster-like organisations.
- The emergence of cluster associations, such as the Georgian Clusters' National Platform (GCNP) is a very positive sign and should be encouraged.
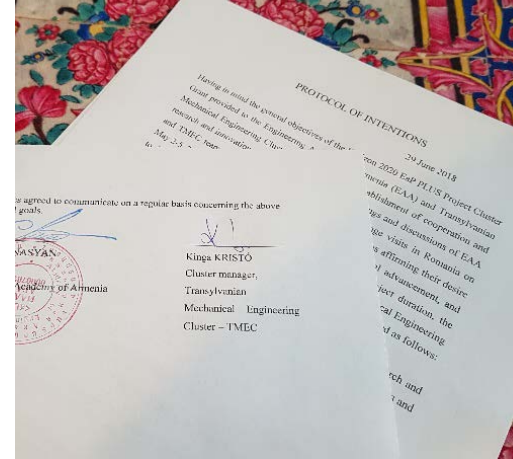
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# Main barriers to cluster development in the EaP countries

- While it is very positive that strategic documents and actions plans exist in countries such as Belarus and Moldova, and are being developed for example in Georgia, they have not been followed by an effective implementation, and there is no public funding available for the support of clusters in any of the EaP countries

- There is a lack of structured legislation devoted to clusters.

- There is often a vague understanding amongst policymakers of what a cluster organisation is and why it is worth promoting the creation and development of such organisations

- Cooperation between existing cluster initiatives in the EaP and EU countries is generally low

# Further barriers to cluster development in the EaP countries

- **Lack of trust** from the business sector towards clusters (there are many clusters in the EaP countries that actually do not do much – thus further exacerbating the lack of trust)
- Businesses might not understand what a cluster is and see the **added value/benefit** of joining a cluster
- **Lack of belief in cooperation with others**– businesses think they must do everything themselves contrary to the European mentality. There is a lack of B2B trust.
- **Lack of cluster networks** in the EaP countries that would provide support for cluster organisations and raise awareness on the concept of cluster
- **Clusters often lack visibility** – they may exist but not have a website or be present on platform, such as ECCP

# EaP PLUS: Cluster Grant Scheme outcomes

# Objective:

The EaP PLUS Grant Scheme was designed to enhance EU-EaP research and innovation partnership through cluster and cluster-like organisation cooperation. Overall 29 applications were received in response to the call, and 6 cluster pairs were selected.

## Winning Applications

| EaP Country | EaP Cluster | EU Cluster |
| --- | --- | --- |
| Ukraine | Precrapathian eco-energy cluster | SolarTech Nonprofit Ltd. (ArchEnerg Cluster), Hungary |
| Ukraine | Association of Industrial Automation of Ukraine | The Polish Research and Development Cluster of the Internet of Things - Lublin Science and Technology Park, Poland |
| Moldova | Energy and Biomass Cluster | GREEN ENERGY Innovative Biomass Cluster, Romania |
| Belarus | Polessky State University | Logistics and Transport North - South, Poland |
| Armenia | Engineering Academy of Armenia | Transylvanian Mechanical Engineering Cluster - TMEC, Romania |
| Georgia | Georgian Tourism Association | Cluster Montagne, France |

# Cluster workshop, Tbilisi, Georgia

- Two-day workshop
- Over 60 participants
- Speeches from Philipp Steinheim/GIZ; Lucia Seel/ECCP Fabian Russo/UNIDO, etc.



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# Cluster workshop (Tbilisi, Georgia, July 2018): analysis of the grant scheme success

- Enabled invaluable opportunities, such as **exchange of good practices**, expansion of the clusters' **international network** and opportunities for the members of the two clusters to engage in **matchmaking activities** and discuss future **cooperation opportunities.**

- Contributed to the **creation of 2 clusters** and had a significant impact on pushing for cluster-oriented policies in Ukraine

- The **EU clusters** provided positive feedback and claimed that the collaboration was **beneficial for them too,** expanding their network and opening up new collaboration opportunities for their members.

⟹ **Thus, a small grant can have a very big impact for developing clusters in the EaP countries. It can hopefully contribute to a changing mindset and motivate clusters in the EaP countries to engage in more international collaborations**

# Recommendations to reinforce cluster collaboration

**Recommendation 1:** Raise awareness amongst policymakers in the EaP countries on **why cluster organisations are beneficial and needed** & encourage the **exchange of good practices in terms of cluster policies and cluster development programmes** between policymakers and governmental institutions from EaP countries and the EU Member States
*[Target stakeholders: R&I actors (e.g. clusters, cluster associations, universities, researchers, etc.) in the EaP countries]*

**Recommendation 2:** **Set up the frame for effective cluster policies** and launch pilot **cluster programmes and financing** in the EaP countries
*[Target stakeholders: EaP policymakers]*

**Recommendation 3:** Set up national, as well as regional **cluster associations** in the EaP countries
*[Target stakeholders: EaP clusters, EaP R&I actors, EaP policymakers]*

# Recommendations

**Recommendation 4**: Boost **collaboration activities** between EaP and EU clusters
*[Target stakeholders: EaP clusters, EaP cluster associations, EaP policymakers]*

**Recommendation 5**: **Increase the visibility** of clusters
*[Target stakeholders: EaP clusters]*

**Recommendation 6**: **Harmonise cluster support policies towards the EaP countries**
*[Target stakeholders: EU policymakers]*

*Note: More details on the Cluster development & policies, the results of the cluster scheme, and recommendations can be found in the report which will be published soon on the EaP website.*

# Feedback from the cluster grantee is our best reward!

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