

**INFORMATION OFFICE OF THE STEERING PLATFORM
ON RESEARCH FOR THE WESTERN BALKAN COUNTRIES**
see-science.eu

Machačová Jana, Dall Elke (ed.)

Innovation Infrastructures in the Western Balkan Countries

Albania

Bosnia and Herzegovina

Croatia

The Former Yugoslav Republic of Macedonia

Montenegro

Serbia/UNMIK Kosovo

April 2008



**INFORMATION OFFICE OF THE STEERING PLATFORM
ON RESEARCH FOR THE WESTERN BALKAN COUNTRIES**
see-science.eu
(ed.)

THEMATIC REPORT

on Innovation Infrastructures in the Western Balkan Countries

Albania

D10

**VERSION 2
April 2008**



Information compiled by:
Jana Macháčová
Elke Dall

With special thanks to:
Lauresha Grezda
Edlira Muedini
Artan Samara
Jure Zrilič

Contents - Albania

1	Introduction.....	4
1.1	General Environment for Setting Up Innovation Infrastructures.....	4
1.2	Strategic Documents	8
1.3	Specific Programmes and Instruments.....	11
1.4	Financing.....	14
2	Existing Innovation Infrastructures in Albania	15
2.1	Key Government Players.....	15
	Ministry of Economy, Trade and Energy (METE), Department of Business Promotion (including the Sector of SME Policies)	15
	Ministry of Labour and Social Affairs	16
	Ministry of Education and Science (MoES).....	16
2.2	Key Innovation Infrastructures	16
	Meat Processing Cluster.....	17
	Medicinal and Aromatic Herbs Cluster.....	18
	Specialty Tourism Cluster.....	19
	Leather Goods/Shoe Production Industry Cluster	20
	Albanian Agency of Business and Investment (AlbInvest).....	21
	Albanian Economic Development Agency (AEDA).....	22
	Business Advisory Council (BAC).....	22
	Albanian Centre for International Trade (ACIT)	23
	Albania Center for Economic Research (ACER)	24
3	Conclusions/Recommendations	26
3	References	28
4	Further Sources.....	29
5	List of Acronyms / Definitions	32



1 Introduction

This thematic report is produced by the “Information Office of the Steering Platform on Research for Western Balkan Countries” and reviews the situation of Innovation Infrastructures in Albania.

The report is currently based upon desk research, as our questionnaires sent to Albanian institutions were not answered. Valuable contributions were received from contact persons from AlbInvest and United States Agency for International Development (EDEM - Albania Enterprise Development & Export Market Services).

The objective of this study is to enhance our understanding of the national innovation system in Albania. An overview of the situation as regards “Innovation Infrastructures” such as clusters, technology and innovation centres, technological and science parks, business-start-up centres/ technology incubators and some further related organisations is given. The general environment is described as well as important strategic documents and the main programmes and instruments for support. The report concludes with a list and description of the main infrastructures.

The report was compiled in summer 2007, published in printed version in October 2007 and updated in April 2008.

1.1 General Environment for Setting Up Innovation Infrastructures

This first section deals with rules and regulations, describes the national framework and the specific funds available.

Albania has made significant progress in transition reforms in recent years but significant challenges remain. Business environment suffers from a high level of corruption, serious shortcomings in the judiciary, and very weak institutional and law enforcement capacities. Despite sizeable investments in recent years, infrastructure is far from being adequate for private sector development, including substandard road network, lack of reliable power supply, and limited regard paid to environmental consequences of rapidly expanding economic activity. Poverty is also a significant issue, particularly outside the main Tirana – Durres area.

The main challenges for the government are therefore (The Government of Albania, 2006):

- Substantial strengthening of the public sector, including an effective and systematic fight against corruption and organised crime;
- Increased efficiency and impartiality of the judiciary and public administration, particularly the customs and the tax system; and resolution of land ownership;
- Infrastructure improvements, including upgrades of the road system, modernisation and expansion of seaports and regional airports, progress in restructuring and privatisation of utilities to ensure reliable services, particularly in power and telecom sectors, and greater attention paid to

- environmental issues, including waste disposal and wastewater treatment as well as environmental issues related to expansion of the private sector; and
- Improving access to finance, particularly for SMEs and enterprises outside the Tirana – Durrës area, as well as improving the business environment for foreign direct investments (FDIs) that would contribute to the development of the industrial sector.

Relatively good progress in building institutions responsible for elaborating and delivering Small and Medium Size Enterprise's (SMEs) policy and completing the relevant legal and institutional framework has been done. However, policy is still at an early stage of development in the broad regulatory area, particularly with respect to company registration, where Albania actually lags behind the rest of the Western Balkan region. Progress is still too dependent on donor support, raising questions about the medium-term sustainability of a number of programmes. Once these issues are addressed, Albania has the potential to move quickly to the next stage of policy development, where the focus will be on implementation more than elaboration.

Better access to technology, e-business and on-line services can help SMEs to be more competitive and innovative. There is a need to progressively reinforce technology networks to prepare for the future.

The joint report of EC and OECD on the implementation of the European Charter for Small Enterprises also finds that the situation in Albania warrants a renewed commitment for the introduction and implementation of business friendly policies over the next year. The challenge lies mainly in modernisation and speeding up of company registration procedure (OECD and EC, 2007).

The Government of Albania (GoA) informed in the Memorandum issued in June 2007, about several steps, which were taken in order to improve the Albanian business environment. The business registration process was set up the National Registration Center, and with assistance from the US Millennium Challenge account a one-stop shop for business registration by the end of September 2007 was established. Work to reduce barriers in the licensing system was intensified and has decreased the legal timeline for business registration from 30 to 8 days. GoA moved ahead with Regulatory Reform Task Force. The institutional framework to monitor these reforms has been set up; steps to develop the regulatory management system are being taken. There were efforts to improve the existing legal and regulatory frameworks done; and systematic monitoring and evaluation of reforms introduced. The legal environment in Albania has improved. Parliamentary passage in late 2006 of a new procurement law and a new concessions law will both serve to improve the transparency and competitiveness of the bidding process; while there are expectations that the passage in late 2006 of the law on the business advisory council and the law on chambers of commerce and industry will significantly improve the dialogue between government and the business community. In order to promote SMEs, additional donor funds for the financing of micro credits and small loans were secured; and a small fund to promote further SME development - the Competitiveness Fund - was established. The Fund is capitalized with about EUR 183.100 and has a mandate to promote the increased competitiveness of SMEs. The AlInvest agency was created to assume responsibility for the implementation of government policies with respect to SMEs, exports, and foreign direct investment.

There is a continuation with efforts under the Regulatory Reform Task Force to ease market entry barriers, to make the regulatory environment, more transparent, predictable, and simple; and to ensure a level playing field for local and foreign business. In order to support the development of SMEs, the encouragement of donor support for micro credits will continue; the SME Medium-Term Strategic Programme for 2007 - 2009 was finalised and follow-up actions will be carried out (The Government of Albania, 2007).

As informed by Lauresha Grezda from the USAID/EDEM, the National Business Registration Center (NBRC) has started its activity on September 3, 2007 and it's the first center of this kind in Albania. The one-stop shop will offer even services, which until now had been performed by the General Tax Directorate, enabling businesses to register within one day. This Center is financed by Millennium Challenge Corporation Threshold Programme (Millennium Challenge Corporation is a United States Government corporation). Twelve other one-stop shops will be opened in other districts of Albania. After submitting the forms, the citizens can, within 24 hours, take the respective documents certifying that their business has been registered with the NBRC together with the Individual Taxpayer Identification Number (ITIN).

Uvalić assessed in 2006 that the overall state of R&D infrastructure in Albania is not satisfactory. At the time of writing her report, there were neither research centres at the local or regional level, nor new technologies or innovation parks. The technology and technical research equipment has improved in recent years, but is still insufficient. Public and private R&D are underfunded. The communication and information infrastructure, the network access for higher education and research institutes, and the library information systems are highly inadequate and there is almost no access to electronic journals and Science Citation Index databases (Uvalić, 2006).

The Government and its agencies have a fundamental lead role to play in providing an environment favourable to research as well as business operations and conducive to private investment. This is especially true for small business. In order to flourish and grow they need an environment that facilitates and enables business start-up, does not hamper them with excessive and costly regulations and facilitates access to finance and business services. Cooperation between industry and science, and in particular between SMEs and research institutions also to be further promoted and financially supported.

In Albania, the leading agency has been the Albanian Economic Development Agency (AEDA) and various ministry departments, which mostly offer support through donor projects on training activities, participation on conferences, fairs and other promotional activities such as publications, brochures, etc.

There are more than 60 business support centres. Most information and consulting services are offered through the non-governmental network of Regional Development Agencies (RDA). But links to research and innovation are usually not specifically encouraged.

The business and innovation infrastructure in Albania is represented by:

- **Regional Development Agencies (RDAs):** There are 10 Regional Development Agencies operating since 1995 in 10 regions of Albania with the status of NGOs. The RDA's mission is "to serve as an intermediary bridge to business, donors, local authority and civil society, improve business climate and enhance the regional economic development through the implementation of common efforts for the coordination of programs serving as sourcing centres". The activities of RDAs are coordinated also by the Regional Development Agency Tirana. For more information about RDAs, please contact the Director of National Center of the RDAs, Ilir Rembeci (email: ilirrda@albmail.com).

- **Local Economic Development Agencies (LEDAs):** Local Economic Development Agencies are foundations, established with the support of the UNOPS-PASARP Programme. They are independent and owned by local public and private member institutions in the region.

Their aim is contribution to the definition and implementation of the objectives for the local economic development of the region of Shkodra, Durrës, Vlora. They focus their activity on the improved exploitation of local resources, and the inclusion of disadvantaged population and depressed areas into the formal economic circuit. The core object of LEDAs is identification, analysis and implementation of initiatives favouring the development of economic activities and the creation of employment opportunities, within a framework that combines poverty reduction and the promotion of an integrated and sustainable development of the territory.

- **Business incubators and clusters:** There were 2 business incubators created in late 90's, but there are not existing anymore. Four new industry clusters were established in Tourism Industry, Meat Processing Industry, Herbs and Spice Industry and Leather Goods Production Industry in the frame of the Enterprise Development and Export Market Services Project (EDEM) financed by U.S. Agency for International Development (USAID). This programme aims to promote the competitiveness of small and medium enterprises (SMEs) in domestic and foreign markets, and accelerates the entry of Albanian agricultural and manufactured exports into global markets through developing inter firm clusters and networks, enhancing the co-operation between small enterprises, spreading best practice via co-operative forum meeting, and offering adequate training.

Over and above the business support centres identified earlier, there are also several initiatives providing technical advice and/or funds to specific sectors or clusters that are funded by international donors. However, there is currently little awareness of the business advisory services available to start-ups and established SMEs. Furthermore, the links between these business support centres and research centres are hardly developed and not supporting innovation, commercialisation of research results or technology transfer. The main reason for this appears to be because the services that exist tend to be supply-driven and entrepreneurs may not be making full use of what is on offer.

The Open Society Foundation (OSF) also seeks to enhance the level of entrepreneurship and access to technology, for example through funding provided to

the Regional Development Agency Network and other institutions. The Adriatic and Ionian Initiative, financed by the Italian Government, aims to improve access to information and communication technology. There are also projects financed by USAID and Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) to strengthen the technological capacities of SMEs by developing clusters. Several industry-specific research institutes exist, but their skills and equipment have been deteriorating since 1992.

The United Nations Development Programme (UNDP) is addressing Information and Communication Technology (ICT) development. It has supported the creation of a national ICT strategy, prepared a National e-readiness Assessment Report and is supporting the implementation of an Action Plan to address e-government, e-education and e-commerce issues.

However, there remain serious obstacles to efficient technology transfer to small enterprises such as (OECD and EBRD, 2005):

- Improving technical education and skills;
- Raising finance for new technologies;
- Improving legislation and strategies;
- Building institutional capacities; and
- Improving information dissemination.

1.2 Strategic Documents

Strategic documents reflecting National Innovation Strategies (NIS) have been already highlighted in Science and Technology Country Report - D5 Albania (see.science.eu)¹. The following sub-chapter indicates further key documents, which have been formulated in order to set up the framework for innovation and technology development:

- 'National Strategy for Development and Integration (NSDI)'

A single national strategy to be implemented over a seven-year period (2007 - 2013) is built on a comprehensive set of sector strategies and is guided by a selective set of crosscutting strategies. The national strategy emerges as a synthesis of sector strategy documents developed for respective sectors. The European integration and NATO membership planning processes will be fully incorporated in the national strategy.

The national strategy document has the following structure:

- Overview (Overview of current situation and key issues facing the country.)
- Vision, strategic priorities and strategic goals (Concise statement providing the overall framework of the strategic planning exercise. Envisaged role of government.)
- Policies (Key points of sector and crosscutting strategies in summary form arranged by strategic priority, with emphasis on links between major policies and achievement of strategic goals.)

¹ E.g. National Strategy for Socio-Economic Development, Strategy on Employment and Vocational Training etc.

- Macroeconomic framework and fiscal implications:
 - A. Macroeconomic framework in the form of scenario; and
 - B. Broad inter-sectoral implications of strategic priorities.
- Accountability (Consultation process and high-level monitoring indicators to assess progress towards the key national goals.)

- 'Strategic Programme for the SME Development for 2007 - 2009 and for 2010 - 2013'

The Strategic Programme for the SME Development for the medium-term period 2007 - 2009, is an integral part of the government programme and is reflected in the business development and investment strategy of the medium- and long-term period 2007 - 2013. The SME development policies for the ongoing period have been designed complying with all the acts and European Partnership, as well as the European Charter for Small Enterprises.

The vision of the 'Strategic Programme for the SME Development for 2007 – 2009' is to accelerate improvement of the business and investment environment, increase the competitiveness of SMEs in both regional and global markets through the development of technology and information, reduce administrative barriers, and provide financial facilities for businesses.

The long-term objectives of the SME Development Programme include the following:

- Increase employment by 5% annually;
- Increase the number of new business by 15% annually;
- Increase crediting to the private sector by 3 to 4 times in 4 years;
- Increase micro crediting capacity by 3 to 4 times in 4 years; and
- Gradually reduce the informal sector.

Strategic priorities for the development of this sector include:

- Harmonize with sector strategies that have an impact on SME development;
- Ensure transparency of decisions, actions and measures that have an affect on the business environment;
- Ensure fair competition, and support SME integration into the global market; and
- Develop the information technology and entrepreneurship culture.

- 'Strategy for Albania'

As approved by the Board of Directors on April 4, 2006. The European Bank for Reconstruction and Development (EBRD) strategy aims to support private sector development and improve business environment.

As stated in the Strategy, the Bank has played an increasing and important role in the transition process in Albania: 21 operations for a direct Bank financing of EUR 291 million and a further EUR 709 million from sponsors and co-financiers. The Bank, in close conjunction with other IFIs and donors, could substantially increase its role over the strategy period through focusing selectively on the identified challenges.

The Bank's operations over the strategy period will focus on five main general priorities: (i) development of infrastructure, power and energy, municipal and environmental projects; (ii) privatisation and restructuring of remaining state owned

utilities (e.g. telecom, power), and commercialisation of municipally-owned utilities (e.g. water); (iii) development and consolidation of financial sector; (iv) FDI and local enterprises with a particular attention to SMEs; and (v) policy dialogue especially in the areas of regulating and strengthening the markets for infrastructure including capacity and institution building.

Specifically, the Bank will focus on the following sectoral priorities:

- Infrastructure, Power and Energy, Municipal and Environment Sector
- Enterprise Sector; and
- Financial Sector.

The Bank will continue to ensure that all EBRD operations in Albania are subject to the Bank's Environmental Policy and Procedures and incorporate, where appropriate, Environmental Action Plans. Given the substantial transition challenges in Albania, the Bank will need more than ever the support of donors in terms of technical assistance, grant co-financing of critical infrastructures and subordinated investment resources. The Bank will work alongside with the EU, EIB and important donors, with a special reference to Italy, in the context of an increased policy dialogue and joint financing.

- 'Multi-annual Indicative Planning Document (MIPD) 2007 - 2009'

The Multi-annual Indicative Planning Document (MIPD) is the key strategic planning document for assistance to Albania under the Instrument for Pre-Accession Assistance (IPA). It takes account of the main reform priorities as identified in the European Partnership, the Stabilisation and Association Agreement and Interim Agreement, the enlargement package (regular report) as well as the Albania's National Strategy for Development and Integration and the National Plan for the Approximation of the Legislation and SAA Implementation.

The priorities identified in MIPD 2007 - 2009 respond to European Partnership priorities and SAA and Interim Agreement requirements, which are the baseline documents for this multi-annual indicative planning document. In this respect, Albanian authorities have developed a National Plan for the Approximation of the Legislation and SAA Implementation (July 2006), outlining the strategy on how to realise the European priorities. These principles and priorities set out in the multi-annual indicative planning document serves as a basis for the annual programming of EU funds in 2007, 2008, and 2009.

1.3 Specific Programmes and Instruments

Following programmes, projects and instruments supporting technology development are defined (in alphabetical order):

- Adriatic - Ionian Initiative (All);
- Business Advisory Service (BAS) Programme;
- EU - PHARE / CARDS - IPA;
- GTZ projects;
- IFC/PEP Southeast Europe (World Bank)
- USAID Programme (EDEM - Albania Enterprise Development & Export Market Services);
- UNOPS - PASARP Programme (Programme of Activities in Support of Albanian Regions and Prefectures); and
- 7th Framework Programme for Research and Technological Development (FP7).

- Adriatic - Ionian Initiative (All)

The Adriatic-Ionian Initiative (All) was formally established as a political initiative at a conference held in Ancona, Italy in May 2000. Seven countries cooperate within the framework of All: Albania, Bosnia and Herzegovina, Croatia, Greece, Italy, Montenegro, Slovenia and Serbia. The aim of All is to link the coastal countries of the two seas for the purpose of cooperating in the development and safety of the whole area. The issue of environmental protection which is central for socio-economic development in the subregion is the high sensitivity of the maritime and coastal areas of the closed Adriatic Sea.

Within the All framework, an Adriatic-Ionian Council (AIC) was set up at the level of Ministers; without limiting the fields of cooperation, special attention was directed towards: economic and technical assistance and cooperation in traffic; environmental protection; SME cooperation and cooperation in the fields of culture, education and tourism; and cooperation in combating all forms of crime.

The Adriatic-Ionian Initiative is presided on rotation basis between the seven countries members.

- Business Advisory Service (BAS) Programme

BAS Programme assists Albanian SMEs to develop and grow by enhancing their competitiveness, marketing and financial management, quality management systems and strategic business planning. BAS works directly with individual SMEs utilising, whenever possible, the skills of local professional consultants to provide specific and clearly defined, practical business advice to enterprises, assisting them to improve their business performance. BAS also supports Albanian consultants developing and delivering their service at highest professional standards.

Albanian BAS Programme was launched in mid 2006 and is financially supported by the Government of the Netherlands. BAS is complementary scheme to the EBRD Turnaround Management (TAM) Programme, introducing industry specific

management expertise to larger enterprises by providing the advisory services of experienced former CEOs and directors from economically developed countries.

- EU - PHARE / CARDS (Instrument for Pre-Accession Assistance - IPA)

Since 2001, the Community Assistance for Reconstruction, Development and Stabilisation ("CARDS") programme has been the main EC financial instrument for co-operation in the Balkan countries. For the period 2001-2005, commitments under the CARDS national programme for Albania were EUR 237 million. The strategy of the CARDS Programme is expressed in the Country Strategy Paper (CSP) for Albania, 2002-2006, prepared by the European Commission and the Government of Albania.

The main priorities for financing under the CARDS programme as stated in the CSP for Albania were:

- Legislation;
- Administrative capacity building;
- Economic and Social Development;
- Environmental and Natural Resources; and
- Stability and democracy.

In 2007, the CARDS programme was transformed to Instrument for Pre-Accession Assistance (IPA). Still some funds left from CARDS programming in 2005 and 2006 might be used to support activities in the field of science, research and innovation.

From January 2007 onwards, the Instrument for Pre-Accession Assistance (IPA) replaces a series of European Union programmes and financial instruments for candidate countries or potential candidate countries, namely PHARE, PHARE CBC, ISPA, SAPARD, CARDS. IPA is designed with five components to provide for targeted and effective assistance for each country according to its needs and evolution. These five components are: transition assistance and institution building; cross-border cooperation; regional development; human resources development; and rural development. Albania, as potential candidate country is only eligible for the first two components. To which extent they are used to support science, research, innovation and businesses is dependent on national planning. See the description of the 'Multi-annual Indicative Planning Document (MIPD) 2007 – 2009' provided above.

- IFC/PEP Southeast Europe is part of IFC (International Finance Corporation), World Bank Group. The programme operates in Albania, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia, Montenegro and Serbia and was formally launched in July 2005. It has been established for an initial period of five years.

The Private Enterprise Partnership for Southeast Europe (PEP-SE) is catalyzing private sector development from a platform of four operational programmes:

- Alternative Dispute Resolution;
- Corporate Governance;
- International Technical Standards and Regulations; and
- Recycling Linkages.

PEP-SE's private sector development programmes are co-financed by following countries: Austria, Canada, Netherlands, Norway, Slovenia, and Switzerland.

- GTZ projects

Bilateral cooperation with Albania began in 1988, even before the Communist era had ended. Albania is a priority partner country for German Development Cooperation. GTZ is operating various projects to promote the competitiveness of the Albanian economy and support Albania in its process of rapprochement with the EU. Supplementary employment promotion measures, particularly in rural regions, help to reduce poverty and improve living standards.

- USAID Programme

USAID has been operating in Albania since 1992. The USAID Programme supports economic growth and micro, small-and medium-enterprise development, democratic development and rule of law, and social stability. These objectives directly support and are consistent with multi-dimensional U.S. interests identified in the President's 2002 National Security Strategy and the Joint State-USAID Strategic Plan. They concentrate on the following three general development themes:

- Economic growth and SME development by increasing private investment, improving the availability of credit, supporting capital formation, and strengthening the banking system;
- Democratic reform and rule of law to support civil society by increasing citizen awareness of public issues, assisting in elections, strengthening legal institutions, supporting the GoA decentralization programme, and mitigating corruption and trafficking of persons; and
- Health reform to improve primary health care by developing and implementing quality primary health care models, strengthening management capacity at the primary health care level, and encouraging community participation to ensure improved health care for Albanians.

The **Albanian Enterprise Development & Export Market Services (EDEM)** project supported under USAID officially started on September 15, 2003. This USAID project works with the Albanian business community in order to improve its competitiveness in domestic and export markets, thereby increasing sales of Albanian products and services and creating employment opportunities.

Working with selected industry sectors, EDEM provides assistance in two tracks:

- Industry-wide or cluster activities
EDEM supports the creation and development of industry groups made up of businesses, government, and other organisations that share the goal of building competitiveness. Focusing on removing non-firm-specific constraints, these efforts target ways to improve the overall business environment and demonstrate the advantages of private - sector firms working together to address issues of common interest.
- Support to individual firms
EDEM also assists selected companies to enhance their ability to compete effectively in the marketplace. EDEM helps these companies to design and implement strategies that remove obstacles to their competitiveness so they can take advantage of growing market opportunities in Albania and abroad.

In addition to assisting four key Albanian industries: meat processing, tourism, herbs and spices and leather goods and shoe production managed by ACIT (Albanian Center for Institutional Trade), EDEM works with leading firms in other industries

where significant potential exists for businesses to become export competitive. Current examples include fruit and vegetable consolidation and processing, olive oil processors and mushroom cultivation.

The EDEM project has started September 2003 and will end in September 2008.

- 7th Framework Programme for Research and Technological Development (FP7)

The Memorandum of Understanding (MoU) associating Albania to FP7 was signed on December 17, 2007 and the provisions of the association instruments are applicable from January 1, 2008.

"Associated status" allows Albania to participate in all calls for proposals and compete on an equal footing with the EU Member States for research co-operation and support actions funded by FP7. As such, this agreement is an important part of the process of applying to join the EU, allowing scientists, universities and companies to create links with their counterparts across Europe and build up their scientific expertise, including in scientific fields crucial to implementing the body of EU legislation. Within the Capacities programme of FP7 specific initiatives for SMEs are foreseen.

1.4 Financing

As described above, there is a large-scale of important donors operating in Albania and the financial supports comes especially from the EBRD, EIB, EU, UNDP, USAID, and the World Bank. Other financial support for innovation infrastructures and enterprise development is coming, for example, from German Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), Italian Government, and Swiss Agency for Development and Cooperation (SDC), International Monetary Fund (IMF) and the Open Society Foundation (OSF), which also seeks to enhance the level of entrepreneurship and access to technology, for example through funding provided to the Regional Development Agency Network and other institutions.

2 Existing Innovation Infrastructures in Albania

2.1 Key Government Players

Name:	Ministry of Economy, Trade and Energy (METE), Department of Business Promotion (including the Sector of SME Policies)
Contact person:	Bashkim Sykja (Director)
Email:	bsykja@mete.gov.al
Website:	http://www.mete.gov.al

The Ministry of Economy, Trade and Energy (METE), formerly titled the Ministry of Economy (MoE), is the main government institution responsible for SME development in Albania. It is responsible for SME policy elaboration, drafting and co-ordination, with a system of regular consultation with the implementing SME agencies.

Within the METE, the Business Promotion Department has the responsibility to prepare, monitor and oversee SME policies and programmes.

Main tasks are as follows:

- Prepare and update the strategy for SME development;
- Follow up the implementation of the strategy and other business promotion policies;
- Consult with the business community on businesses issues, such as discussions on draft legislation, fiscal package, regulatory and licensing system;
- Coordinate the Working Group responsible for implementing the business simplification action plan;
- Maximise SMEs' access to financial support; and
- Create institutional infrastructure to support entrepreneurship and competitiveness.

The METE co-operates with other ministries on business and SME related issues, especially with the Ministry of Finance (taxes and budget), Ministry of Transport (trade and transport facilitation), Ministry of Local Government (local economic development and local taxes), Ministry of Agriculture (licensing), Ministry of Health (regulations), Ministry of Environment (environmental standards), Ministry of Education and Science (vocational education and training), Ministry of Labour and Social Work (business incubators), as well as various government and governmental agencies such as the Patents and Trademark Office, Agency for Expert Promotion and Agency for Foreign Investment Promotion.

Name:	Ministry of Labour and Social Affairs
Contact:	Rruga "Kavajes", Tirana, Albania
Email:	Not available
Website:	http://www.mpcs.gov.al/

The Ministry of Labour and Social Affairs is responsible for the implementation of business incubators in Albania. Unfortunately, there is no information about the Ministry in English available.

Name:	Ministry of Education and Science (MoES)
Contact:	Rruga e Durrësit", Nr. 23, Tirana, Albania
Email:	mshadmin@msh.gov.al
Website:	http://www.msh.gov.al

The mission of the Ministry of Education and Science (MoES) is to design strategy for the development and improvement of the education system in our country, through changes on the legislation and improvement of the teaching infrastructure and to design strategy for the science and technology development.

The Ministry's operation is based on the Constitution of the Republic of Albania, Law No. 9000, date 30.01.2003 "For the organization and Operation of the Council of Ministers", respective legal and sub legal acts, as well as the Internal Functional Regulation of Ministry of Education and Science, year 1999.

The MoES is identified as the fundamental governmental organization, on national level, responsible for:

- Functioning, administration and development of the public education system on all levels;
- Design and verification of the attained quality standards of the public and non public education sector; and
- Functioning, administration and development of the scientific research, based on the actual Law for the Science and Technological Development.

2.2 Key Innovation Infrastructures

The following section gives an overview on the main existing innovation infrastructures in Albania (Clusters, Technology and Innovation Centres, Technological and Science Parks, Business-start-up centres/ Technology Incubators and some further related organisations).

A) Clusters

Clustering of firms as a tool to promote co-operation among the representatives of the private sector at the industry level is a very recent initiative promoted by non-government sector. The first to initiate this initiative was the Albanian Center for International Trade (ACIT). ACIT produced sectoral studies to evaluate the competitive position and clustering possibilities. Data analysis and in-office research on the potential clusters was accompanied by brainstorming sessions with industry experts. So, the screening process and the selection criteria went through a transparent process which involves different stakeholders, backed by studies and research work on the sector (Xhepa and Agolli, 2004).

In Albania, there has been an attempt thorough the USAID Enterprise Development and Export Market Services (EDEM) project to establish clusters in following sectors:

- Leather goods/shoe production;
- Meat processing;
- Spices and herbs; and
- Adventure tourism.

The EDEM project serves as facilitator of the clusters. Cluster managers are employed to act as cluster facilitators and do all the administrative work for the cluster members. Members of the cluster work together with cluster managers and industry experts to develop work programs in identifying the needs of the industry. Through the project, technical assistance is provided to the established clusters, provide office facilities for the meetings and conduct specific research activities as required by the cluster members. This support is given up to a certain time (around 16-18 months) and clusters are then supposed to be self-sustaining.

So far, there are four clusters established until now and it is planned that other clusters will be created in the future. Other sectors are under the review but planned to support and facilitate the establishment of 6-8 clusters in both, agricultural and non-agricultural sector. There here is a huge potential e.g. in textile or olive oil industry, wine producing and trading.

Name of initiative:	Meat Processing Cluster
Contact:	Contact via EDEM project (Albanian Enterprise Development and Export Markets Services)
Email:	edemstaff@dai.com
Website:	Not available

The meat processing cluster model was first cluster supported by World Bank. In February 2004, the Meat Processing Cluster was introduced to 13 meat processing companies by EDEM for the first time. Participating companies at the meeting welcomed the initiative and expressed a readiness to participate in EDEM cluster

activities. Subsequently, a total of 18 meat processing companies have participated in the cluster activities organised by the project in the initial phase. As stated in the Albania Enterprise Development & Export Market Services (EDEM), Annual Report, the Meat Processing Cluster intend to assist the industry to identify new market opportunities, develop management/operational capacities, improve business environment and strengthen linkages among cluster stakeholders.

As stated in the Annual Report of EDEM, it is clear that the cluster approach is a new concept in Albania and is difficult for the meat processing companies to comprehensively absorb it. Confusion about differences between the cluster and other food processing associations has added difficulties in understanding the cluster approach. Compounding the situation, historically real cooperation and interaction among meat processing companies has been limited in Albania and both associations are struggling with each other in attracting due paying membership. For a 'proactive' meat processing cluster to involve clear benefits must be tangible to the companies, benefits they do not expect to receive from the competing associations (Development Alternatives Inc., 2004).

Industry/Sector (technology area): Food processing

International activities: Not available

Name of initiative:	Medicinal and Aromatic Herbs Cluster
Contact:	Contact via EDEM project (Albanian Enterprise Development and Export Markets Services)
Email:	edemstaff@dai.com
Website:	Not available

The Medicinal and Aromatic Herbs Cluster, which creation and operation was organised by EDEM, is taking shape and helping to demonstrate that after nearly 15 years of transition, no more time will be lost in challenging the idea that small and medium-sized companies cannot export because they lack the processing and exporting capabilities of the "giants." Indeed, the Albanian Medicinal Herb Cluster has already started to export "Made in Albania" products to the new markets in Europe and United States.

EDEM / Herbs and Spices staff has conducted a series of meetings with herb and spice businesses interested in diversifying action of their businesses. Interested dried herb businesses and/or essential oils businesses have a chance to differentiate their products, by developing herbs based products to serve these markets. Over the quarter businesses have been visited at site and were introduced to a wide range of products that can be produced with aromatic species.

Industry/Sector (technology area): Biopharmaceuticals, Agriculture

International activities: Not available



Name of initiative:	Specialty Tourism Cluster
Contact:	Contact via EDEM project (Albanian Enterprise Development and Export Markets Services)
Email:	edemstaff@dai.com
Website:	Not available

Tourism was one of the initial clusters selected by the EDEM as an industry with significant potential to contribute to Albania's economic development, as well as the sustainable development and protection of the country's natural and cultural heritage. Tourism is a diversified and highly competitive industry. With poor infrastructure and extensive regional competition in the traditional mass market tourist segments like "sun and sand", Albania is not well positioned for mass market tourism. The country is, however, potentially well positioned for the development of specialty tourism segments such as adventure travel, ecotourism, cultural tourism and agro-tourism. Based on an industry assessment, it was decided that the focus should be placed on "Specialty Tourism" including adventure and sports, culture and the archaeological and historical heritage of Albania, where Albanian tourism industry could develop competitive advantages.

The first cluster meeting was held on March 24, 2004 and was attended by 33 representatives from the industry.

Three areas of focus were selected:

- Marketing and promotion of Albanian tourism destinations;
- Training on all the levels of staff in tourism industry; and
- Advocacy on issues related to Government policies that affect the tourism industry.

Cluster's members formed three task force groups and each was given the task to address one of the three high priority directions. Chairpersons for each group were identified and work plans for short, medium and long term activities were drafted.

Presently the Specialty Tourism Cluster has 80 members encompassing travel agencies, tour operators, hotels and other accommodation structures as well the supportive network of the tourism industry like Albanian government ministries and agencies, associations, organisations, donor organisations, and educational institutions. Communication and information exchange among Cluster's members is considered an important function of the cluster.

Industry/Sector (technology area): Tourism

International activities: Cooperation with the US Peace Corps

Name of initiative:	Leather Goods/Shoe Production Industry Cluster
Contact:	Contact via ACIT (Albanian Centre for International Trade)
Email:	Not available (refer to acit@acit-al.org ; info@acit-al.org)
Website:	Not available (refer to www.acit-al.org)

It was agreed by the ACIT, EDEM and USAID that implementation of the Leather Goods/Shoe Production Industry Cluster will be a combined effort of ACIT and EDEM. ACIT has accepted responsibility for managing the activity and will direct much of the assistance activities. EDEM supports ACIT's efforts by providing support and guidance to ACIT staff as they set about undertaking the different tasks.

In mid-September 2004, ACIT organized the initial meeting of the industry and presented the concepts and approach of a cluster-based approach to approximately 20 industry representatives. Recognizing that the industry faces many barriers to its development, attendees responded with considerable interest to the idea of working together in a collaborative manner.

A tri-lingual (Albanian, Italian and English) brochure was published highlighting the competitive advantages of Albania in this sector. Its purpose is to encourage foreign investment in the industry. The brochure illustrated success stories of profitable joint ventures currently operating in Albania and contained a complete directory of Albanian leather goods/footwear companies. The brochure was disseminated to interested stakeholders such as: Italian companies, footwear associations in the EU, chambers of commerce, trade attaches, and footwear trade fairs.

Industry/Sector (technology area): Leather products, Footwear
International activities: Not available

B) Technology/Innovation Centres

As informed by Artan Samara (Deputy Director of the Albanian Business and Investment Agency (AlbInvest) in April 2008, there are no innovation centres operating in Albania.

C) Technological and Science Parks

As indicated in the Report on the implementation of the European Charter for Small Enterprises in Moldova and the countries in the Western Balkans published in 2006, investigated via the internet research and confirmed by Artan Samara (AlbInvest), there are no technology or science parks in operation in Albania at the time of writing this report.

D) Business-start-up Centres/ Technology Incubators

There were two business incubators operating in Tirana and Shkodra. The Tirana Business Incubator was established in 1998 and the Business Incubator in Shkodra in 1999. They were set-up with World Bank assistance (Training Enterprise and Employment Fund) and they were under the responsibility of the Ministry of Labour and Social Affairs.

The business incubators were subsidized for the first three years of their operation and are now operating on a self-financing basis, except for their premises which remained rent-free until 2005.

The subsidized services included:

- Office services (telephone, fax, receptionist);
- Training (start-your-own-business, improve-your-business, etc.); and
- Legal advice.

Very little is known about the extent to which the Albanian business incubators have been successful, their governance structures and/or their financial state. The authors of the study 'Small and Medium-Sized Enterprises Development, Albania' were surprised by the fact that the SME strategy refers to the establishment of incubators (and industrial parks) while there is no reference or/and description of the experiences with existing incubators in order to build on successful experiences or call for potential changes on the structure/management to make it a success story. Although the business incubators were under the responsibility of the Ministry of Labour and Social Affairs, no reference in any of the ministerial documents could be extracted. Therefore, the authors suggest encouraging the authorities to urgently undertake a comprehensive review of the incubator projects, measure their performances and offer recommendation for their potential use as promotional tools (Xhepa and Agolli, 2004).

As confirmed by the representative of AlInvest in April 2008, two business incubators in Tirana and Shkodra are not any more in operation.

E) Others, related Organisations

Name:	Albanian Agency of Business and Investment (AlInvest)
Contact person:	Bulevard "Gjergj Fishta", Pall."Shallvareve", Tirane, Albania
Email:	info@alinvest.gov.al
Website:	http://www.alinvest.gov.al/

The Agency of Business and Investment (AlInvest), was established by GoA (Government of Albania) in 2006 as a new agency responsible for implementing governmental policies in the field of SME promotion. The Agency has its own staff and budget. The former agency for SME (SMEA) has been operating in Albania since 2003 and was responsible for implementing government policies for SME promotion.

In March 2006 this agency merged with the Foreign Investment Agency and the Export Promotion Agency, creating a single Agency of Albanian Business and Investments, Albinvest.

The Albanian Government has assigned Albinvest three strategic goals:

- Assisting and accelerating the inflow of foreign investment into the Albanian economy;
- Improving the competitiveness of Albanian exporters; and
- Providing professional services to assist the growth of Albanian SMEs.

Albinvest wants to help seize the business opportunities available in Albania by:

- Providing up to date information on the investment climate, investment incentives, and the legal framework relating to the investment process in Albania;
- Assisting for quantification of the cost benefits that Albania can offer;
- Identifying suitable green field and brown field site options and/or serviced office space;
- Assisting to obtain the permits and licenses required by national and local authorities, thus speeding facilitating investment projects; and
- Identifying and assessing potential suppliers in Albania.

Name:	Albanian Economic Development Agency (AEDA)
Contact:	Bulevardi Zhan D' Ark, Tirana, Albania
Email:	Not available
Website:	Not available

The Albanian Economic Development Agency (AEDA) was created with the initiative of the Albanian Government in August 1998. It is acting as a joint stock company, with the whole capital owned by the Albanian Government. Being a private company makes her more flexible in her activity, while being a 100% state owned company helps her to surpass the bureaucracy obstructs by having government support and necessary facilities.

No more information was available when compiling this report.

Name:	Business Advisory Council (BAC)
Contact:	Not available
Email:	Not available
Website:	Not available

Several attempts have been made by the Government to increase the participation of the SME stakeholders in a Government-business consultative process. The METE

sees the Business Advisory Council (BAC), which was established in 2000, as its main source of regular dialogue on business-related legislation and procedures. The BAC is chaired by the Minister of METE, who also acknowledges that this mechanism is in need of further reform (regular meetings, secretariat, balanced representation, clear agenda, etc.) in order to play an effective role. The general consensus is that consultations are taking place more often and at an earlier stage of legislation/policy development, thus allowing the voice of the business sector to be heard. For example, in May 2004 the Ministries of Finance and Economy established a Working Group to work on the 2005 fiscal package (OECD and EBRD, 2005).

Name of initiative:	Albanian Centre for International Trade (ACIT)
Contact:	Rr 'Deshmoret e 4Shkurtit', Sky Tower 71/2, Tirana, Albania
Email:	acit@acit-al.org
Website:	http://www.acit-al.org

The Albanian Centre for International Trade (ACIT) - a joint programme of the USAID and the Institute for Contemporary Studies (ICS) was established in 2002. The ACIT's mission is the improvement of the quality of trade policies in Albania, as an important instrument for the economic growth and development, as well as the increase in the benefits of the society and citizens from the opportunities created by the trade liberalization and integration.

To accomplish this mission, the ACIT has developed its programme based on five main pillars - it operates as a:

- Study and research centre on international trade and trade policies;
- Dialogue forum among various stakeholders and interest groups, aiming at the improvement of trade policy formulation and the informed public debate;
- Resource centre, which provides direct access to information processed on the international trade of Albania and other countries;
- Capacity building centre in international trade policies; and
- Promotion centre for the competitiveness of the Albanian economy and products.

The aim of ACIT work is the improvement of the performance of the Albanian economy, the increase of employment and welfare, and the promotion of exports and investments. Since its establishment, the ACIT has played an important role particularly as a centre of trade information and professional research in the area of trade policy. ACIT supports the decision-making and marketing processes by providing to the interested parties accurate information and knowledge on conditions, opportunities and risks involved in international trade issues, as well as through unbiased analysis on the trends and problems related to the Albania's international trade.

The Information Resource Center was established in the frame of the ACIT project and supports participatory and informed trade policy decision by providing all stakeholders with accurate information and data about conditions, opportunities and risks that international trade entails. Being client-oriented, the set-up of facilities, types of information and services provided will be by consulting their clients' needs and preferences.

Name of initiative:	Albania Center for Economic Research (ACER)
Contact:	A. Frasheri Str., Bldg. 4, Entr. 3, Apt. 24, Tirana, Albania
Email:	zpreci@adanet.com.al
Website:	http://www.balkannetwork.org/Albania1.htm

The Albanian Center for Economic Research (ACER) was the first non-profit organisation to emerge in Albania after the political changes in 1991. Founded and incorporated by a group of university professors, economists and bankers, ACER was registered in the Tirana District Law Court of Tirana in June 1993. ACER has been active in research identification and execution, information publication and dissemination throughout the public opinion exchange, aiming to:

- strengthen parliamentary democracy and private entrepreneurship in Albania; and
- encourage the wide-scale recognition of classical liberal values in Albanian society.

The objectives of ACER are to advance educational and scientific profile and understanding, in the field of the promotion of free enterprises, limited government and personal responsibility as pertaining to Albania; to publish, to conduct seminars, and to engage in such other and further means as may be necessary and proper to accomplish the foregoing objects and purposes. ACER encourages an open dialogue between scholars and policy makers and promotes public-private coalition building.

ACER's activity includes:

- Research and research management;
- Education and training;
- National policy development and legal and regulatory reform;
- Public outreach and advocacy; and
- Information exchange and dissemination.

Through many contacts in Albania and abroad, the Center has strengthened its staff professional capabilities and has become known for its accurate data collection, analysis, surveys and expertise. In 1994 supported by the International Center for Economic Growth (ICEG), ACER conducted a survey on Managerial Capacities of Albanian New Entrepreneurs. In 1995-1996 the Center performed the first Comprehensive Survey of Small Business in Albania. The analysis of this survey focused on financial topics of small businesses and included the impact of the

informal financial sector (money lending); staff professional abilities; the establishing of a supportive environment for small businesses as well as prior topics for the future.

There are several online **business support web-portals**:

- **Albanian Business Information Centre (ALBIC)** – <http://www.albic.net>) is presenting the network of the Regional Development Agencies. The Albanian Business Information Centre is supported by SOROS Foundation and contains business information including practical information in all the fields related to business: Fiscal system; Legislation; Financial system; Public procurement and Licensing; Online materials about business; Training and consulting, various publications, surveys and studies; online application forms and Discussion Forums. ALBIC offers comprehensive and updated information for "DOING BUSINESS" in Albania. Hundreds of informative pages, business guides online, manuals and much more in one place is available there and aims to be the biggest Business Information Portal in Albania.
- **SEEbiznet** developed by the former SME Agency. At the time of writing the report, the indicated webpage <http://www.seebiz.net.al> was not operating.
- **WIRAM/GTZ** is supposed to present the network of partners for local development on the internet. The website is nevertheless also not available.

3 Conclusions/Recommendations

In overall terms, good progress has been made by the Government of Albania (GoA) and the Ministry of Economy, Trade and Energy (METE) in setting out and beginning implementation of new policies to support the growth and development of SMEs. However, a stronger outreach and partnership with SMEs is needed, if the opportunities for growth of the sector are to be maximized.

Research-driven economic growth and business promotion is not in the focus of the activities and has yet to be developed in Albania.

Until now, there are four clusters established and other sectors are under review in order to facilitate the establishment of further 6-8 clusters in the agricultural and non-agricultural sector (e.g. textile, olive oil industry, wine producing and trading).

The situation with technology or science parks in Albania is not satisfactory as there are no parks in operation at the moment. The Business Innovation Center (BIC), based in Tirana, is not in operation anymore.

Two business incubators were established in Albania in late 90', but there has been no progress in the development of business incubators since 2003. At the moment, no business incubators are in operation.

In general, progress is still too dependent on donor support, raising questions about the medium-term sustainability of a number of programmes. Once these issues are addressed, Albania has the potential to move quickly to the next stage of policy development, where the focus will be on implementation more than elaboration.

The following recommendations can be given:

- **Develop a clear strategy** with a more comprehensive strategic vision supporting innovation infrastructures, **identify measurable objectives** and targets and develop monitoring instruments to **measure the progress**;
- **Strengthen the relationships** between various units of the ministries and Agency responsible for the SMEs development and **clarify the responsibilities** at the work position level;
- **Improve intergovernmental co-ordination** (essential to ensure transparency and harmonisation when SME policies are elaborated);
- Involve actors promoting science and **science-industry linkages**;
- **Reduce complexity** and **ensure coherency and consistency** in policy, laws, regulations, procedures and support programs;
- **Enhance and improve the involvement of business organisations** in the policy creation (giving them enough time to respond to various government initiatives and policy actions proposed);

- **Offer more support programmes** for establishing innovation infrastructure (e.g for technology and innovation centres, science parks, but also for incubators and clusters);
- **Implement technology or science parks;**
- **Support also institutions which are not based in Tirana** (more effective support on another Albanian areas is necessary);
- **Build trust and cooperation** among e.g. cluster members;
- **Strengthen communication** and promote **effective dialogue** between the government and the private sector (provide efficient **networking amongst key actors**);
- **Provide adequate support** with staff and finance for the institutions involved in support of innovation infrastructures;
- **Strengthen the staff capacities** through continuously offering training activities and other **capacity building activities**;
- **Follow up with best practices on implementation of SME policies** and institutions and prepare recommendations for potential changes;
- **Increase support for research, analyses and technical support;**
- **Better disseminate available information** (Albania regularly conducts business surveys, but disseminates only a small part of the available information);
- **Improve information access via internet – encourage use of internet services** (regularly update ministries' home pages carefully and use them as tools for information dissemination and consultation with various stakeholders. The same applies to businesses and others institutions.);
- **Properly evaluate the existing innovation infrastructures** (e.g. business incubators evaluation is currently missing);
- **Raise entrepreneurs' awareness** of the activities of innovation infrastructures;
- **Raise public awareness;** and
- **Build a system to regularly monitor** trends in the SME sector.

3 References

Development Alternatives Inc. (2004): Albania Enterprise Development & Export Market Services, Annual Report.

European Commission (2006): Report on the implementation of the European Charter for Small Enterprises in Moldova and the Countries in the Western Balkans.

OECD and EBRD (2005): Enterprise Policy Performance Assessment.

OECD and EC (2007): Enterprise Policy Development in the Western Balkans: a report on the implementation of the European Charter for Small Enterprises.

The Government of Albania (2006): Strategy for Albania, As approved by the Board of Directors on 4 April 2006.

The Government of Albania (2007): Memorandum on Economic and Financial Policies (MEFP) for Albania, Letter of Intent and Technical Memorandum of Understanding, June 19, 2007.

The Government of Albania (2007): Strategic programme for the SME Development 2007 - 2009

Uvalić, M. (2006): National Systems of Research and Development in the Western Balkan Countries. Available from: <http://www.see-science.eu/doc/1546.html>, as accessed 20.07.2007.

Xhepa, S. and Agolli M. (2004): Small and Medium-Sized Enterprises Development, Albania.

4 Further Sources

ACIT (2007). ALBANIA 2007, 1st quarter Trade Developments.

Adriatic and Ionian Initiative, Albanian presidency. Available from:
<http://www.mfa.gov.al/english/ioniania2.asp>, accessed 15.04.2008.

Agolli, E. (2007). Review of the S&T Report in January 2007. see-science.eu.

AlbInvest fact sheets 2008. Available from: <http://www.albinvest.gov.al>, accessed 22.04.2008

CEE-Cluster network (Central and Eastern European Cluster and Network Area).

Competitiveness Institute. Available from: <http://www.competitiveness.org/>, accessed 25.07.2007.

ERA Westbalkan. Available from: <http://www.bit.or.at/erawestbalkan/>, accessed 12.07.2007.

eSEE Secretariat, UNDP Country Office Bosnia and Herzegovina (2007).
eSEE EUROPE Initiative@Newsletter No 12 - March 2007.

European Bank for Reconstruction and Development (EBRD): Available from:
<http://www.ebrd.com/>, accessed 16.04.2008.

European Commission, DG Enterprise and Industry, (2006). Report on the implementation of the European Charter for Small Enterprises in Moldova and the countries in the western Balkans.

European Commission (2007). Instrument for Pre-accession Assistance (IPA), Albania, Multi-annual Indicative Planning Document, 2007 - 2009.

European Commission (2006). Relations with Albania. D. Enlargement.

Gajo A. (2002), Current and Future Research Programme of Centre for Research and Development, Tirana, Albania.

Investment Compact. Available from: <http://www.investmentcompact.org/>, accessed 25.07.2007.

Izzo Valentino (2004). Policies for Business in the Mediterranean Countries.
ALBANIA.

Mullai N., Menkulasi J, Kastrati P. (2003). FDI and In-Country Business Alliances, Case of Albania.

OECD (2003). Enterprise Policy Performance Assessment.

OSEC, Business network Switzerland (2007). Albanien Wirtschaftszweige.

Pohl Consulting&Associates (2004). The SME Sector in the CARDS countries: A Panorama at Country and Regional Level.

Presentations from the conference 'Clusters – Connecting Possibilities in South East Europe, Opatija 20-21 April 2007. Available from:

<http://www.mingorp.hr/cacheeng.aspx?pg=defaulteng.asp&cache=1&id=1052&qlink=> accessed 25.07.2007.

Regional review of SMEs policy in the Western Balkans countries, Access to information and consultancy. Available from: http://www.western-balkans.info/htmls/print_page.php?id=561&category=337&print=yes&page=8, accessed 26.07.2007.

SDC (2006). Cooperation Strategy, 2006 - 2009, Albania.

see.science.eu (2007). Science and Technology Country Report Country - D5 Albania.

SEETV (2006). Interview with Simeon Djankov, World Bank analyst, 26 September 2006. DOING BUSINESS report). Available from: <http://www.seetv-exchanges.com/code/navigate.php?ld=251>, accessed 25.07.2007.

Sida Country Report 2006 (March 2007), Albania

SPICE Group - Science Park and Innovation Center Experts. Available from: <http://www.seetv-exchanges.com/code/navigate.php?ld=251>, accessed 25.07.2007.

Sulstarova, E. (2006). Science and Research in Albania.

TEC-PARK.NET. Available from: <http://www.tec-park.net/>, accessed 25.07.2007.

UNDP Albania (2005). Country Evaluation - Assessment of Development Results - UNDP Albania 2002 - 2004. U. N. D. Programme.

UNDP Albania (2005). Terms of Reference, Consultant for the Establishment of a Business Incubator in Northern Albania.

Uvalić, M. (2004). Science, Technology and Economic Development in South Eastern Europe.

Western Balkans (2005). Key findings of the 2005 Progress Reports on Albania, Bosnia and Herzegovina, Serbia and Montenegro and Kosovo. Available from: <http://www.western-balkans.info/htmls/page.php?category=391&id=856>, accessed 25.07.2007.

World Bank, International Bank for Reconstruction and Development, International Development Association and International Financial Corporation (2006). Country Assistance Strategy for Albania for the Period FY06-FY09.

World Bank, International Finance Corporation (2005). Doing Business in 2006: Creating Jobs, Regional Profile.

World Bank, International Finance Corporation (2006). Doing Business 2007: How to Reform.

World Bank article: Available from:

<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/ECAEXT/EXTECAREGTOPKNOECO/0,,contentMDK:20410547~pagePK:34004173~piPK:34003707~theSitePK:677607,00.html>, accessed 24.07.2007.

Xhepa, S. (2006). Competitiveness and the SME development in Albania.

Xhepa, S. (ACIT). Meat processing cluster.

Xhepa, S. and Mancellari A. (2003). The competitiveness environment in Albania, Albanian Center for International Trade (ACIT).

5 List of Acronyms / Definitions

ACER - Albania Center for Economic Research
ACIT - Albanian Centre for International Trade
AEDA - Albanian Economic Development Agency
ALBIC - Albanian Business Information Centre
ALBINVEST - Agency of Albanian Business and Investments
ANIH - Agency for Foreign Investment Promotion
BAC - Business Advisory Council
BAS - Business Advisory Service Programme
BIC - Business Innovation Centre Albania
CARDS - Community Assistance for Reconstruction, Development and Stabilisation Programme
CEE - Central and Eastern Europe
CEI - Central European Initiative
CSP - Country Strategy Paper
EBRD - European Bank for Reconstruction and Development
EC - European Commission
EDEM - Albania Enterprise Development & Export Market Services
EIB - European Investment Bank
EIT - European Institute of Technology
EPPAs - Enterprise Policy Performance Assessments
ERA-NET - European Research Area Network
EU - European Union
EUR - Euro (currency)
FDE - Fund for Development and Employment
FDI - Foreign Direct Investment
GoA - Government of Albania
GTZ - Deutsche Gesellschaft für Technische Zusammenarbeit
IASP - International Association of Science Parks
ICEG - International Center for Economic Growth
ICS - Institute for Contemporary Studies
ICT - Information and Communication Technologies
IFC - International Finance Corporation
IMF - International Monetary Fund
INTERREG - European Community Initiative
IPA - Instrument for Pre-Accession Assistance
ISPA - Pre-Accession Structural Instrument
ITIN - Individual Taxpayer Identification Number
LEDAs - Local Economic Development Agencies
MEFP - Memorandum on Economic and Financial Policies
METE - Ministry of Economy, Trade and Energy
MIPD - Multi-annual Indicative Planning Document
MoE - Ministry of Economy
NATO - North Atlantic Treaty Organisation
NGO - Non Governmental Organisation
NIS - National Innovation Strategies
NIS - National Innovation System



NRDP - National R&D Programmes
NSC - National Science Council
NSDI - National Strategy for Development and Integration
OECD - Organisation for Economic Co-operation and Development
OSF - Open Society Foundation
PEP-SE - Private Enterprise Partnership for Southeast Europe
PHARE - Poland Hungary Aid for the Reconstruction of the Economy
RDAs - Regional Development Agencies
R&D - Research and Development
SAA - Stabilisation and Association Agreement
SAPARD - Special Accession Programme for Agriculture and Rural Development
SDC - Swiss Agency for Development and Cooperation
SEE - South-Eastern Europe
SEED - Southeast Europe Enterprise Development (World Bank Programme)
SEED - Support for Eastern European Democracy (USAID)
SIDA - Swedish International Development Cooperation Agency
SMEA - former SME Development Agency
SMEs - Small and Medium Size Enterprises
S&T - Science and Technology
TAM - Turnaround Management Programme
UHIPP - Association of Institutions that Promote Entrepreneurship
UN - United Nations
UNDP - United Nations Development Programme
UNESCO - United Nations Educational, Scientific and Cultural Organisation
UNISTAR - UN Volunteers
UNOPS - United Nations Office for Project Services
USAID - U.S. Agency for International Development
USD - US Dollar (currency)
WB - Western Balkans
WBC - Western Balkan countries

THEMATIC REPORT on Innovation Infrastructures in the Western Balkan Countries

Bosnia and Herzegovina

D10

**VERSION 2
April 2008**

Information compiled by:
Jana Macháčová
Elke Dall

With special thanks to:
Aiste Lehmann
Snežana Mišić-Mihajlović
Mojca Nemgar
Nino Serdarević
Tanja Bojović-Simić
Esmir Spahić
Lukša Šoljan
Rasim Tulumović
Jure Zrilič

Contents - Bosnia and Herzegovina

1	Introduction.....	4
1.1	General Environment for Setting Up Innovation Infrastructures.....	4
1.2	Strategic Documents	6
1.3	Specific Programmes and Instruments.....	7
1.4	Financing.....	11
2	Existing Innovation Structures in BiH.....	12
2.1	Key Government Players.....	12
	Ministry of Foreign Trade and Economic Relations of BiH (MoFTER), Department for Economic Development and Entrepreneurship (SME and RED Department)	13
	Federal Ministry for the Development of Entrepreneurship and Craftsmanship..	14
	RS Ministry of Economy, Energy and Development.....	14
	The Department of Economy of the Government of Brčko District (DB).....	15
2.2	Key Innovation Infrastructures	15
	Automotive Cluster Bosnia and Herzegovina (AC-BiH)	16
	Wood Processing and Forestry Cluster (WP&F Cluster)	17
	Tourism Cluster “Institute for Collaboration” (IFC).....	18
	Research Innovative Technology Center (RITC).....	19
	Entrepreneurship and Innovation Centre at the University of Zenica.....	19
	Innovation Center Banja Luka (ICBL)	20
	Business Start-Up Centre Zenica (BSC Zenica).....	23
	Business Start-Up Centre University of Tuzla.....	24
	Business Innovation and Technology Center Tuzla (BIT Center Tuzla)	25
	Business and Entrepreneurial Centre - Incubator “Lipnica” Tuzla	26
	NBR Business Incubator.....	27
	NGO Krajina - Business Incubator Banja Luka.....	28
	BOSPER (Bosnian Perspective in Agriculture).....	29
	Business Incubator in Brčko	30
	Business Incubator Mostar	30
	Business Incubator Prijedor.....	31
	Business Incubator Sarajevo	32
	Business Incubator Zenica (BIZ)	32
	Business Incubator Žepce	34
	Foreign Investment Promotion Agency of Bosnia and Herzegovina (FIPA).....	34
	Agency for Development of Small and Medium-sized Enterprises in Republic of Srpska	35
	LiNK Association	36
3	Conclusions/Recommendations	38
4	References	40
5	Further Sources.....	41
6	List of Acronyms / Definitions	44



1 Introduction

This thematic report is produced by the “Information Office of the Steering Platform on Research for Western Balkan Countries” and reviews the situation of Innovation Infrastructures in Bosnia and Herzegovina.

The report is based upon desk research, interviews and questionnaires with main stakeholders.

The objective of this study is to enhance our understanding of the national innovation system in Bosnia and Herzegovina. An overview of the situation as regards “Innovation Infrastructures” such as clusters, technology and innovation centres, technological and science parks, business-start-up centres/ technology incubators and some further related organizations is given. The general environment is described as well as important strategic documents and the main programmes and instruments for support. The report concludes with a list and description of the main infrastructures.

The report was compiled in summer 2007, published in printed version in October 2007 and updated in April 2008.

1.1 General Environment for Setting Up Innovation Infrastructures

This first section deals with rules and regulations, describes the national framework and the specific funds available.

In Bosnia and Herzegovina (BiH) enterprise policy is largely established at entity level. The country lacks a SME strategy, as well as policy design and implementation capability at state level. There are growing disparities in approach and level of development among the two entities and the District of Brčko. Some critical elements for establishing a level playing field across the country are still not in place (e.g. harmonisation of corporate tax, a national company register). There is a need to establish a system allowing regular information exchange, and to create synergies among locally managed programmes at state level.

BiH has already approved a major reform of the overall company registration system. It is moving towards harmonisation of company registration procedures, which are currently set at entity level. Development of a single company register has been delayed due to technical problems.

BiH appears to lag behind significantly in the entire business establishment process, due in particular to problems of agreement and co-ordination between different levels of government. An important development is the USAID Project SPIRA – Streamlining Permits and Inspection Regimes Activity (for the period 2005 - 09),

which is designed to improve SMEs' access to the market place by reducing administrative barriers to start-up and operation.

In Bosnia and Herzegovina, business regulations are mostly issued at entity level. The Republic of Srpska has made the most progress in regulatory reform among the two entities. It has started to simplify business conditions through the Government's initiation of a 'Guillotine of Regulations'. The goal is to remove all barriers to business start-up and SMEs. There are 351 formalities currently subject to the guillotine, and about 900 initiatives for changing regulations.

A number of international projects also include the issue of business simplification (in alphabetical order):

- UK Department for International Development (DFID) Reform of Business Registration Project;
- USAID Streamlining Permits and Inspection Regime Activity (SPIRA) programme; and
- World Bank Business/Environment Adjustment Credit (BAC) project. (OECD and EC 2007).

As stated in the Enterprise Policy Performance Assessment (OECD, EBRD 2003), the development of an institutional framework to support of SMEs and enterprise development is still in its infancy and its development is constrained by the complex constitutional structure of BiH. However, in recent months important steps have been made which may result in a more coherent institutional structure to support SMEs. Some progress has been also made in relation to the development of SME strategies. At the entity/district level, the Regional Development Strategy for the District of Brčko (2002 - 2006), adopted in June 2002, contains SME development strategy as a priority development goal and refers to the establishment of a sound business environment, supported by adequate institutional infrastructure. Also, following the initiative of the Ministry of Industry and Technology, a Programme of Development of SMEs (2002 - 2005) was adopted in December 2001. On the basis of this programme, the Law on Incentives for SMEs was adopted in September 2002, according to which an Agency for SMEs and a Fund for SME Development was implemented. There is no corresponding strategy for the Federation. Both strategies relate to their respective geographical territory and there is precious little co-ordination between the entities/district and the State level.

The business advisory service environment in BiH is fairly complicated, consisting principally of business centres and agencies, as well as regional development agencies (RDAs). A key mechanism for providing business advisory support is through the 25 business centres and agencies that have been formed in recent years, focusing primarily on support to the SME sector. The majority of them are based on international donor support:

- Agency for Local Development Initiatives (ALDI Gorazde);
- Business Centre in Srebrenica (support for return of refugees);
- Business Support Centre Brčko (part of Brčko District Regional Development Agency - BDDA);
- Central Bosnian Economic Development Agency (CeBeda);
- Chambers of Commerce business support departments (Sarajevo, Tuzla, Banja Luka, Chamber of Trade of BiH, etc.);

- Development of Women Entrepreneurship Programme, EG development society Tuzla;
- Enterprise Development Agencies established by UNDP/ILO in Banja Luka, Livno, Mostar, Brčko and Bihač;
- Regional Business Development Centres established by UNDP/UNIDO in Zenica and Banja Luka (the third in Bihač closed down due to lack of financial sustainability);
- Tuzla Agency for Local Development Initiatives (TALDI); and
- Others including EG Tuzla, LINK Mostar, NBR (Independent Bureau for Development) Gradačac and Forma-F Mostar and Economic research institutes (mainly linked to universities).

The business support centres and agencies listed above typically offer the following services: business consulting; enterprises development; business planning; access to credit and investment; market surveys and marketing (OECD and EBRD 2003).

1.2 Strategic Documents

Strategic documents reflecting National Innovation Strategies (NIS) have been already highlighted in Science and Technology Country Report - D6 Bosnia and Herzegovina (e.g. Education Reform Strategy 'A Message to the People of Bosnia and Herzegovina; Policy, Strategy and Action Plan of the Information Society of Bosnia and Herzegovina for the period 2004 - 2010 etc.). Further key documents, which have been formulated in order to set up the framework for innovation and technology development are indicated below:

- 'National Bosnia and Herzegovina SME Strategy'

The SME Strategy was drafted in 2005. Public hearings were delayed because of disagreements among the entities. There is still a lack of overall policy at the state level; creation of national SME Agency was foreseen in the strategy, which was not approved yet.

As stated in the EC Council Decision (COUNCIL DECISION of January 30, 2006 on the principles, priorities and conditions contained in the European Partnership with Bosnia and Herzegovina and repealing Decision 2004/515/EC), there is a need to adopt without further delay the currently proposed State-level SME strategy and start implementation of the prioritised actions. A sound and comprehensive industrial policy has to be developed immediately and integrated research policy has to be designed and implemented as soon as possible.

- 'Development strategy of small and medium enterprises in the Republika Srpska for the period 2006 - 2010'

The Strategy has the goal to create a framework for establishing a dynamic, competitive and export-orientated sector of small and medium enterprises in the Republika Srpska in the next five-year period. The Strategy has been processed by the Republic Agency for Development of Small and Medium Enterprises in the cooperation with scientific associates, who have processed the key segments of the Strategy: Potentials for SME development; Obstacles for SME development; Export

competitive capability of SME and Vision of long-term development of SME with the key programmes which should create the business environment for development of SME in the Republic of Srpska.

- **‘Development Strategy of Business Incubators in Bosnia and Herzegovina’** (Strategija Razvoja Poslovnih Inkubatora U Bosni I Hercegovini, March 2008). Two years ago, BiH incubators created a network and adopted a strategy as a platform for their future mutual work. Members of the network are all 9 incubators operating in BiH as well as Association of Entrepreneurs LINK Mostar and Association BOSPER from Tuzla. The decision to create a common strategy was made at the First Conference of BiH Incubators in February 2006 (held in Brčko) and then the Strategy was adopted at the Second Conference of BiH Incubators (Tuzla, November 2006). The coordinator of the strategy’s implementation during 2007 was NBR (Independent Office for Development). The Strategy was updated and Action Plan developed and agreed at the Third Meeting of BiH Incubators, which was held in Žepče in March 2008. It was approved, that the coordinator of the Strategy implementation during 2008 is the Association of Entrepreneurs Žepče.

1.3 Specific Programmes and Instruments

Following programmes and projects supporting technology development are defined (in alphabetical order):

- Adriatic - Ionian Initiative (All);
- Business Environment Adjustment Credit (BAC) Project;
- Business Advisory Services (BAS) Programme;
- Business Development Programme (BDP, USAID);
- Cluster Competitiveness Activity (USAID CCA);
- European Fund for Southeast Europe (EFSE);
- EBRD Western Balkans SME Finance Facility Project;
- EU Building Export Promotion Capability in BiH- EU EXPRO (Building Export Promotion Capability in BiH);
- IFC/PEP Southeast Europe;
- Instrument for Pre-Accession Assistance (IPA);
- UK Department for International Development (DFID): Post-Privatisation Enterprise Restructuring Project (PPERP) and Reform of Business Registration Project;
- USAID Streamlining Permits and Inspection Regime Activity Programme (SPIRA); and
- 7th Framework Programme for Research and Technological Development.

- Adriatic - Ionian Initiative (All)

The Adriatic-Ionian Initiative (All) was formally established as a political initiative at a conference held in Ancona, Italy in May 2000. Seven countries cooperate within the framework of All: Albania, Bosnia and Herzegovina, Croatia, Greece, Italy, Montenegro, Slovenia and Serbia. The aim of All is to link the coastal countries of the two seas for the purpose of cooperating in the development and safety of the whole area. The issue of environmental protection which is central for socio-economic

development in the subregion is the high sensitivity of the maritime and coastal areas of the closed Adriatic Sea.

Within the All framework, an Adriatic-Ionian Council (AIC) was set up at the level of Ministers; without limiting the fields of cooperation, special attention was directed towards: economic and technical assistance and cooperation in traffic; environmental protection; SME cooperation and cooperation in the fields of culture, education and tourism; and cooperation in combating all forms of criminal.

The Adriatic-Ionian Initiative is presided on rotation basis between the seven countries members.

- Business Environment Adjustment Credit Project (BAC)

The Business Environment Adjustment Credit Project (BAC) is implemented by the World Bank. The credit supports the Government's reform program to improve the investment climate and strengthen a single economic space to promote domestic and foreign investment and private sector growth. Objectives of the reform program are to reduce those administrative and regulatory barriers that will have the most critical near-term impact on the three phases of business development: business entry, business operations, and business exit.

The reforms supported by the BAC aim to:

- facilitate business entry through creation of simplified and transparent countrywide approach to business registration and licensing and strengthened legal framework and capacity for attracting foreign investment;
- streamline the environment for business operation by reducing companies' administrative and regulatory compliance costs through rationalization of inspections and regulations, building judicial and extra-judicial capacity to resolve commercial disputes; improving enforcement of secured transactions; and ensuring equal access to public procurement, and
- ease business exit through strengthened bankruptcy and liquidation systems.

- Business Advisory Service Programme BiH (BAS)

The BAS Programme, administered by the European Bank for Reconstruction and Development (EBRD), has been established in order to assist the development of small and medium sized enterprises.

Objectives of the BAS Programme are:

- Assisting small and medium sized BiH enterprises by financially supporting business advice and activities to benefit from the best local consultants; and
- Developing and strengthening the skills and quality of local consultants and cooperating with those institutions which promote the development of small and medium sized enterprises in BiH (industry associations, chambers of commerce, entrepreneurs representative groups, etc.).

Areas of the BAS Programme support are: market research; business partner and investor search; selecting and appraising equipment to be purchased; improving organizational and business management structure; preparing business plans; developing and improving financial accounting and control systems; developing and upgrading management information systems; preparation and certification for quality management systems.

- Cluster Competitiveness Activity (USAID CCA)

The activity is sponsored by the United States Agency for International Development (USAID) and is a four year programme to assist businesses in sectors with great potential for economic development in Bosnia and Herzegovina: wood processing and forestry, and tourism. The goal of CCA, working with its partners, is to:

- increase overall revenues, exports, profits, and employment of the BiH wood and tourism sectors; and
- achieve institutionalized sustainability of joint action for individual company competitiveness for these two clusters.

CCA helps improve competitiveness by (i) encouraging cluster formation and cohesion, (ii) raising firm and industry productivity and links to global markets, and (iii) improving the policy and regulatory environment for doing business. CCA provides consulting, training, analysis and support with access to finance and information on trade opportunities. USAID provides technical assistance through the Cluster Competitiveness Activity (USAID CCA), amounting to USD 16 million (July 2004 - July 2008). More information can be downloaded at: <http://www.usaidcca.ba>.

- Department for International Development (DFID) - Post-Privatisation Enterprise Restructuring Project (PPERP)

The Project provides restructuring support to about 80 SMEs to secure viability and profitability. It assures assistance to the unemployed following restructuring and disseminates best practice from the process of restructuring.

- EU Building Export Promotion Capability in BiH - EU EXPRO (Building Export Promotion Capability in BiH)

This is 18 months project funded by the European Union (EU), which commenced on February 6, 2006. The overall project objective is to build export promotion capacity in BiH to be achieved through implementation of 3 separate project's components designed to:

- provide capacity building support to MoFTER (Ministry of Foreign Trade and Economic Relations) and the FTC (Foreign Trade Chamber), in order to secure an effective institutional framework that can implement BiH export promotion strategy;
- assist the Foreign Trade Chamber in developing international competitiveness and capacity to export in specific sectors; and
- improve access to trade and market information and increase awareness of BiH's export potential among BiH intermediaries and the business community in BiH and internationally.

- IFC/PEP Southeast Europe

The IFC/PEP Southeast Europe is part of IFC (International Finance Corporation), World Bank Group. The programme operates in Albania, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia, Serbia and Montenegro and was formally launched in July 2005 and has been established for an initial period of five years.

The Private Enterprise Partnership for Southeast Europe (PEP-SE) is catalyzing private sector development from a platform of four operational programmes:



- Alternative Dispute Resolution;
- Corporate Governance;
- International Technical Standards and Regulations; and
- Recycling Linkages.

PEP-SE's private sector development programmes are co-financed by following countries: Austria, Canada, Netherlands, Norway, Slovenia, and Switzerland.

- Instrument for Pre-Accession Assistance (IPA)

The Instrument for Pre-Accession Assistance (IPA) is the key tool of the European Commission's pre-accession assistance strategy. This Instrument is replacing the former pre-accession instruments: PHARE, ISPA, SAPARD and CARDS.

IPA will help transition countries meet the Accession Criteria (fulfill the political, economic and acquis-related criteria for membership, building up their administrative and judicial capacity) and prepare for the programming, management and implementation of EU Cohesion, Structural and Rural Development Funds after accession. IPA is designed with five components to provide for targeted and effective assistance for each country according to its needs and evolution. These five components are: transition assistance and institution building; cross-border cooperation; regional development; human resources development; and rural development. Bosnia and Herzegovina is currently eligible for assistance to transition assistance and institution building and cross-border cooperation. Once the country has obtained the status of a candidate country the access to the other three components will be in principle opened to it.

The Framework Agreement (FwA) between BiH and the Commission of the European Communities is an important step in the implementation of the Commission's Instrument for Pre-Accession Assistance (IPA). It sets out the rules for co-operation between the Commission and the beneficiary country.

In particular, the Agreement lays down the provisions concerning the legal, administrative and technical framework for the implementation of the EU assistance. It also defines the operating structures that BiH has to create to benefit from the entire Instrument, including Components III-V. The assistance under IPA can only be granted, after the FwA has been concluded and entered into force. The FwA shall apply to all the IPA components and all projects funded by EU in a given country. Following the establishment of the FwA, in order to access the funds allocated under the IPA annual programmes, BiH will also have to conclude the Financing Agreements on a yearly basis which provide more specific conditions for the delivery of the Community Assistance.

As indicated on the web-site¹, the IPA Framework Agreement was signed by Pierre Mirel (Director for Western Balkans in the European Commission's Directorate General for Enlargement) and Nikola Špirić (Chairman of BiH Council of Ministers) in Sarajevo on February 20, 2008. The Commission has allocated EUR 440 million of support to BiH in its transition from a potential candidate country to a candidate country for the period 2007 - 2011 under the Instrument for Pre-Accession Assistance (IPA).

¹ <http://www.europa.ba/?akcija=vijesti&akcija2=pregled&jezik=2&ID=186>

- USAID Streamlining Permits and Inspection Regimes Activity (SPIRA)

The USAID Project Streamlining Permits and Inspection Regimes Activity (SPIRA) is designed to improve SMEs' access to the market place by reducing administrative barriers to start-up and operation. The project targets the pre- and post- registration phases of limited liability and joint stock companies, and all phases for independent craft shop start-ups. The project will remap (in the period 2005 - 2009) the procedures associated with business start-up, identify unnecessary or unjustifiable regulatory burdens, and (with the assistance of working groups) propose policy revisions to reduce start-up time. It is therefore hoped that conditions will quickly improve.

- Western Balkans SME Finance Facility Project of the European Bank for Reconstruction and Development (EBRD)

The project consists of credit lines to partner banks (PBs) and leasing companies (PLCs) for onlending to SMEs and Technical Cooperation (TC) to assist the banks in strengthening their SMEs risk appraisal and monitoring capabilities. The objectives of the Framework is to support the Western Balkans in the transition to a market economy by strengthening the financial sector and by increasing SMEs access to finance via the existing banks and leasing companies. These objectives are achieved by providing medium-term and working capital financing to SMEs and by assisting the PBs to incorporate high quality SME lending as an integral part of their on-going business activities. The EBRD provides finance, while the EC and other donors provide funds for TC.

- 7th Framework Programme for Research and Technological Development (FP7)

According to the internet source², Bosnia and Herzegovina is committed to participate in the 7th Framework Programme (FP7) in order to enable its private companies, public organizations and individual researchers to actively participate in FP7 programmes and projects. It is expected that Memorandum of Understanding associating BiH to FP7 will be signed soon.

The commitment to participate in FP7 has been confirmed during a session of the Council of Ministries of Bosnia and Herzegovina held on January 24, 2008.

1.4 Financing

The majority of programmes and projects supporting development of innovation infrastructure are financed by (in alphabetical order):

- Centre for Promotion of Imports Developing Countries (CBI - Netherlands);
- Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ);
- European Bank for Reconstruction and Development (EBRD);
- European Commission (EC);
- Federal Ministry of Foreign Affairs Republic of Austria; Austrian Development Agency;
- Governments of Germany, Netherlands, Norway and France;

² <http://wbc-inco.net/news/3042.html>

- SDC (DEZA) Swiss Agency for Development and Cooperation;
- SPARK (formerly ATA);
- UK Department for International Development (DFID);
- UNDP (SUTRA project);
- United States Agency for International Development (USAID);
- World Bank; and
- others.

Many donor programmes (EU EXPRO, EU CIC, USAID CCA, CBI-Centre for Promotion of Import from Developing Countries, LEBID Neighbourhood Programme) are focused on export promotion, but only a small number of SMEs in strategic sectors actually benefit from them. Coordination of export promotion programmes is generally insufficient. Linkages between industry and science actors are not adequately supported.

There is no guarantee fund operating nationally in Bosnia and Herzegovina, but there are design initiatives by some international donors, with some funds operating at the level of the entities (and in Brčko, in particular), and municipal projects such as in Mostar. Cross-entity projects are being developed as part of the EU-RED regional development scheme.

2 Existing Innovation Structures in BiH

2.1 Key Government Players

The Ministry of Foreign Trade and Economic Relations of BiH (MoFTER), Department for Economic Development and Entrepreneurship (SME and RED Department) plays a crucial role in the SME development. There are also other BiH ministries, which are implementing SME related activities, e.g. Ministry of Finance and Treasury, Ministry of Justice, Ministry of Human Rights and Refugees and Ministry of Civil Affairs. Detailed description of each Ministries responsibility can be found in the Mapping and Analysis of Existing BiH - SME and RED Institutional Framework, issued in August 2006.

There is no fully operational national SME agency (or the equivalent) responsible for implementing SME policies which enjoy full political support in Bosnia and Herzegovina. There is the Republic Agency for Development of Small and Medium-sized Enterprises, which was created in 2004 in Republic of Srpska.

In Bosnia and Herzegovina, due to the complexity of the administrative structure and related governmental levels, several institutions are responsible for SME policy. Already indicated, the SME and RED Department is responsible for state level policy co-ordination with the entities and Brčko District. Co-operation is still limited, but a future agreement on the state level SME strategy and agency could lead to improvements in co-ordination. In the Republic of Srpska there is a Department for SME and production craftsmanship in the framework of the Ministry of Economy, Energy and Development, which is responsible for SME policy elaboration, along with



the operational Republic Agency for Development of SME, which is responsible for SME policy implementation. In the Federation of BiH (FBiH) and the Brčko District there are relevant departments for SME development within the Ministries, but no established leading institution in charge of SME policy elaboration (OECD and EC 2007).

As stated in the report of Pohl Consulting&Associates, published in 2004, the institutional framework to support SMEs is complex and under-developed but is improving over time mainly due to the efforts of international community. Since the situation differs dramatically, the following discussion differentiates between the BiH State (BiH), Federation of BiH (FBiH), Republic of Srpska (RS) and District of Brčko (DB) whenever possible (Pohl Consulting&Associates 2004).

Name:	Ministry of Foreign Trade and Economic Relations of BiH (MoFTER), Department for Economic Development and Entrepreneurship (SME and RED Department)
Contact:	Musala 9, 71000 Sarajevo, Bosnia and Herzegovina
Email:	Not available
Website:	http://test.mvteo.gov.ba/

The Ministry of Foreign Trade and Economic Relations of BiH (MoFTER) is in charge of:

- Foreign trade policy and customs-tariffs policy;
- Drafting contracts, agreements and similar acts related to economic relations and trade with other countries;
- Drafting bilateral and multilateral agreements related to reconstruction of BiH;
- Relations with international organizations and institutions in the area of foreign trade and economic relations;
- Elaboration of macro-economic documents in the area of economic relations;
- Business environment, single economic space;
- Development and promotion of entrepreneurship;
- Controlling trade of goods and services subject to a special regime for exporting/importing;
- Consumer protection and competition; and
- Coordination of international economic aid programmes (excluding EU aid programmes and veterinary).

MoFTER is also in charge of the coordination of policies and plans of entities' bodies and international institutions in the areas of agriculture, energy, environment protection and natural resources and tourism.

According to the Mapping and Analysis of Existing BiH - SME and RED Institutional Framework, published in August 2006, the MoFTER Department for Economic Development and Entrepreneurship (SME and RED Department) main areas of responsibility are related to the determination of development policies in economic

fields, macroeconomic analysis and forecasts, analysis and information for BiH institutions, proposing economic measures in cooperation with entities, following the effects of the economic policies and their socio-economic impacts. The work includes: legal and regulatory activities, analytical and operational work, provision of information and documentation, administrative and technical work. In the area of SMEs: cooperation with state and entity level institutions to improve the business environment for SMEs, cooperation with international and domestic (State, Entity and District Brčko levels) institutions that are related to SME development, in order to improve their operation, get financial support for SMEs, promotion of SMEs, development of a database of SMEs.

Name:	Federal Ministry for the Development of Entrepreneurship and Craftsmanship
Contact:	Stjepana Radića 33, 88000 Mostar, (Zgrada „Projektant“), Bosnia and Herzegovina
Email:	fmrpo@tel.net.ba
Website:	http://www.fmrpo.gov.ba/

The Federal Ministry for the Development of Entrepreneurship and Craftsmanship is responsible for development of SME sector. This is recognition of the importance of the SME sector and the necessity for effective coordination in the Federation of BiH (FBiH). The FBiH lacks an SME strategy at present.

Administrative, expert and other tasks as defined by the laws related to jurisdiction of the FBiH in the following areas are:

- Stimulation of development, entrepreneurship and crafts;
- Support to application of innovations and introduction of modern technologies in the area of entrepreneurship and crafts;
- Increase of entrepreneurship and crafts share in the economy;
- Organizing of institutions for entrepreneurship and entrepreneurial infrastructure in the economy; and
- Training of entrepreneurs and craftsmen through regular and supplemental courses, as well as other tasks established by law.

Name:	RS Ministry of Economy, Energy and Development
Contact:	Vuka Karadžića 4, 78000 Banja Luka, Republic of Srpska
Email:	mper@mper.vladars.net
Website:	http://www.vladars.net/en/min/mer.html

The RS (Republic of Srpska) Ministry of Economy, Energy and Development has established a Department of Private Entrepreneurship, which has prepared and

adopted an SME strategy (Programme of Development of SMEs 2002 - 2005) in 2001. The strategy defines SMEs using a similar definition to that of the EC. Furthermore, an Agency for SMEs was created in 2003 to implement the SME strategy. Although it was expected to have a budget of EUR 75.000 in 2003, it was not yet established due to a lack of sufficient state funds. The same applies to the Fund for SME Development. Both Agency and Fund were planned to be implemented as they were key parts of the economic policy of RS Government in 2004 (Pohl Consulting&Associates 2004).

Name:	The Department of Economy of the Government of Brčko District (DB)
Contact:	Miroslava Krleze 1, Brčko District
Email:	Not available
Website:	http://www.bdcentral.net

The Department of Economy of the Government of Brčko District (DB) deals with SME development. Since 2001, the key focus has been on establishing the Regional Development Agency (RDA) of Brčko District as the implementing agent, targeted by the framework provided by the approved Regional Development Strategy (2002 - 2006). The RDA has developed a “one-stop-shop” for business registration; delivers business support services; deals with trade and investment promotion, etc.

2.2 Key Innovation Infrastructures

The following section gives an overview on the main existing innovation infrastructures in Bosnia and Herzegovina (clusters, technology and innovation centres, technological and science parks, Business-start-up centres/ Technology Incubators and some further related organizations).

A) Clusters

Bosnia and Herzegovina benefits from two main cluster development programmes supported by international donors (USAID and GTZ). USAID provides technical assistance through the Cluster Competitiveness Activity (USAID CCA), amounting to USD 16 million (July 2004 - July 2008) and GTZ supports a growing automotive component cluster, comprising companies from throughout the country. Further assistance is provided to local cluster initiatives through the EU RED programme and within the regional programming documents. As stated in the Report on the Implementation of the European Charter for Small Enterprises in the Western Balkans (EC 2007, OECD 2007), despite this policy framework and support provided by donors, there is a lack of government financial support and of integration of

participating companies in joint initiatives for the creation of value chains that could improve the quality of products and services.

Apart from operating Automotive, Wood and Tourism Clusters, analyses of possibilities for establishing of metal processing cluster in Central BiH region were maintained. Additionally another cluster for knitwear is being planned in Srbac.

As stated in the OECD publication from 2007, two of the industry's heavyweights, Mittal Steel and Aluminij Mostar, even plan to build cross-border clusters (OECD 2007).

Name of initiative:	Automotive Cluster Bosnia and Herzegovina (AC-BiH)
Contact person:	Kruno Rašić
Email:	kruno.rasic@ac-bih.ba
Website:	http://www.ac-bih.ba/

The main objective of the Automotive Cluster Bosnia and Herzegovina (AC-BiH) is to increase the competitiveness of its members, which are companies active in the field of the automotive (supplier) industry.

The AC-BiH brings together the competences of its members along the supply chain and acts as a platform and motor for technological innovations, national and international co-operations, marketing and distribution.

The realisation of the objectives is done, in particular, through the following measures:

- Representation of the members' interests with respect to economic and other associations as well as administrative bodies;
- Support with the development of recommendations and strategies also in the field of international co-operation projects e.g. in the areas of market entry, research & development for the automotive sector;
- Exchange of ideas and information as well as continuous contact with relevant national and international stakeholders;
- Organisation of seminars, workshops and conferences on subjects of interest to the members and to promote exchange of know how and experiences between entrepreneurs, politicians and scientists;
- Setting up and moderating of horizontal networks, i.e. promoting co-operation between companies from the same level in the value chain in joint projects, such as distribution, production, purchasing and R&D projects;
- Setting up and moderating of vertical networks, i.e. promoting co-operation between companies from different levels in the value chain (R&D, production, marketing) in joint projects to effectively build up module competence;
- Offering of consulting and other services in the framework of the cluster objectives aimed at increasing the competitiveness of the members;

- Implementing general measures to increase the renown of the member companies and of BiH as an automotive region with potential for investments for international companies from the automotive supplier sector.

Major financier of the Cluster is Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ).

Industry/Sector (technology area): Automotive industry

International activities: Cooperation with neighbouring countries.

Name of initiative:	Wood Processing and Forestry Cluster (WP&F Cluster)
Contact person:	Lukša Šoljan (Cluster Team Leader)
Email:	lsoljan@usaidcca.ba
Website:	http://www.usaidcca.ba/

The establishment of the Wood Processing and Forestry Cluster (WP&F Cluster) was one of the 10 priority projects of Regional Economic Development Strategy is undertaken in partnership with USAID Cluster Competitiveness Activity (USAID CCA). Official presentation of the Project was conducted in January 2005 presenting experiences of developed countries and countries in the region in relation to process of competitiveness improvement through cluster establishment.

The first meeting of the cluster group was held in February 2005, where the problems in wood processing sector were defined. Problems were categorized, ranked and target markets were defined for each category of wood processing sector. Action teams were established in March 2005 and within each team major activities were defined and ranked.

Current Cluster activities are supported and organized by USAID CCA:

- Development of agents and representatives network in EU;
- Support in marketing activities (catalogues, trade fairs, B2B);
- Promotional activities in attracting investments;
- Development of studies and analyses to contribute to sector and cluster growth;
- Support to universities, Academy of Industrial design, Mechanical faculties, Secondary vocational schools,
- Activities on establishment of Technological Excellence Center in BiH;
- Support to development of QMS in firms, forestry sector, partners; and
- Activities in development of Forestry (certification, benchmarking, communications, image improvement).

Industry/Sector (technology area): Wood and forest products

International activities: From the beginning of its activities, the WP&F Cluster has been promoting inter-cluster cooperation especially with WP&F clusters from Southeast Europe and other countries of Central Europe. Austria and Slovenia are countries which long ago recognized the clustering benefits and are major cooperating partners (Holzcluster Styria and Lesarski Grozd-Pivka).

Name of initiative:	Tourism Cluster “Institute for Collaboration” (IFC)
Contact person:	Snježana Derviskadić (Cluster Team Leader)
Email:	sderviskadic@usaidcca.ba
Website:	http://www.usaidcca.ba/

The USAID Cluster Competitiveness Activity (CCA) functions as the “Institute for Collaboration” (IFC) of the BiH Tourism Cluster. It has taken the initiative to bring together stakeholders from the Cluster in three regions of BiH (Herzegovina, Krajina, and Sarajevo) and has facilitated the formation of working groups to deal with key competitiveness challenges in tourism. As the cluster’s IFC, CCA provides support to many joint action initiatives that improve BiH tourism products and expand markets.

All of CCA’s activities are implemented on behalf of the Cluster. Eventually, CCA will pass its responsibilities on to a local institution that will become the BiH Tourism Cluster’s permanent IFC. The project’s headquarters is in Sarajevo with offices in Banja Luka and Mostar.

There are 3 regional tourism sub-clusters in Sarajevo, Krajina and Herzegovina at the moment.

Industry/Sector (technology area): Tourism

International activities: Extensive participation in major tourism trade fairs and promotion of BiH country image.

B) Technology/Innovation Centres

In Bosnia and Herzegovina co-operation between universities and large companies is generally at a very low level in terms of technology innovations and transfer. Efforts have been made at entity level to try to change this situation. The most advanced entity is the Republic of Srpska, where there is organised support for innovation, co-ordinated by the Republic Ministry of Science and Technology. With Ministry support the recently formed Centre for Technology Transfer and Centre for Quality are now operational. In the Federation of Bosnia and Herzegovina (FBiH) plans for the establishment of technological parks in Zenica, Sarajevo and Tuzla are being progressed. No initiatives are being undertaken by the Brčko District. Few initiatives are being taken at state level to coordinate actions in this area.

Technology transfer mechanisms are limited to initial work on clusters. However, in the district of Brčko, an ambitious innovation and technology triangle Brčko-Bijeljina-Tuzla was part of the district’s 2002 - 2006 economic development strategy. It would link the educational infrastructure of the three towns to their industrial sectors. The project has nonetheless not been implemented (European Commission 2006).

Name of initiative:	Research Innovative Technology Center (RITC)
Contact person:	Mediha Zukić
Email:	Not available
Website:	More information available via the Regional Development Agency for Central BiH Region: http://www.rez.ba

As stated in presentation of Maja Kišić - Regional Development Agency for Central BiH Region (REZ) in February 2007, there is a plan of the Agency to create Research Innovative Technology Center (RITC) with the following objectives to:

- improve the competitiveness of SMEs in processing industry;
- enhance collaboration between private sector, universities and research institutes; and
- promote and support research and development activities.

When finalizing this report, no more information was available.

Industry/Sector (technology area): Not available

International activities: Not available

Name of initiative:	Entrepreneurship and Innovation Centre at the University of Zenica
Contact person:	Darko Perković
Email:	dpetkovic@mf.unze.ba
Website:	Not available

According to the List of Tempus CARDS Joint European Projects selected by the European Commission in 2006, the partners of the project aiming at establishment of the Entrepreneurship and Innovation Centre at the University of Zenica are:

- Ministry of Civil Affairs of Bosnia and Herzegovina - Sarajevo (BA);
- University Incubator Primorska Ltd. - Koper (Slovenia); and
- World University Service Bosnia and Herzegovina (SUS BiH) - Sarajevo (BA).

No more information was available when finalizing the report.

Industry/Sector (technology area): Not available

International activities: Not available

Name of initiative:	Innovation Center Banja Luka (ICBL)
Contact person:	Zoran Gajić (General Manager of EXIT Centre)
Email:	zoran.gajic@exitcentre.org
Website:	Not available

The Innovation Centre Banja Luka (ICBL) will be a base of innovation in the Republic of Srpska, providing relevant incubation and business development services, as well as market-oriented and professional consulting, training and conference facilities. The driving force and central goal behind the ICBL is the paramount need for creation of future-oriented jobs, especially based on knowledge and technology, and to assist entrepreneurs in creating successful companies.

Within the implementation process, the preliminary study report with basic plan of content was carried out (September 2007). The Centre will be open at the end of 2008.

The Centre shall be organized as a foundation owned by Republic of Srpska, City of Banja Luka, University of Banja Luka and a Norwegian institution appointed by Norwegian authorities. The EXIT Group will assist in the management of the centre and provide in-house and external consulting services on business terms. The ICBL will combine incubation, consulting and training departments, including conference facilities. The centre will offer 30 start-up and 15 plain offices, laboratories, meeting rooms, classrooms for training, amphitheatre with 150 seats, copy/print centre and other services.

The Centre will help to develop business ideas and create jobs. It will provide an entrepreneurial and learning environment, ready access to mentors and investors, and visibility in market place for app. 30 tenants, offering a mix of office and meeting room space to ensure that units of different sizes are available to suit tenants at different stages of growth.

A professional and independent consulting element, offering business consulting services in-house and to the general market is a necessary part of the centre. Consulting services will cover wide range of business areas, including project construction and project management, financing, organizing, marketing, innovation, networking, business planning and technology consulting. The training element of the centre will be combined with conference facilities, offering opportunities for organization of seminars and conferences on local, regional, national as well as on international level.

Industry/Sector (technology area): Knowledge-based economy (with focus on Information and Communication Technologies, Agricultural and Food production, Processing industry, Biotechnology, Pharmaceutical and Cosmetics industries, Tourism, Organic production and certification, etc).

International activities: Cooperation with Norwegian Authorities and SIVA (The Industrial Development Corporation of Norway).

C) Technological and Science Parks

No technological and science parks have been implemented in BiH but there is a plan to establish a Science and Technology Park in Zenica based on the infrastructure and the skilled and educated workers of “Kemal Kapetanović” (metallurgy institute). This institute was a distinguished scientific research institute, linked to the steel factory in Zenica (the biggest in the former Yugoslav Republic) and the Faculties of Metallurgy and Machinery. There also appears to be scope for establishing technology parks in university towns such as Sarajevo, Banja Luka, Mostar and Tuzla, however, much more research and analysis is required before this becomes a reality (Pohl Consulting&Associates 2004).

As indicated in one of the presentation of Ismar Alagić and Maja Kišić from REZ Agency, the future task of REZ Agency related to above mentioned Science and Technology Park Zenica is to assure that the Park will:

- Improve the competitiveness of SMEs in processing industry;
- Enhance collaboration between private sector, universities and research institutes; and
- Promote and support research and development activities (Alagić and Kišić 2007).

D) Business-start-up Centres/ Technology Incubators

According to the recently published Development Strategy of Business Incubators in Bosnia and Herzegovina (Strategija Razvoja Poslovnih Inkubatora U Bosni I Hercegovini, March 2008), incubators are still mostly supported by donor countries, but there are lot of local initiatives emerging and support to business incubators is growing.

There are 9 business incubators operating in BiH : NBR (with premises in Gradačac, Modriča and Šamac), Mostar, Zenica, Žepče, Prijedor, Sarajevo, two incubators in Tuzla and Brčko (currently not fully operational). Some of the incubators (located in Sarajevo, Mostar and one in Tuzla) are focusing on businesses in the service sector, other ones support businesses in the production sector. Business Incubator Žepče is currently expanding and planning to open an incubator focussing on the agricultural sector that is already functioning in Tuzla (established by organization BOSPER that is not officially called incubator, but provides incubation services.

In total, these incubators are managing 20.299 m² of space (16.831 m² for SMEs in production sector and 3.468 m² for SMEs in services sector). At the moment, three business incubators are expanding their space for additional 1.638 m² (financing is provided by EU through EURED II project). More than 165 companies were beneficiaries of the incubators (more than 850 employees).

At the moment, there are four new initiatives to establish business incubators in the municipalities of Trebinje, Jablanica, Bugojno and Zavidovici.

Primarily, the main purpose of establishment of incubators in BiH was job creation. However, this purpose is changing and incubators in the country are developing and

providing various services to SMEs and local communities. For example, the NBR Business Incubator is currently implementing an EU funded project with the purpose to improve innovative infrastructure in the North East BiH Region. The Independent Office for Development (NBR) will establish a network of Entrepreneurship Development Centres in the North East Bosnia Region in order to further improve development role of existing entrepreneurship infrastructure (services to businesses and potential businesses will be expanded and strengthened).

In line with this attempt to serve not only as “job creation mechanisms” and expand their role and strength, BiH incubators created a network and adopted a strategy as a platform for their future mutual work. Members of the Network are all 9 incubators operating in BiH as well as Association of Entrepreneurs LINK Mostar and Association BOSPER from Tuzla.

The decision to create a common strategy was made at the First Conference of BiH Incubators in February 2006 (held in Brčko) and then the Strategy was adopted at the Second Conference of BiH Incubators (Tuzla, November 2006). The coordinator of the strategy’s implementation during 2007 was NBR (Independent Office for Development). The Strategy was updated and Action Plan developed and agreed at the Third Meeting of BiH Incubators, which was held in Žepče in March 2008. It was approved, that the coordinator of the Strategy implementation during 2008 is the Association of Entrepreneurs Žepče. The Fourth Meeting of BiH Incubators will be organised in Mostar at the beginning of 2009 (hosted by the Association of Entrepreneurs LINK, designated coordinator of the strategy implementation in 2009).

There is a trend to regionalise many functions of business incubators (such as promotion, business advisory services, involving other regional/local actors in process of business incubation) - common services for more incubators to be united in one place. Such trends are already formalised in North East Bosnia (leader is NBR) and Herzegovina (leader is Business Incubators Mostar and LINK). The parallel initiative is being developed in Central Bosnia.

The Network of BiH Incubators has recognised ten strategic directions for joint cooperation:

- Strengthening existing infrastructure and expanding space for business;
- Strengthening the system of financial and other support (allowing representatives of BiH authorities to support the establishment and development of business incubators);
- Strengthening cooperation among BiH incubators,
- Promoting business incubation concept and its results in BiH;
- Involving other development actors in business incubation process;
- Providing permanent training of incubators' management;
- Establishing the system for business incubator's evaluation;
- Strengthening business advisory component of services within incubators;
- Assisting in provision of funds for beneficiaries and potential beneficiaries; and
- Involving BiH Incubators into networks of business incubators and development centres in Europe.

As indicated on the webpage of the Association for Capacity Building and Development EU TAC, in October 2007, there was a contract signed with EC Delegation to BiH, EU TAC Association member, Association of Businessmen and Employers Žepče in order to implement the project "Agricultural Business Incubator". The project value is EUR 280.000 and the contract was signed in October 2007. At the time of compiling the report, no more information about this initiative was available.

BiH with its Business Start-Up Centre Zenica (BSC Zenica) participates in the **Southeast European Network of Business Start-up Centers and Incubators (SENSI)**. The Network was set up under the auspices of the SPARK in Tuzla (BiH) on October 20, 2006, and is a regional network of business start-up centres and incubators with more than 20 members trough the whole region of Southeast region (from Slovenia to FYR of Macedonia).

By bringing together the different local backgrounds, shared experiences, forces and know-how of business starts-up centres and incubators in 8 countries (Slovenia, Croatia, FYR of Macedonia, Serbia, UNMIK/Kosovo, Montenegro, Bosnia and Herzegovina and the Netherlands), SENSI members aim to improve their support and business services to young entrepreneurs and start-ups.

In cooperation with universities from South East Europe, local governmental institutions and local business communities, SENSI enhances the capacity of entrepreneurship in South East Europe.

For more details concerning the S.E.N.S.I. Network, its members, and contact lists, please visit the web-site: <http://www.sensi.biz/>.

Name of initiative:	Business Start-Up Centre Zenica (BSC Zenica)
Contact person:	Nino Serdarević (BSC Project Coordinator)
Email:	n.serdarevic@bsczenica.org
Website:	http://www.bsczenica.org

The Business Start-Up Centre Zenica as a part of a wider regional network of Business Start-up Centers and Incubators in South Eastern Europe (BSC Network - covering Serbia, Montenegro, UNMIK/Kosovo, FYR of Macedonia and BIH) was established on May 8, 2007, when the Memorandum of Understanding (MoU) was officially signed.

The Centre is supported by SPARK (formerly ATA - Academic Training Association) through a grant of the Dutch Government and also local partners provide contributions in kind.

The BSC Zenica offers young entrepreneurs (up to the age of 35) training, consultancy, working space and access to micro-credit, which will lead to the establishment of new and innovative SMEs.

Industry/Sector (technology area): All technology sectors, special emphasis on young population 18-35 of age, and innovative businesses.

International activities: As a part of the BSC Network cooperating with FYR of Macedonia, Montenegro, UNMIK/Kosovo, Serbia.

Name of initiative:	Business Start-Up Centre University of Tuzla
Contact person:	Sanja Hajdukov (Project Coordinator)
Email:	sanja.hajdukov@untz.ba
Website:	http://www.bsc.untz.ba/indexeng.html

The Business Start-Up Centre is located at rectorate of Tuzla University. The Centre is financially supported by Federal Ministry of Foreign Affairs Republic of Austria and local NGO Taldi Tuzla.

The Centre's aim is to promote and develop the idea of entrepreneurship among students of all faculties at the University of Tuzla. The Centre provides additional education, trainings and consultancy services with the aim to encourage students to start up their own business.

Target groups of the Business Start-Up Centre University of Tuzla are:

- Graduate students of all faculties;
- Young people who recently completed studies and didn't find employment yet; and
- Post graduate students.

The Business Start-Up Centre has a team of consultants, who are giving lectures, consultancies and examples from their expert's experiences. The education in the Centre covers the following themes: Product development; Market and Competition; Organization and management of SMEs; Marketing; Financial plan/Finances/Resources and Legal framework for the registration of SMEs.

Industry/Sector (technology area): All technology sectors with a special focus on students and young people.

International activities: Participation in the Network of Business Start-Up Centres and Incubators in South-Eastern Europe.

Name of initiative:	Business Innovation and Technology Center Tuzla (BIT Center Tuzla)
Contact person:	Robert Martić (Incubator Manager)
Email:	info@bit.ba ; robert@bit.ba
Website:	http://www.bit.ba

The Business Innovation and Technology Centre Tuzla (BIT Center Tuzla) was established in October 2005. The BIT Center project has four partners: Tuzla Municipality and University of Tuzla as local partners and SINTEF (Foundation for Scientific and Industrial Research at the Norwegian Institute of Technology) and SIVA (Industrial Development Corporation of Norway) as international partners.

A main goal of BIT Center Tuzla is to provide opportunity for young prospective experts and entrepreneurs to start and develop their businesses, which are in the domain of ICT, to support development using Seed Capital Fund and to give core knowledge in business as well in ICT which can support development of the company. The main objectives of the BIT Center project are written in the Memorandum of Understanding (MoU) signed by the Municipality and the Norwegian Ministry of Foreign Affairs on September 23, 2004.

There are three types of companies/projects in BIT Center (1.080 m² of office space). There is "idea developers" (projects), "Start-up companies", and young established companies with a growth potential. Most of the companies supported in BIT Center are start-up companies.

BIT Center Tuzla has three components: ICT Business Incubator, ICT Training Center, and ICT Research Center.

The purpose of the Incubator is to assist in and speed up business development processes in companies located in the BIT Center Tuzla. This objective is to be met by providing incubator companies with enabling tools, training, infrastructure and other support necessary to create financially stable high growth enterprises. Additionally, the BIT Training Center was established in May 2006 with the same focus and first steps were made in establishing BIT Research Center.

The BIT Center Incubator provides ideal environment and support for new and existing ICT business. The Incubator offers: financial, administrative and management support services; shared facilities including meeting and conference rooms, reception, information desk and cafeteria; and technical features (internet connection, printer, copier). Other professional services e.g. business consulting, business trainings, business matchmaking, transfer of knowledge and technologies, application for Seed Capital Fund and help in finance, marketing, accounting and law is being offered.

The companies established and developed with the help of the premises and services provided by the BIT Center created new jobs, and in last 24 months BIT Center was host for 24 companies and 111 young educated people. In March 2008,

BIT Center hosted 17 companies, one research project and 68 employees working in companies.

The BIT Center Tuzla cooperates with University of Tuzla, especially with Faculty of Electrical Engineering, but also with other faculties. The Center was intermediate in setting up specialized laboratory for student's education and training in programming and development of microcontrollers.

Industry/Sector (technology area): ICT

International activities: Not available

Name of initiative:	Business and Entrepreneurial Centre - Incubator "Lipnica" Tuzla
Contact person:	Muris Nišić (Director)
Email:	rpc-ink@bih.net.ba
Website:	Not available

The Business and Entrepreneurial Centre - Incubator "Lipnica" Tuzla was established in 2004 as a Limited Liability Company and its work is regulated by the Law on Public Companies of the Federation BiH. It has official managing structures (the Assembly, the Supervisory Board, and Management) and Municipality of Tuzla is continuously providing support to the Incubator in order to create better conditions for companies located in the Centre and support expanding capacities and growth of the Centre.

The main objective of the Centre is to support potential business start-ups and run entrepreneurial activities especially in the first phases of establishing businesses.

The Centre is operating as an incubator facility with following other objectives:

- Promotion of entrepreneurship and business start-up among different groups of citizens (unemployed, women, youth etc.);
- Effective use of all available industrial capacities (not used, empty);
- Support to establishment and development of new businesses;
- Comprehensive support, assistance and services to business start-ups;
- Establishment of partnerships and networks among companies located in the Centre and in the region; and
- Lobby and advocacy for regulation and legislative changes in relation to SMEs.

Favourable space for companies, shared services (using electricity, water, heating, waste water management, telecommunications etc.), administrative services, promotion, management and business support services are offered to each company in the Incubator.

The Business and Entrepreneurial Centre - Incubator "Lipnica" Tuzla is currently using 10,933 m² of facilities divided into 28 individual objects (entire complex covers 159,000 m²). At the moment, the Centre accommodates 35 companies (18

companies are business start-ups) with around 235 employees. Companies located there are mainly acting in production and service provision, especially in wood processing, mechanical, aluminium, textile, shoe, paper, chemical and other sectors.

The Centre has good cooperation with the Regional Development Agency (NERDA) Tuzla, Association of Handicrafts in Tuzla, and University in Tuzla (collaborating in the Business Startup Centre initiatives of the University where young students have an opportunity to apply for the space after completion of business start-up course).

The Centre is financially supported by the Budget of Municipality of Tuzla. This source of funding is regular and provides partial funding for the operational and maintaining expenses. The additional funding is coming from its regular business activities (renting space to businesses, fee for mutual services etc.) and periodically throughout project applications and their implementation (e.g. Cantonal and Federal Funds, EU Funds etc.)

Industry/Sector (technology area): All technology sectors - mainly acting in production and service provision (e.g. wood processing, mechanical, aluminium, textile, shoe, paper, chemical)

International activities: Not available

Name of initiative:	NBR Business Incubator
Contact person:	Enver Sarvan (Executive Director)
Email:	pitcentar.nbr@gmail.com
Website:	http://www.nbrudruzenje.org/

The NBR Business Incubator was established in 1998 in Gradačac. Today, the Business Incubator has premises in three municipalities in Bosnia and Herzegovina (Gradačac, Modriča and Šamac) and is one of the biggest incubator in BiH and the Region (at least when it comes to area available – 8,250 m²). The incubator is registered as NGO and participates actively in the BiH Incubators Network. The incubators is currently implementing EU funded project ‘Strategic Strengthening of Entrepreneurial & Development Centers in the Region’ with a challenging aim to further improve entrepreneurial infrastructure in the region.

The incubator was originally established to resolve high unemployment of local population. Currently there are 23 beneficiaries (SMEs) with around 320 employees. Nowadays, the NBR Business Incubator is moving its function from job creation (although, the high unemployment is still a big issue in the local community) toward provision of sophisticated services that businesses need in order to develop, expand and export. Such services include provision of soft (funding and fund raising, advising, consulting, internationalization, business planning, and connection with scientific institutions etc.) and hard infrastructure to SMEs (currently focusing on development of business zones in the region). Additionally, the incubator provides

services to local communities (advising, consulting, project cycle management, etc.) and networks development organizations within the region.

Objectives of NBR Business Incubator are:

- Providing work space for businesses;
- Providing services simplifying the work of businesses and preparing them for open market; and
- Involving other development actors in incubation process (e.g. local communities, universities etc.).

In order to further promote the concept of business incubation in Bosnia and Herzegovina (to include it in national policies), NBR initiated and established the BH Incubators network.

The incubator is financially supported by: EU funds, own beneficiaries, local fund (local municipalities and other governments), other international organizations and by selling services of the incubator.

Industry/Sector (technology area): All technology sectors

International activities: Cooperation with local development agencies from Croatia (Vinkovci, Vukovar) and Serbia (Sombor) – mutual project focusing on youth entrepreneurs was approved by East SOROS Fund. Another project is being implemented in Serbia with a special focus to provide business advisory services to SMEs in municipalities Bajina Basta, Uzice, Priboj and Ljubovija.

Name of initiative:	NGO Krajina - Business Incubator Banja Luka
Contact person:	Mirela Zrnić (Director)
Email:	ngo.dem@blic.net
Website:	http://www.agroberza.net

NGO Krajina is non-government citizen's organization established on in April 1996 and registered in 1997 in Municipal Court in Banja Luka. The NGO Krajina implemented 156 international and domestic projects in the field of civil society development, institutional and new non-government organizations strengthening revitalization of local development agencies, SMEs and agricultural sector and many others. The business incubator in sector of agriculture is one of the current projects within the Organisation.

The Business Incubator Banja Luka has three offices located in area of Banja Luka, Nova Topola and Derventa and 11 employees. The incubator is financially supported by EU, Banja Luka City and Laktaši Municipality.

All offices of the Business Incubator Banja Luka are primarily active in development and expansion of agricultural production (production of organic food, fattening of

stock and establishment of small farms) and development of SMEs. Besides activities in producing healthy food, the incubator is also developing a project focusing on production of remedial herb, setting up new technologies (site on Manjaca and micro-sites in the area of municipalities of Teslić, Čelinac, Prnjavor, Laktaši and Gradiska). The incubator established the first electronic Agro-stock market in BiH, which found the cooperation with “Poljopriveda.info” (agricultural internet magazine) and “Vibiliom” (service of business information).

Services provided by the Business Incubator Banja Luka:

- Specific training for agricultural producers and cooperatives (e.g. municipality administration in admission process and methodology in agriculture in accession to EU);
- Support in writing project proposals and their implementation;
- Consultancy in agriculture management.

Industry/Sector (technology area): Agriculture (production technology, medical herbs processing and organic production)

International activities: Active cooperation established with neighbouring countries (e.g. Serbia, Montenegro, Croatia) in agriculture sector and business relations and partnerships created with medical herbs producers and producers of organic-food products in Europe.

Name of initiative:	BOSPER (Bosnian Perspective in Agriculture)
Contact person:	Bukinje bb, 75000 Tuzla, Bosnia and Herzegovina
Email:	info@bosper.com.ba
Website:	http://www.bosper.com.ba

The Association BOSPER is a local non-government organization which arose from the Lutheran World Federation. The association started up with the implementation of 4 projects (duration from 1 to 4 years), which are financially supported by international donors (e.g. SIDA Sweden, HEKS/EPER Switzerland, EED Germany, FAITH IN United Kingdom) in cooperation with local authorities (Tuzla and Modriča municipalities), NGOs and other organizations.

BOSPER (Bosnian Perspective in Agriculture) is an example of incubation in agriculture (special focus on production of fruit and vegetable, greenhouse production, milk production and application of new, contemporary technologies).

The main activities of BOSPER are:

- Consultancy to agriculture producers;
- Practical training and education of agriculture producers (Production-education centers Toplica and Modriča);
- Education in applying new technologies;
- Organisation of agriculture production and development of livestock farming;



- Management of Plant d.o.o. – a company producing plants, vegetables and fruits (own educational centre);
- Support to farmers to sustain existing productions and further improvement;
- Provision of credits (loans) through UPI bank (regression of interest rate provided by the Government of Tuzla Canton); and
- Job creation in agriculture and trade.

Industry/Sector (technology area): Agriculture, Trade

International activities: Cooperation with variety international partners, donors.

Name of initiative:	Business Incubator in Brčko
Contact person:	Adnan Drapić, Amra Abadžić
Email:	adnand@bdcentral.net ; amraab@bdcentral.net
Website:	Not available

The Business Incubator in Brčko operates on the project's basis of the Department for Economy of the District of Brčko. The Incubator consists of 152 m² for offices and 1,755 m² is covered by entrepreneurial hall.

At the moment, there is an open call for new clients, as there is only one company using the incubator's facilities. There is a plan to establish an educational centre, offering accountancy service and legal help for the beneficiaries and the reconstruction of the hall will be organized. In this phase, four more clients will be attracted and 10 employees employed.

Industry/Sector (technology area): All technology sectors

International activities: Not available

Name of initiative:	Business Incubator Mostar
Contact person:	Trg Ivana Krndelja br.1, 88000 Mostar, Bosnia and Herzegovina
Email:	inkubator.mostar@bih.net.ba
Website:	Not available

The Business Incubator Mostar was established by City of Mostar in 2003. The major financial support for its establishment was provided by EU (90% - EU QIF) and the City of Mostar (10%). The Incubator does not have an independent legal status; it is a part of the sector for economy and finance of the City of Mostar. The employees of the Incubator (director and technical secretary) are financed from the city's budget.

At the moment, there are 24 clients hosted in the incubator (maximum capacity is 25). The incubator offers a wide range of consulting services (advice on registration process, analyses of business plans, support in writing business plans), training upon request and promotion activities. The Business Incubator Mostar does not have its own sources of programmes' financing for users, but it has an agreement with LINK Association³ in order to use the credit-guarantee fund (Kreditni garancijski fond - KGF) from the association.

Industry/Sector (technology area): Not available

International activities: Not available

Name of initiative:	Business Incubator Prijedor
Contact person:	Branislav Vujasin (Manager)
Email:	pprijedor@spinter.net ; preda@prijedor.com
Website:	http://www.preda.rs.ba/

The Municipality of Prijedor and the Economic Development Agency Prijedor (PREDA-PD) initiated the creation of the Business Incubator Prijedor with a financial support of Italian programme SEENET, German GTZ, Swiss SDC.

The establishment of Business Incubator Prijedor was in line with the Strategy of Development of Entrepreneurship and Small and Medium Enterprises of the Municipality of Prijedor 2003 - 2008. The Municipality used the property of former army barracks of Palančište (18,063 m²) and now after the redevelopment and reconstruction of the facilities, the renovated object consists of management of the Incubator, surface and other business space (in total 700 m²). As there is enough space and old buildings available, two more phases of development of the Incubator are planned. The first phase covers renovation of two existing buildings and construction of additional infrastructure and the second phase includes construction of two new objects in the property. The first phase will be realised with support of funds from European Commission.

The Incubator offers 583 m² of office space and there are 4 clients with 15 employees. The running costs of the incubator are financed by the Municipality of Prijedor.

Industry/Sector (technology area): Not available

International activities: Not available

³ <http://www.linkmostar.org/>

Name of initiative:	Business Incubator Sarajevo
Contact person:	Snežana Tomašević
Email:	snezana@serda.ba
Website:	http://www.serda.ba

The SERDA Business Incubator was officially opened in May 2005 with the aim of establishing the appropriate infrastructure and creating favourable business climate for support to SMEs. The incubator is located in Sarajevo and has 2,000 m² of office space for the disposal including the educational centre with IT hall, conference hall, classroom, and hall for 100 people.

The project “business incubator” is a result of partnership between Sarajevo Economic Region Development Agency (SERDA) and Spanish Agency for International Cooperation (AECI), Barcelona Aktiva and the Municipality of Barcelona. The value of the project was EUR 688,000. The cofinancing from Spanish donators was concluded in 2007 and the project has been financed by the SERDA funds since August 2007.

29 enterprises (125 employees) are currently located in the incubator, which are using incubator’s office space (up to 3 years) and consulting and educational services. Within its educational centre, the incubator provides its internals and also external clients variety of seminars, workshops and lectures: e.g. language courses (English, Spanish), European Computer Driving License (ECDL), seminars for potential entrepreneurs, introduction to ISO Standards, IT, project cycle management, and many others.

Industry/Sector (technology area): Not available

International activities: Cooperation with Balkan countries

Name of initiative:	Business Incubator Zenica (BIZ)
Contact person:	Muhsin Ibrahimagić, Naidin Ahmetpahić
Email:	info@zeda.ba ; muhsin@zeda.ba ; naidin@zeda.ba
Website:	http://www.zeda.ba

Business Incubator Zenica (BIZ) is located in business zone Zenica 1 and started to operate in 2005.

The initiative (Business Incubator Zenica) aims to promote and develop the idea of entrepreneurship and to provide support to SMEs in Zenica Municipality and the whole Central Bosnia Region. The partners are: governmental institutions (Ministry of

Economy of Zenica-Doboj Canton, Business Service Centre of Zenica-Doboj Canton), educational institutions (University of Zenica) REZ-RDA Regional Development Agency for Central Bosnia Region, Business start-Up Centre Zenica. This partnership is a result of the common interests in promotion and development entrepreneurship in Zenica Municipality.

The market analysis and analyses of the business climate in Zenica Municipality showed the unavailability of business premises at low prices, as well as lack of entrepreneurship tradition in the SME sector. At the moment, BIZ includes 29 business space units: 25 of them are suitable for workshop activities and 4 of them are suitable for office related activities (19 entrepreneurs are using the facilities).

Specific objectives of BIZ (e.g. creation of the new jobs and support to economic development in the Municipality, entrepreneurship promotion, support to private sector development and development of the export potentials, promotion of the technology transfer among companies, etc) are fulfilled by following services:

- Renting of the business spaces at favourable conditions (lower prices);
- Assistance in identification of business opportunities and creation, evaluation of business plans;
- Regular support to entrepreneurs through business consultancy and support in solving the problems;
- Business planning and business matchmaking;
- Training programmes (Business English, provision of educational facilities including audio-visual equipment); and
- Administrative support.

The renovations of BIZ buildings were financially supported from the several donors (Zenica Municipality, Government of the Zenica – Doboj canton, Federal Ministry of Development, Entrepreneurship and Crafts, Piedmont Region – Italy, EU QIF, EU READ CARDS funds, etc). Operational costs of the Business Incubator Zenica are covered by the Zenica Municipality budget, revenue earned from rental of the business spaces and other funding.

The buildings of BIZ and the land are owned by Zenica Municipality. Mayor of Zenica Municipality has brought decision by whose power management over the Business Incubator was assigned to ZEDA Agency. ZEDA is in charged for the operational activities (day-to-day work) in the incubator. ZEDA Agency's team provides and organizes consultancies, trainings, and support in business planning to tenants of the business incubator.

Industry/Sector (technology area): All technology sectors. Currently, the BIZ beneficiaries include companies from the wood-processing industry, metal-processing industry, printing companies, electronics industry, and different service-providing companies.

International activities: Cooperation with business incubators and business centres in the South-Eastern Europe and Western Europe (Italy, Spain).

Name of initiative:	Business Incubator Žepce
Contact person:	Mira Jović, Branka Janko
Email:	mira.jovic@tel.net.ba ; branka.janko@tel.net.ba
Website:	Not available

The Business Incubator in Žepce was created in 2003 as non-profit and non-governmental organisation, which supports development of SMEs and agricultural sectors. The incubator is oriented towards private sector development and seven SME companies with production activities (paper, metal, construction, bakery, etc.) and 40 employees are hosted in its premises.

Apart from business counselling (e.g. how to register company, preparation of business plans), the incubator provides specific trainings, technical services, printing of promotion materials, and assures other PR activities.

Industry/Sector (technology area): All technology sectors (focus on production activities)

International activities: Not available

E) Others, related Organisations

Name:	Foreign Investment Promotion Agency of Bosnia and Herzegovina (FIPA)
Contact person:	Haris Bašić (Director)
Email:	fipa@fipa.gov.ba
Website:	http://www.fipa.gov.ba/

The Foreign Investment Promotion Agency of Bosnia and Herzegovina (FIPA) was established by the Council of Ministers of BiH in August 1998, but effectively started operating at the end of 1999.

The Steering Board of FIPA consists predominantly of representatives from the private sector and foreign investors.

The Agency is a State Agency established with the mission to:

- attract and maximize the flow of foreign direct investment into Bosnia and Herzegovina, and encourage existing foreign investors to further expand and develop their businesses in BiH;
- facilitate the interaction between public and private sectors, and have an active role in policy advocacy in order to contribute to continually improving environment for business investment and economic development; and

- promote a positive image of Bosnia and Herzegovina as a country that is attractive to foreign investors.

The Government of BiH has mandated the Foreign Investment Promotion Agency to facilitate and support foreign direct investment. The Agency offers practical assistance in dealing with government institutions, by working directly with investors and, more structurally, by assisting the government in improving the legal framework for foreign investments. FIPA also assists investors to develop contacts with the public and private sector.

The fact-sheets with investment-related indicators, matchmaking and sector studies, elaborated by FIPA's experts and independent consultants, ensure that investors are fully aware of the opportunities that BiH presents. Moreover, FIPA works alongside the embassies and diplomatic missions of BiH that can also help to explore further investment opportunities.

FIPA provides data, information, analysis and advice on the business and investment environment, including the legal framework for foreign direct investment; investment incentives; and economic and business trends.

FIPA identifies and presents available investment opportunities:

- Investment projects in the development-phase or ready for implementation;
- Companies in the process of privatisation; and
- Local companies seeking foreign partners.

Name:	Agency for Development of Small and Medium-sized Enterprises in Republic of Srpska
Contact:	Slavka Radica 4, 78000 Banja Luka, Republic of Srpska
Email:	rars-msp@blic.net
Website:	http://www.rars-msp.org

The Agency for Development of Small and Medium-sized Enterprises in Republic of Srpska (RS) was established in 2004 and is founded in compliance with the Law on Support to Development of Small and Medium-Size Enterprises. The Agency works as a non-profit organisation.

The mission of the Agency is to support funding and development of SMEs and entrepreneurship in Republic of Srpska via following goals:

- Enhancement of participating of SMEs in the economy of Republic of Srpska;
- Enhancement of technological development, competitiveness and openness of new market for SMEs;
- Education for entrepreneurship; and
- Enhancement of the number of business subject and new-employed workers in SMEs.

The Agency for Development of Small and Medium-sized Enterprises in Republic of Srpska fulfil following tasks:

- Elaborating the strategy and developing policy of SMEs in Republic of Srpska (RS);
- Defining policy for directing development funds;
- Following the realization of the development programme of SMEs (developed by Ministry of Industry in cooperation with various stakeholders);
- Stimulating the establishment, work and development of SMEs;
- Analyzing the position and development, and supporting investments into SMEs;
- Coordinating activities in the field of proving and using funds for financing the programmes, projects related to SMEs;
- Selling or giving for lease or use the real estates and other infrastructure premises owned by RS, which are given to the Agency to manage on the basis of a Program under commercial or improved conditions, including allocation without compensation;
- Providing support for the increase of employment, professional training;
- Giving support for participation in international fairs, exhibitions and promotion of entrepreneurship;
- Providing assistance in realization of direct local and foreign investments in SMEs and providing support for innovatory activities;
- Giving approval to the act of establishment of local agencies and local funds;
- Organising, collecting and processing of legal and other information of interest to the SMEs, local and foreign market research;
- Establishing a single information system for statistical data and information;
- Monitoring, analysing and reporting on the results of stimulating measures; and
- Cooperating with international institutions in the SME sector.

Name:	LiNK Association
Contact person:	Bulevar narodne revolucije 55a, 88000 Mostar, Bosnia and Herzegovina
Email:	link.centar@linkmostar.org
Website:	http://www.linkmostar.org/

The LINK Association is the entrepreneurship and job association, which was established in 2001 and is supported through the project of the Italian NGO COSPE. Since its establishment, the Association follows working model of the European associations for development of entrepreneurship. LINK promotes economic development through representation of the interests of companies and entrepreneurs and providing quality services to those who are starting their businesses or improving it.

The Association was registered as Citizens Association on April 17, 2001, care off the Ministry of Justice, Hercegovnačko-neretvanski Canton. The Association bases its

work on Services Center that provides business consultancies to its membership. Internal organization, technical and human resources are based on the need of rapid and dynamic development, putting priority on improvement of quality in implemented projects and services. LiNK associates private entrepreneurs and civilians who would like to start or improve their business. Currently the Association has 220 members, mostly micro-business and small companies.

Key players in the development on innovation infrastructure in the BiH are also **Regional Development Agencies (RDAs) and also Business Support Centres (BSCs)**. As stated in the Mapping and Analysis of Existing BiH - SME and RED Institutional Framework (August 2006), they were primarily set up to assist regions undergoing economic crisis to identify new economic opportunities. RDAs act as the catalyst, and driving force of the regional development process. In the broadest sense, RDAs have a wide remit which encompasses developing a strategic framework, establishing mechanisms for consultation with partners in the region, coordinating and representing partners' views, managing and implementing projects and providing or identifying sources of matching funding for projects.

There is no universal model or structure for the ideal RDA, each country has its own concept. RDAs can be funded in different ways, but are usually established and supported significantly by national governments and /or municipalities.

The more common activities RDAs engage in include:

- Regional Strategic Planning;
- SME Development;
- Training;
- Regional Marketing and Promotion;
- Development of Business Parks, Enterprise Zones, Business Incubators; Innovation Centres and Technology Parks;
- Rural development and Tourism;
- Attracting Direct Foreign Investment; and
- Participating in EU funded programmes and pilot projects.

As mentioned previously, RDAs are one of the key players in initiating and coordinating regional development strategies, which is normally a requirement before EU funds are dispersed within a region. By harnessing all economic forces and assets, RDAs are central to promoting dynamic regional development and securing positive change, through new development projects, that impact directly on the overall social and economic fabric of a region.

In 2003, there was a network of 5 Regional Development Agencies (RDAs) established under the framework of Regional Development Project supported by EC, covering the whole territory of BiH: North East BiH (NERDA); Herzegovina (HERDA); Sarajevo (SERDA); Central BiH (REZ-RDA); and North-West BiH (ARDA).

3 Conclusions/Recommendations

Bosnia and Herzegovina (BiH) lacks a SME strategy and there is no fully operational national SME agency (or the equivalent), which would have full political support across the country. The situation differs dramatically between the BiH State (BiH) and its entities Federation of BiH (FBiH), Republic of Srpska (RS) and District of Brčko (DB). Only the Republic Agency for Development of Small and Medium-sized Enterprises exists, which was created in 2004 in Republic of Srpska.

BiH appears to lag behind significantly in the entire business establishment process, due in particular to problems of agreement and co-ordination between different levels of the Government. The development of an institutional framework to support SMEs and enterprise development is still at the beginning and its development is constrained by the complex constitutional structure of BiH. Therefore, the major recommendations for BiH will primarily focus on defining and approving a SME strategy, establishing National Agency for SME development, assigning clearly organisational responsibility for the development of SME policy and assuring communication and consultation across the country.

The country benefits from two main cluster development programmes supported by international donors (USAID Cluster Competitiveness Activity - CCA and GTZ) and there are three clusters operating (Automotive, Wood Processing and Forestry and Tourism Cluster). Analyses for establishing of Metal Processing cluster in Central BiH region and cluster for Knitwear in Srbac were maintained.

The cooperation between universities and large companies in the country is generally at a very low level in terms of technology innovations and transfer. The most advanced entity is the Republic of Srpska (RS).

No technological and science parks have been implemented in BiH, but there are plans to establish Science and Technology Parks in Zenica, Sarajevo and Tuzla.

There is a lack of policy with respect to business incubators in the country; the responsibility for implementation is unclear; and the national and international resources to promote them effectively are still missing. Nevertheless several positive actions were taken already. There was the Network of BiH Incubators created and a strategy as a platform for cooperation adopted. Members of this network are all 9 incubators operating in BiH as well as Association of Entrepreneurs LINK Mostar and Association BOSPER from Tuzla. In general, the incubators are mostly supported by donor countries in co-operation with local governments.

The following recommendations can be given:

- **Approve SME strategy and establish National Agency for SME development** (co-ordination of SME policy and strategy at state level is necessary);

- **Assign** clearly **organisational responsibility** for the development of SME policy;
- **Prioritise the support to SMEs through national policy** by focusing on subsidised business support services, **especially targeting start-ups**;
- **Assure communication and consultation** effectively with SMEs throughout the country (regular and effective two-way dialogue between the Government and the business community);
- **Reduce complexity** and **ensure coherency and consistency** in policy, laws, regulations, procedures and support programmes, particularly between fiscal and developmental policies;
- **Establish policies and instruments** to facilitate the development of technology and its intake by companies;
- **Improve the coordination of export promotion programmes**;
- **Develop a policy** with respect to **business incubators** including responsibility for implementation and securing commensurate national and international resources in order to promote business incubators effectively;
- **Establish technology and science parks**;
- **Guarantee adequate and sustainable financial support** for created structures;
- **Assure better co-ordination of activities** of the various bodies working to support SME development;
- Significantly **improve co-ordination** of SMEs' projects and initiatives at the **international institution/donor level**;
- **Disseminate information and promote the role of business incubators**;
- **Develop better systems for business data collection and processing**; and
- **Develop of web sites** for the key SME institutions and **assure better quality of information and services**.

4 References

BIT Center Tuzla (2008). Information about BIT Center Tuzla, March 2008.

Cluster Competitiveness Activity. Available from: <http://www.usaidcca.ba>, accessed 18.04.2008.

EC Council Decision (2006). Council Decision of 30 January 2006 on the principles, priorities and conditions contained in the European Partnership with Bosnia and Herzegovina and repealing Decision 2004/515/EC (2006/55/EC).

EURED 2 (2006). Mapping and Analysis of Existing BiH - SME and RED Institutional Framework, August 2006.

European Commission (2006). Report on the implementation of the European Charter for Small Enterprises in Moldova and the Countries in the Western Balkans.

European Commission (2006). List of Tempus CARDS Joint European Projects selected by the European Commission in 2006.

IPA Framework Agreement signed in Sarajevo. Available from: <http://www.europa.ba/?akcija=vijesti&akcija2=pregled&jezik=2&ID=186>, accessed 15.04.2008.

Kišić, M. (2007). Regional Development Agency for Central BiH Region (REZ).

OECD (2007). The Impact of Foreign Direct Investment on the Restructuring of the Metal Processing Industry in Bosnia and Herzegovina.

OECD and EBRD (2003). Enterprise Policy Performance Assessment. Bosnia and Herzegovina.

OECD and EC (2007). Enterprise Policy Development in the Western Balkans: a report on the implementation of the European Charter for Small Enterprises.

Pohl Consulting&Associates (2004). The SME Sector in the CARDS countries. A Panorama at Country and Regional Level.

Sarajevo Economic Region Development Agency (SERDA). Available from: <http://www.serda.ba/>, accessed 14.04.2008.

STRATEGIJA RAZVOJA POSLOVNIH INKUBATORA U BOSNI I HERCEGOVINI (2008) - u područjima od zajedničkog interesa – mart/ožujak 2008.

7th Framework Programme for Research and Technological Development (FP7). Available from: <http://wbc-inco.net/news/3042.html>, accessed 17.04.2008.

5 Further Sources

Agricultural Business Incubator Žepče. Available from: http://www.eu-tac.eu/eng/template.wbsp?wbf_id=15&newsid=25, accessed 10.04.2008.

Agricultural internet magazine - BiH. Available from: <http://www.poljoprivreda.info/>, accessed 10.04.2008.

Alagić I. (2007). Strengthening of research, development and training capacities in Central Bosnia and Herzegovina Region, 3rd European Regional Economic Forum (EREF-2007), Building Knowledge Society through Public RTD Funding, Nova Gorica, Slovenia

Association Bosper. Available from: <http://www.bosper.com.ba/>, accessed 09.04.2008.

BAS programme in BIH. Available from : <http://www.bas-bih.ba/english/about.htm>, accessed 22.08.2007.

Business Incubator Banja Luka. Available from <http://www.agroberza.net/>, accessed 09.04.2008.

Business Incubator Prijedor. Available from: <http://www.preda.rs.ba/strane/inkubator.html>, accessed 09.04.2008.

CEE-Cluster network (Central and Eastern European Cluster and Network Area).

Competitiveness Institute. Available from: <http://www.competitiveness.org/>, accessed 25.07.2007.

eSEE Secretariat, UNDP Country Office Bosnia and Herzegovina (2007). eSEE EUROPE Initiative@Newsletter No 12 - March 2007.

ERA Westbalkan. Available from: <http://www.bit.or.at/erawestbalkan/>, accessed 25.07.2007.

EURED II project – EU support to SME and Regional Economic Development in BiH. Available from: <http://www.eured-sme-bih.org/>, accessed 22.08.2007.

European Bank for Reconstruction and Development. Available from: <http://www.ebrd.com/>, accessed 07.04.2008.

European Bank for Reconstruction and Development (2005). Strategy for Bosnia and Herzegovina, As approved by the Board of Directors at its meeting on 4 May 2005.

European Commission (2006). Bosnia and Herzegovina 2006 Progress Report.

Foreign Investment Promotion Agency of Bosnia and Herzegovina (FIPA). Available from: <http://www.fipa.gov.ba/>, accessed 07.08.2007.

Investment Compact. Available from: <http://www.investmentcompact.org/>, accessed 25.07.2007.

Kišić, M. (2007). Regional Development Agency for Central BiH Region - REZ.

'List' (2007). Wood Processing and Forestry Cluster in B&H Newsletter, May 2007.

Matić, B. (2007). Science and Technology Development Capacities renewing policy in B&H.

OECD (2005). Enterprise Policy Performance Assessment. Bosnia&Herzegovina.

OECD (2006) Country fact sheet. Bosnia and Herzegovina.

OECD and EC (2007). The Impact of Foreign Direct Investment on the Restructuring of the Metal Processing Industry and Bosnia and Herzegovina.

Papon, P. and Pejovnik, S. (2006). Guidelines for a Science and Research Policy in Bosnia and Herzegovina. U. O. Venice.

Presentations from the conference 'Clusters – Connecting Possibilities in South East Europe, Opatija 20-21 April 2007. Available from: <http://www.mingorp.hr/cacheeng.aspx?pg=defaulteng.asp&cache=1&id=1052&glink=> accessed 25.07.2007.

Preduzetnički inkubator Prijedor na Konferenciji poslovnih inkubatora BiH. Available from: http://www.pd-online.info/index.php?option=com_content&task=view&id=217&Itemid=1, accessed 08.04.2008

Reid, A. (2006). Science & Innovation in the 21st Century: lessons for European core and peripheral economies, Conference: Why Invest in Science in South-Eastern Europe? Ljubljana.

Regional network of FICs. Business voice from foreign direct investors in SEE. Available from: <http://www.regionalfic.org/site/about.html>, accessed 25.07.2007.

Regional review of SMEs policy in the Western Balkans countries (2004).

see.science.eu (2007). Science and Technology Country Report Country - D6 Bosnia and Herzegovina.

SEETV (2006). Interview with Simeon Djankov, World Bank analyst, 26 September 2006. DOING BUSINESS report). Available from: <http://www.seetv-exchanges.com/code/navigate.php?Id=251>, accessed 25.07.2007.

SPICE Group, UPDATE No. 73, April 2007.



SPICE Group - Science Park and Innovation Center Experts. Available from: <http://www.seetv-exchanges.com/code/navigate.php?id=251>, accessed 25.07.2007.

Šoljan, L. (2007). USAID CCA B&H, B&H Wood Processing and Forestry Cluster Organization and Activities.

Šunje, A. (2006) The role of Government in supporting entrepreneurship and SMEs, DEP Policy Brief No 4.

TOUR BIH, the B&H Tourism cluster's newsletter, July 2007.

United Nations (2001). Best Practise in Business Incubation.

USAID Mission webpage. Available from <http://www.usaid.ba/>, accessed on 21.08.2007.

Uvalić, M. (2004). Science, Technology and Economic Development in South Eastern Europe.

Uvalić, M. (2006). National Systems of Research and Development in the Western Balkan Countries.

World Bank, International Finance Corporation (2005). Doing Business in 2006: Creating Jobs, Regional Profile.

World Bank, International Finance Corporation (2006). Doing Business 2007: How to Reform.

6 List of Acronyms / Definitions

AC-BiH - Automotive Cluster Bosnia and Herzegovina
AECI - Spanish Agency for International Cooperation
AIC - Adriatic-Ionian Council
All - Adriatic - Ionian Initiative
ALDI - Agency for Local Development Initiatives
ATA - Academic Training Association
BAC - Business/Environment Adjustment Credit
BAS - Business Advisory Service Programme BiH
BDDA - Brčko District Regional Development Agency
BDP - Business Development Programme
BiH - Bosnia and Herzegovina
BIT Centre - Business Innovation and Technology Centre Tuzla
BIZ - Business Incubator Zenica
BSC Zenica - Business Start-Up Centre Zenica
BSCs - Business Support Centres
CARDS - Community Assistance for Reconstruction, Development and Stabilisation
CBI - Centre for Promotion of Imports Developing Countries
CCA - Cluster Competitiveness Activity
CeBeda - Central Bosnian Economic Development Agency
CEI - Central European Initiative
DB - District of Brčko
DFID - UK Department for International Development
EAR - European Agency for Reconstruction
EBRD - European Bank for Reconstruction and Development
EDEP - Enterprise Development and Entrepreneurship Programme
EC - European Commission
ECDL - European Computer Driving License
EED - Church Development Service Germany
EFSE - European Fund for Southeast Europe
ERA - European Research Area
EU - European Union
EUR - Euro, currency
EU QIF - EU Quick Impact Facility
FBiH - Federation of BiH
FDI - Foreign Direct Investment
FIPA - Foreign Investment Promotion Agency of Bosnia and Herzegovina
FP7 - 7th Framework Programme for Research and Technological Development
FTC - Foreign Trade Chamber
FwA - Framework Agreement
FYR of Macedonia - Former Yugoslav Republic of Macedonia
GDP - Gross Domestic Product
GTZ - Deutsche Gesellschaft für Technische Zusammenarbeit
HEKS/EPER - Swiss Interchurch Aid
IBRD - International Bank for Reconstruction and Development
ICBL - Innovation Centre Banja Luka



ICT - Information and Communications Technology
IFC - International Finance Corporation
IFC - "Institute for Collaboration"
IPA - Instrument for Pre-Accession Assistance
ISPA - Pre-Accession Structural Instrument
KGF - Credit-guarantee fund (Kreditni garancijski fond)
MoFTER - Ministry of Foreign Trade and External Relations
MoU - Memorandum of Understanding
NERDA - Regional Development Agency Tuzla
NGO - Non-Governmental Organization
NIS - National Innovation Strategies
OECD - Organisation for Economic Cooperation and Development
PBs - Partner banks
PEP-SE - Private Enterprise Partnership for Southeast Europe
PHARE - Poland and Hungary: Aid for Restructuring of the Economies
PLCs - Partner leasing companies
PPERP - Post-Privatisation Enterprise Restructuring Project
PREDA-PD - Economic Development Agency Prijedor
PRSP - Poverty Reduction Strategy Programme
QIF - Quick Impact Facility
RDAs - Regional Development Agencies
RED - Regional Economic Development
REZ - Regional Development Agency for Central BiH Region
RITC - Research Innovative Technology Centre
RS - Republic of Srpska
RTD - Research and Technological Development
RTDI - Research, Technological Development and Innovation
R&D - Research and Development
SAA - Stabilisation and Association Agreement
SAPARD - Special Accession Programme for Agriculture and Rural Development
SBRA - Serbian Business Register Agency
SDC - Swiss Agency for Development and Cooperation
SEED - Southeast Europe Enterprise Development
S.E.N.S.I. Network - Southeast European Network of Business Start-up Centres and Incubators
SERDA - Sarajevo Economic Region Development Agency
SINTEF - Foundation for Scientific and Industrial Research at the Norwegian Institute of Technology
SIVA - Industrial Development Corporation of Norway
SMEs - Small and Medium Size Enterprises
SPARK (formerly ATA) - Academic Training Association
SPICE Group - Science Parks and Innovation Centres Experts Group
SPIRA - Streamlining Permits and Inspection Regimes Activity
SPS - Sanitary and phytosanitary
STI - Science, Technology and Innovation
S&T - Science and Technology
TA - Technical Assistance
TALDI - Tuzla Agency for Local Development Initiatives
TC - Technical Cooperation



UNDP - United Nations Development Programme
UNIDO - United Nations Industrial Development Organisation
USAID - United States Agency for International Development
USAID CCA - USAID Cluster Competitiveness Activity
USD - U.S. Dollar, currency
WB - Western Balkans
WP&F Cluster - Wood Processing and Forestry Cluster
WTO - World Trade Organisation

THEMATIC REPORT on Innovation Infrastructures in the Western Balkan Countries

Croatia

D10

**VERSION 2
April 2008**

Information compiled by:
Jana Macháčová
Elke Dall

With special thanks to:
Emira Bečić
Danijel Bertović
Rugjer Friganović
Sandra Hižak
Daria Bozanić-Jusup
Ronald Kysiak
Dragica Martinović
Mojca Nemgar
Marijan Ožanić
Hrvoje Prpić
Jure Zrilič

Contents - Croatia

1	Introduction.....	5
1.1	General Environment for Setting Up Innovation Infrastructures.....	5
1.2	Strategic Documents	11
1.3	Specific Programmes and Instruments.....	13
1.4	Financing.....	19
2	Existing Innovation Structures in Croatia.....	19
2.1	Key Government Players.....	20
	Ministry of Economy, Labour and Entrepreneurship (MELE) - Directorate for SMEs.....	20
	Ministry of Science, Education and Sports (MSES).....	21
2.2	Key Innovation Infrastructures	22
	Cro.ICT - Croatian ICT Cluster Initiative	24
	BIOS Printing and Publishing Cluster	25
	Wood Cluster of Western Croatia (Lika and Gorski kotar).....	26
	Shipbuilding Cluster.....	26
	Automobile Cluster	27
	Northwest Croatian Wood Industry Cluster (Varaždin county).....	27
	Croatian Textile Industry Cluster (Varaždin county)	28
	Croatian Shoe Cluster (Varaždin county)	29
	EU-vita Cluster (Varaždin county)	29
	ICT Cluster (Varaždin county)	29
	Biotech Cluster (Varaždin county)	30
	Metallurgic Cluster (Varaždin county).....	30
	Centre for Technology Transfer (CTT), Zagreb	31
	Technology Innovation Centre Rijeka Ltd. (TIC).....	32
	Technology Centre Split (TCS).....	33
	Technology Development Centre Osijek Ltd. (TDCO).....	33
	Research and Development Centre for Mariculture, University of Dubrovnik (RICM).....	34
	Technology Park Zagreb (Zagrebački holding) - TPZ.....	35
	Technological Park - Impulsni Centar, Varaždin.....	36
	Technological Park Kutina - Impulsni Centar.....	37
	Business Incubator PINS Skrad Ltd.	38
	PINHK d.o.o.- Entrepreneurial Incubator, Hrvatska Kostajnica (Sisak - Moslavina County).....	39
	Business Incubator BIOS Ltd. Osijek.....	39
	Entrepreneurship Incubator "Challenge"	40
	PORIN d.o.o. Rijeka - "Rijeka Entrepreneurial Incubator"	41
	Business Incubator Zadar.....	42
	Entrepreneurship Incubator OSVIT - Donji Miholjac	42
	Entrepreneurship Incubator BRODIN	43
	Entrepreneurial Incubator Labin	43
	National Science Council (NSC).....	44
	National Foundation for Science, Higher Education and Technological Development (NFS).....	45
	National Council for Competitiveness (NCC).....	45



	Croatian Institute of Technology, Ltd. (HIT).....	46
	Business Innovation Centre of Croatia (BICRO Ltd.).....	47
	Croatian Chamber of Economy (CCE).....	Error! Bookmark not defined.
	Croatian Chamber of Economy - Affiliation of clusters.....	49
	Croatian Chamber of Economy - Affiliation for innovations.....	50
	Croatian Employers' Association (CEA) - National Centre for Clusters	51
	Croatian Agency for SMEs (HAMAG).....	51
	Agency for Science and Higher Education (ASHE)	52
	Trade and Investment Promotion Agency (TIPA)	53
	Croatian Bank for Reconstruction and Development (HBOR)	54
	Centre for SME and Entrepreneurship Policy (CEPOR).....	54
	Croatian Financial Agency (FINA)	55
3	Conclusions / Recommendations	56
4	References	59
5	Further Sources	61
6	List of Acronyms / Definitions	64

1 Introduction

This thematic report is produced by the “Information Office of the Steering Platform on Research for Western Balkan Countries” and reviews the situation of Innovation Infrastructures in Croatia.

The report is based upon desk research, interviews and questionnaires with main stakeholders.

The objective of this study is to enhance our understanding of the national innovation system in Croatia. An overview of the situation as regards “Innovation Infrastructures” such as clusters, technology and innovation centres, technological and science parks, business-start-up centres/ technology incubators and some further related organizations is given. The general environment is described as well as important strategic documents and the main programmes and instruments for support. The report concludes with a list and description of the main infrastructures.

The report was compiled in summer 2007, published in printed version in October 2007 and updated in April 2008.

1.1 General Environment for Setting Up Innovation Infrastructures

This first section deals with rules and regulations, describes the national framework and the specific funds available.

The science-industry and business environment in Croatia has significantly improved over past few years and as indicated in the World Bank report “Doing business 2006” and “Doing Business 2008 Croatia”, the Republic of Croatia has become one of the top ten country reformers in the world.

Croatia has a clear and well-structured national strategy for comprehensive business support facilities, including incubation and strategies to improve the range and quality of business support services. Services are provided through donor projects or private sector initiatives and are fragmentary and often isolated from each other.

The joint report of EC and OECD on the implementation of the European Charter for Small Enterprises finds that Croatia has taken a general lead in the overall environment for SMEs and is ahead of the other Western Balkan economies in the dimensions associated with technological development, the promotion of competitiveness and gearing up business for work in the information society where online access and information portals offer new potential to reduce the burdens on entrepreneurs (OECD and EC, 2007).

Substantial but uneven progress has been made in the area of enterprise and industrial policy principles. Croatia adopted a comprehensive industrial strategy. Good progress has been made in the field of the business environment and notably on various aspects of SME policy. Croatia has invested substantial efforts in the regulatory guillotine project. In this framework, a review of business regulations and formalities led to recommendations which – once implemented – will cut the number of obsolete or inefficient pieces of legislation and reduce the burden which administrative barriers place on businesses.

With regard to company registration, the legal framework for electronic signature and online registration is now in place. Further efforts are now required to convert this into faster procedures on the ground and to ensure proper resourcing and monitoring of the "CITRO.HR" agencies. Croatia has continued successfully to implement the European Charter for Small Enterprises. It has put in place a comprehensive and promising SME policy and support framework, addressing a wide range of policy requirements to improve the business environment for small companies. It is also increasingly investing in innovation and competitiveness. Overall, preparations are advancing in the area of enterprise and industrial policy principles.

Some progress has been made on enterprise and industrial policy instruments. Croatia has finalised most formalities for effectively participating in the EU's new Competitiveness and Innovation Programme. Croatia is already largely aligned with EU legislation on combating late payments in commercial transactions, but further work is required to ensure full alignment. Croatia is well advanced in this area. Croatia has made good progress in developing online applications for SME's. More progress could be made in harnessing entrepreneurship education and training in the formal curriculum. Access to finance has also improved but will require further efforts particularly in areas of micro-credit, venture capital and business angels. (EC, 2007).

As one of the measures aimed at removing administrative barriers for entrepreneurs and speeding up the process of development of SMEs, a WEB portal entitled „Business navigator”¹ was launched in June 2006, comprising information subsystems credit guide, business network, investment in Croatia and business centres.

The projects to improve competitiveness in 2006 were designed with a view to achieving faster and more successful transformation of research results and technological innovation into internationally competitive products. The functioning of the Croatian innovation system is encouraged through a set of integral measures with a view to achieving the effects which are compliant with the guideline providing for the knowledge-based economy. It should be noted that Croatia boasts a well-branched business related infrastructure involving development agencies, entrepreneurship centres, entrepreneurship incubators, technological parks/ technological centres, business zones. Such a framework provides a good-quality basis for further SMEs development which is expected to make a large contribution to value added generation and improved competitiveness of the Croatian economy (The Government of the Republic of Croatia, 2006a).

Croatia stands out for its development of e-government initiatives related to business access and has clearly moved from policy elaboration to the policy implementation

¹ Available only in Croatian: <http://www.business-navigator.biz/>

phase. The e-Croatia programme was initiated to strengthen the use of modern technologies in communications between public authorities and citizens/the private sector. It is clearly leading to an overall reduction of private sector costs in relations with governmental bodies. The programme for 2007 has several parts: e-Administration, e-Justice, e-Education, e-Health Services and e-Business. The Central State Administrative Office for e-Croatia was established with the aim of coordinating all e-initiatives. A number of e-programmes (e.g. e-Land Registry, e-Cadaster, e-REGOS, e-VAT, e-Government) have significantly contributed to better business access to public authorities and regulations.

Croatia is the leading performer among the Western Balkan countries in innovation and technology (I&T) centres and cooperation. It has a good policy framework in place, supported by a consistent action plan and adequate budgetary resources. As already indicated in the Science and Technology Country Report - D7 Croatia (see.science.eu), pilot projects have been implemented (HITRA) with mixed results, and the lessons learned have been used in designing the new schemes operated by BICRO (Business Innovation Center of Croatia, see below). To achieve further progress, the new sub-programmes of the National Technology and Innovation System need to become fully operational and demonstrate their first concrete achievements. The performance of the country's four established technology centres has not been ideal; there is a need for a performance review to focus attention on their role in facilitating collaboration between research and business in their respective territories (OECD and EC, 2007).

According to the Regional Competitiveness Operational Programme, the evolution of Croatian science, innovation and technology policies had taken a more systematic approach from 2001 with the adoption of a strategic document "Croatia in the 21st Century". In March 2002 the preparation of the SME / Technology Programme was initiated by the MSES and supported by the World Bank project TAL-2. During 2001-2005 the technology and innovation policy was primarily implemented through the Croatian Programme for Innovative Technological Development (HITRA), launched as a pilot in 2001. HITRA was launched to initiate the setup of a national innovation system through permanent development of strategic and long-term goals. These include fostering science and industry cooperation, revitalization of industrial R&D and encouraging commercialization of research outputs.

HITRA provided a framework for direct cooperation between industry and entrepreneurs with higher education institutions and research institutes, and was implemented through two complementary sub-programmes. One of them – Technology-Related Research and Development Programme (TEST), provides support to the development of new technologies in terms of products, processes or services, up to their commercialization stage. The other – Development of Knowledge-Based Enterprises (RAZUM), provides early-stage financing to knowledge and technology-based start-ups.

Both RAZUM and TEST were redefined in 2006 in order to ensure more quality and transparency in the decision-making process. Systematic monitoring and evaluation of programme performance and individual project performance was thus introduced. A new policy management system was introduced 'Guidelines for Supporting Innovation Technology System', which the Government adopted in May 2006. The Guidelines redefine rules and implementation of TEST and define a new Programme

for Support of Entrepreneurship Based on Innovation and New Technologies all of whose sub-components are implemented by BICRO. HITRA and the TAL-2 project served as preparatory exercises for the implementation of the World Bank Science and Technology Project (STP) which began in fall of 2005 and covers a substantial part of the Croatian technology programme (The Government of the Republic of Croatia, 2007).

The Government of the Republic of Croatia has been pursuing a proactive policy directed towards promoting SMEs development on local and regional levels and through the activities of the Croatian Agency for Small Business, Agency for Exports and Investment Promotion and institutional support provided to the SMEs by chambers, associations, entrepreneurial centres, technological parks, incubators and development agencies.

Business policies of the financial institutions (mainly commercial banks) also play an important role in determining the dynamics and the quality of SMEs development. In 2005 and 2006, qualitative improvements were seen in the financial follow-up of SMEs strengthening programme, mostly through Croatian Bank for Reconstruction and Development but increasingly also through commercial banks. This is the result of a well designed framework for SMEs development as well as qualitative improvements in the sector. In the period 2007-2009, financial institutions can be expected to make an even greater contribution to further SMEs development, particularly in view of the high level of stability and development of the Croatian banking system and further financial system deepening. In the context of Phare 2006 programme, a grant scheme project has been devised intended for the SMEs sector with the aim of increasing competitiveness and exports of the Croatian SMEs. This pilot project, whose launching was planned for mid-2007, should finance consulting services, promotion activities, market research, product development and participation at international fairs and events. The project also presents an opportunity for the adoption of the procedures and the establishment of institutional structures which would manage the grant scheme system in the pre-accession period, thus preparing the Republic of Croatia for the use of future structural funds (The Government of the Republic of Croatia, 2006a).

As stated in the Regional Competitiveness Operational Programme 2007 - 2009, in terms of policy evolution, it must be noted that the Croatian SME policy has reached a satisfactory level of alignment with the EU *acquis communautaire* and the European good practice. In 2006 Croatia was commended for particularly positive results with regards to education for entrepreneurship, business support services and the enabling of a quicker and a more cost-effective set-up of start-ups. Consultations with the EC in the context of the screening process of Chapter 20 of the *acquis* - Enterprise and Industrial Policy - have identified the need for further reform and alignment in a number of areas, notably in order to finalise the industrial strategy, to improve capacity for assessing industrial competitiveness, and for undertaking policy analysis and formulation with a more sectoral focus. Since, the accession negotiations on Chapter 20 have been launched.

The Ministry of Economy, Labour and Entrepreneurship (MELE) intends to improve its policy-making through another policy tool in the near future. An initiative that should contribute to better activity “on the ground” is the setting up of an SME

Observatory which is to engage in international cooperation, exchange of best practice, drawing up of benchmarks, gathering statistics, delivering regular analyses on trends, performing evaluations etc. Through a Phare 2005 project, MELE will receive recommendations on setting up the Observatory as well as training on how to manage the work of the Observatory, in cooperation with the Croatian Agency for SMEs (HAMAG). The SME Directorate and HAMAG will receive significant technical assistance and support through this project in order to more generally improve the institutional framework and policies (in particular business advisory services), the regulatory framework, as well as the methodology and the capacity in the area of statistics and analysis (The Government of the Republic of Croatia, 2007).

The Government sees the importance of ongoing support of the SME's and enhancing investment attraction; therefore a new office of the Investment Compact was opened in Zagreb on July 4, 2007. The office is supported by the Austrian Development Agency (ADA) and is housed in the Ministry of Economy, Labour and Entrepreneurship of the Republic of Croatia and aims to improve the investment climate and to encourage private sector development in Croatia.

As stated in the Croatia 2007 Progress Report - Enlargement Strategy and Main Challenges 2007 - 2008, Croatia has made good progress with designing a research policy. It has adopted amendments to the Act on Science and Higher Education. These amendments relate to the evaluation of research institutions and incentives for research and development. Croatia has presented a draft Action Plan for Implementation of the National Science and Technology Policy for 2006 - 2010. This includes a list of priority activities, implementing agencies and progress indicators. Further efforts are required to ensure effective implementation of the Action Plan presented. Croatia has improved the evaluation and selection procedures and introduced a peer review system for national research grants. Further efforts are required to develop a fully transparent system.

Good progress has also been made on participation in the EC Framework Programmes. The grants awarded under the 6th Framework Programme for Research and Technological Development (FP6) have demonstrated Croatia's increased absorption capacity since it became associated with FP6. Croatia is continuing to take action to facilitate greater participation in the Framework Programmes. Croatia has signed the Memorandum of Understanding (MoU) on association with the 7th Framework Programme (FP7) and has applied for association with the EURATOM Research Framework Programme. A good level of alignment with the *acquis* has been achieved.

With a view to further integration into the European Research Area, Croatia has presented a draft "National 3% Action Plan". Croatia has also taken several preparatory steps to improve its human resources capacity and ensure mobility of researchers. All these measures and activities confirm Croatia's further integration into the European Research Area and demonstrate that a good level of alignment with the *acquis* has been achieved (EC, 2007).

The basic principles and guidelines of science and higher education policy are determined by the Croatian Parliament, which regulates them through laws, legal enactments and provisions. The Croatian Parliament appoints the Education, Science and Culture Committee that monitors the implementation of policies under

the authority of the Ministry of Science, Education and Sports (MSES). MSES is the principal administrative body responsible for planning, funding and monitoring the entire science and education system. The highest advisory body for the entire scientific research system in Croatia is the National Council for Science (NCS) while the development of the higher education system rests within the National Council for Higher Education (NCHE). The Higher Education Funding Council (SHEFC) provides the expertise and professional assistance on budget planning and expenditures for both councils.

The remaining government bodies relevant for science, technology and higher education policy are:

- National Information Society Council (NISC);
- Technology Council (TC);
- Agency for Science and Higher Education (ASHE);
- National Innovation System Council of MSES (NISC); and
- Government Body for Science and Technology (GOVBOST).

The NISC and GOVBOST are two new bodies, which were established according to the decisions the Government of the Republic of Croatia on April 18, 2008.

According to the ERAWATCH Country Report on Science and Technology (Švarc, 2008), the system of science and technology policy advice is rather underdeveloped in Croatia since. The science policy is mainly concentrated within the Ministry of Science, Education and Sports (MSES). Awareness of the need to monitor and learn from other countries' best practices has been more pronounced since 2000 and was strongly intensified when Croatia gained the status of EU candidate country in 2005.

Among the main channels for policy advice are projects within pre-structural funds: CARDS and TEMPUS and, since 2007, the Instrument for Pre-accession Assistance (IPA). The reason is that EU pre-accession activities assume the carrying out a number of background and analytical studies and the creation of strategic documents and action plans for the integration of different fields, including science, technology and higher education policy. The preparation of such strategic or background documents usually includes the policy advice of European and international experts who closely cooperate with Croatian administrative staff and experts within pre-structural funds.

A significant impact on science policy was made by the international experts involved in the Science and Technology Project (STP) (previous TAL 2 project) supported by the World Bank and targeted at development of the innovation system. The STP project has revealed new aspects of the Croatian innovation policy and influenced science policy by bringing completely new ideas related to the commercial potential of the public research sector and to the recognition of the third university function.

The individual experts and institutions involved in the aforementioned processes, such as the Business Innovation Centre of Croatia (BICRO), the STP Implementation Unit or the Agency for Science and Higher Education (ASHE), usually have the greatest impact on science and technology policy on a formal level.

Technology foresight studies have not been performed in Croatia up to now, but the Croatian Institute for Technology (HIT) has been entrusted to carry out technology foresight exercises in the near future.

The impact of independent scientists, experts and representatives of institutions outside the science system is usually provided by their participation in working groups and task forces.

The remaining institutions with an impact on science policy are the Croatian Academy of Sciences and Arts (CASA) and the National Competitiveness Council. The impact of the Croatian Union of Scientists is mainly related to the standards of researchers and scientists (Švarc, 2008).

1.2 Strategic Documents

Strategic documents reflecting National Innovation Strategies (NIS) have been highlighted in Science and Technology Country Report - D7 Croatia (see.science.eu)². To indicate other key documents, which have been formulated in order to set up the framework for innovation and technology development:

- 'Strategic Development Framework 2006 - 2013'

The 'Strategic Development Framework 2006 - 2013' was adopted by the Government of the Republic of Croatia at its session on August 4, 2006. This is a programme document, which elaborates models and paths to strengthen Croatia as a more competitive and prosperous country. The Strategic Development Framework defines priorities and actions whose implementation will ensure stable economic growth, employment, and a better standard of living in the coming seven years.

The instruments and actions described in the Strategic Development Framework 2006 - 2013 are aimed at the realisation of the following main strategic goal: growth and employment in a competitive market economy acting within a European welfare state of the 21st century. This strategic goal may be achieved only by simultaneous and harmonised action in the following ten strategic areas: people, knowledge and education; transport and energy infrastructure; science and IT technology; social cohesion and justice; macroeconomic stability and openness; integrated financial services; environmental protection and balanced regional development; entrepreneurial climate; privatisation and restructuring and new role of the state. In each strategic area, the Strategic Development Framework 2006 - 2013 defines a series of measures and actions that need to be undertaken to achieve the basic strategic goal.

The application of policies from the Strategic Development Framework 2006 - 2013 will result in an average increase of about 5% in the rate of economic growth in the period up to 2010, and above 7% after 2010. In this way, in 2013 average income per

² E.g. Action Plan of Science and Technology Policy (2007), 55 Recommendations of the National Competitiveness Council (2004), Strategic Plan of the National Foundation for Science 2004 - 2008, etc.

capita will reach 75% of the average in the EU-25 measured in terms of gross domestic product at purchasing power parity per capita (The Government of the Republic of Croatia, 2006).

- 'Science and Technology Policy of the Republic of Croatia 2006 - 2010'

The strategic document was adopted by the Government of the Republic of Croatia in May 2006 and presents a vision of the development of the Science and Technology sector in the Republic of Croatia, upon which the speedy development and qualitative changes enabling the transformation of Croatia into a society of knowledge are based.

The main challenge of science policy is to stimulate scientific excellence and enable the transfer of knowledge and results of scientific discoveries to industry and business in order to increase competitiveness and generate sustainable growth and productivity. In order to meet these requirements, the following key objectives of the science policy are identified:

- Increase funding for excellent science and technology champions - in order to meet the "3% of GDP for research investment" as laid out in the Lisbon Strategy of the EU to promote economic growth and job creation;
- Restructure publicly-funded research institutes and R&D centres - in order to re-orient their research towards national priority areas and industry needs;
- Encourage research partnerships and strengthen support schemes for quality young researchers - in order to facilitate mobility, interdisciplinary and cross-sector cooperation, and build a more flexible research and education system;
- Invest in science research infrastructure and knowledge transfer institutions - in order to build research capacity and provide access to business solutions;
- Introduce measures to promote commercialization of academic research - in order to encourage universities and research institutions to work more closely and effectively with business;
- Introduce measures to promote technological development and innovation - in order to attract people and capital into innovative business ventures; and
- Administer stimulatory and business-friendly legislation - including appropriate intellectual property laws and tax incentives for investment into priority area R&D in order to build a system that encourages innovation.

- 'Regional Competitiveness Operational Programme 2007 - 2009'

Within the overall aim of ensuring that the relevant institutions of the Republic of Croatia achieve readiness for eventual EU membership and develop institutional capacity and practical experience with the management of investments similar to those co-financed by the European Regional Development Fund (ERDF), the Regional Competitiveness Operational Programme (RCOP) serves as a basis for using the EU pre-accession assistance for the purpose of achieving the strategic priority of promoting social and economic cohesion within Croatia. The Operational Programme (OP) does so in accordance with eligible areas defined in the IPA Implementing Regulation and the priority areas identified in the Multi-Annual Indicative Programming Document (MIPD) for Croatia - the RCOP primarily focuses on the sector of SMEs and R&D and innovation.

- 'SME Promotion Programme 2004 - 2008'

The Government adopted the SME Promotion Programme 2004 - 2008 in 2004, which is on the basis of the Small Business Encouragement Act (aligned with the European Charter for Small Enterprises). The Programme's objectives are balanced development of the Croatian territory, creation of a positive entrepreneurial climate, increase in the number of SMEs and increase in employment. It defines development guidelines, incentives, entities implementing incentives, activities and sources of finance, implementation periods for individual incentives, and methodologies for monitoring their implementation.

- 'Development strategy of the Republic of Croatia (Croatia in the 21st Century- Science)'

The evolution of Croatian science, innovation and technology policies had taken a more systematic approach from 2001 with the adoption of a strategic document "Croatia in the 21st Century". A range of 19 separately elaborated and interrelated strategies have been formulated, including the strategy for science. "Croatia in the 21st Century- Science" is available only in Croatian language.

1.3 Specific Programmes and Instruments

Following programmes supporting technology development are defined (in alphabetical order):

- Adriatic - Ionian Initiative (All);
- Business Advisory Service (BAS) Programme;
- Cluster Development Programme;
- Competitiveness and Innovation Framework Programme (CIP);
- Competitiveness Upgrading Programme (KonCro);
- Croatian Programme for Innovative Technological Development (HITRO);
- Development of Knowledge-Based Enterprises (RAZUM);
- Instrument for Pre-accession Assistance (IPA);
- Regulatory Guillotine Initiative (HITROREZ - hitro.hr programme);
- R&D Programme (IRCro);
- Science and Technology Project (STP) (previous TAL 2 project);
- Stimulating Croatia's Entrepreneurial Activities and Technology Transfer in Education (CREATE);
- Technology Infrastructure Development Programme (TehCro);
- Technology-Related Research and Development Programme (TEST);
- Venture Capital Programme (VenCro);
- 6th Framework Programme for Research and Technological Development;
- 7th Framework Programme for Research and Technological Development;
- many others.

- Adriatic - Ionian Initiative (All)

The Adriatic-Ionian Initiative (All) was formally established as a political initiative at a conference held in Ancona, Italy in May 2000. Seven countries cooperate within the framework of All: Albania, Bosnia and Herzegovina, Croatia, Greece, Italy,

Montenegro, Slovenia and Serbia. The aim of All is to link the coastal countries of the two seas for the purpose of cooperating in the development and safety of the whole area. The issue of environmental protection which is central for socio economic development in the subregion is the high sensitivity of the maritime and coastal areas of the closed Adriatic Sea.

Within the All framework, an Adriatic-Ionian Council (AIC) was set up at the level of Ministers; without limiting the fields of cooperation, special attention was directed towards: economic and technical assistance and cooperation in traffic; environmental protection; SME cooperation and cooperation in the fields of culture, education and tourism; and cooperation in combating all forms of criminal.

The Adriatic-Ionian Initiative is presided on rotation basis between the seven countries members.

- Business Advisory Service (BAS) Programme

The Business Advisory Service (BAS) Programme is multi-donor programme managed by the TurnAround Management Group (TMG), hosted at the European Bank for Reconstruction and Development (EBRD). BAS Programme assists micro, small and medium sized enterprises to enhance their competitiveness, marketing and financial management, to implement quality management systems and strategic business planning.

The BAS Programme works directly with individual SMEs, providing specific and practical business advice. At the same time, BAS builds local/national consultancy capacity to serve enterprise needs. Typical BAS projects are short-term projects with a rapid payback, such as upgrading management/financial IT systems, market research, introducing quality systems and human resource management techniques, etc.

- Competitiveness and Innovation Framework Programme (CIP)

The EU's Competitiveness and Innovation Framework Programme (CIP) aims to encourage the competitiveness of European enterprises. With SMEs as its main target, the programme will support innovation activities (including eco-innovation), provide better access to finance and deliver business support services in the regions. It will encourage a better take-up and use of information and communications technologies (ICT) and help to develop the information society. It will also promote the increased use of renewable energies and energy efficiency.

The programme is running from 2007 to 2013 and is divided into three operational programmes:

- Entrepreneurship and Innovation Programme (EIP);
- Information Communication Technologies Policy support Programme (ICT PSP); and
- Intelligent Energy Europe (IEE)

Croatia joined the EU's Competitiveness and Innovation Programme (CIP) in October 18, 2007.

- Cluster Development Programme

The Ministry of Economy, Labour and Entrepreneurship (MELE) administers programmes that are complimentary to the aims and objectives of the Ministry of Science, Education and Sports relating to technology and innovation, especially stimulating development and growth of technology-based SMEs. The MELE programmes are aimed at encouraging individuals to establish their own companies, as well as development of innovation clusters (Cluster Development Programme) to boost competitiveness. MELE also encourages development of Entrepreneurship Centres and Regional Development Agencies by providing them with financial assistance.

- Competitiveness Upgrading Programme (KonCro)

The Competitiveness Upgrading Programme (KonCro) assists SME's to become more competitive by increasing productivity, improving product quality, upgrading business organization by introducing ISO standards, helping in the patenting procedure, product design and environmental protection. A total of EUR 1.5 million will be made available from the state budget, for disbursement to firms as grants. Each individual grant to a service-consuming firm must be matched by an equal contribution from a private sector firm. The Programme is administered by BICRO Ltd.

- Croatian Programme for Innovative Technological Development (HITRO)

One federal programme that was mentioned as the Croatian version of a "one-stop-shop" for helping new businesses get off the ground was HITRO. Its responsibilities are to:

- foster science and industry cooperation;
- revitalize industrial research and development programs; and
- encourage commercialization of research results.

HITRO operates with a government owned, private financial partner – Croatian Financial Agency (FINA). HITRO is also part of the federal government, but works directly for a State Secretary and does not come through any ministry. Its function is to help new businesses to incorporate or form limited liability companies by shepherding them through the many bureaucratic mazes that are required to register a business in Croatia.

- Development of Knowledge-Based Enterprises (RAZUM)

The Programme is administered by BICRO and aims to ensure a sustainable increase in the number of knowledge-based enterprises. It serves as a seed fund for development of knowledge-based private or largely private enterprises that are using traditional technology and/or are technology based companies, which can be expected to have a significant favourable impact on economic development. The programme's operation is based on public support and other sources of financing (such as the Croatian Bank for Reconstruction and Development - HBOR; the Ministry of the Economy, Labour and Entrepreneurship - MELE; the Fund for Development and Employment - FDE, and a World Bank loan), contributing 70% of project costs in the form of conditional grants, and the remaining 30% is contributed from the private sector. The programme is expected to combine EUR 86 million of financing, with EUR 20 million coming from the private sector.



- Instrument for Pre-accession Assistance (IPA)

The Instrument for Pre-accession Assistance (IPA) is an instrument for pre-accession assistance for the period 2007 - 2013 replacing the currently available programmes CARDS, Phare, ISPA, and SAPARD, which have been implemented in the past period in the Republic of Croatia.

The IPA programme was established by the EU Council Regulation 1085/2006 and the main objectives of the IPA programme include assistance to candidate countries and to countries potential candidates in their harmonisation and implementation of the *acquis communautaire* as well as in preparing for the use of the Structural Funds.

The Republic of Croatia is the beneficiary of the IPA programme from 2007 until the moment of its accession to the EU. The Central State Office for Development Strategy and Coordination of EU Funds (CODEF) is responsible for overall coordination of the IPA programme in Croatia, while the Ministry of Finance is responsible for overall financial management.

The distribution of financial resources is regulated by the Multi-annual Indicative Financial Framework for the IPA programme which covers a three-year period from 2008 to 2010 (including also the year 2007), adopted by the European Commission. The said document defined indicative amounts of financial resources earmarked by the European Commission for candidate countries and potential candidate countries for the EU membership.

According to the internet source³, for the period up to the year 2010, the European Commission earmarked EUR 5,740 billion in total for implementation of the IPA programme. The amount of EUR 589,9 million is secured for the Republic of Croatia, starting with EUR 138,5 million in 2007, and with the foreseen constant annual growth of resources the sum would amount to EUR 154,2 million in the year 2010.

In addition to the funds approved for each beneficiary country individually, it is also necessary to take into account the funds for regional and horizontal programmes in the total amount of EUR 559,1 million and the administrative costs for management of the programme in the total amount of EUR 230,9 million, intended for all countries beneficiaries of the IPA programme.

- Research and Development Programme (IRCro)

This Programme is administered by BICRO and encourages and stimulates demand for services of public research institutions, as well as to encourage SMEs to invest in R&D activities. IRCro Programme envisages utilization of extensive facilities available within the universities and research institutions in the country. Projects under the IRCro Programme involve cooperation between an industrial firm and research/academic institutions and are jointly funded by the IRCro programme and the industrial company involving a 50/50 matching grant scheme. Thus, the private sector participates 50% in funding of R&D activities. A total of EUR 1.5 million has been secured in the state budget up until the end of 2009 for this programme.

³ <http://www.strategija.hr/Default.aspx?art=490&sec=104>

- Science and Technology Project (STP)

In October 2002, the MSES had started the preparation of a broad-based Technology Program. This work has been supported through the World Bank Technical Assistance Project for Institutional and Regulatory Reform (TAL-2) and resulted in a Science and Technology Project (STP) 2005 - 2009. STP is financed through an International Bank for Reconstruction and Development (IBRD) loan of EUR 31 million aimed at strengthening and restructuring selected research and development institutions to promote applied research, increasing the ability of enterprises to develop, use, adapt and commercialize technology as well as engaging Croatian scientific Diaspora in joint projects and other initiatives, transfer their knowledge and skills for the benefit of Croatian society (Unity through Knowledge Fund). Thus World Bank funding helped launch a new Agency for Innovation Services and Transfer of Technology that will deal with patents, financially support the advancement of new innovative products, and act as an incubator of sorts for new technologies developed locally. The project also funds implementation costs, including audit, financial management, and monitoring and evaluation.

- Technology Infrastructure Development Programme (TehCro)

This Programme was initiated by the Government with support from the World Bank and is administered by BICRO. TehCro supports creation of technology incubators, R&D centres and technology-business centres linked to research/academic institutions and R&D-based industry. The Government shall commit EUR 6,5 million to the programme, and Croatian financial institutions, like HBOR are expected to contribute around EUR 2 million.

- Technology-Related Research and Development Programme (TEST)

The strongest instrument for directing development and technology research has been administered by the Croatian Institute of Technology (CIT) since 2006. The TEST Programme finances pre-commercial research activities and the development of new technologies (products/processes/services) up to the point when they have reached their original solution phase (prototypes, pilot solutions). The Programme also finances research activities which link basic sciences and their technological applications that are of relevance to the development of the industry and the economy. The TEST Programme encourages the participation of Croatian scientific and research institutions that develop new technological solutions.

- TEMPUS Joint European Project for Stimulating Croatia's Entrepreneurial Activities and Technology Transfer in Education (CREATE)

The TEMPUS Joint European Project for Stimulating Croatia's Entrepreneurial Activities and Technology Transfer in Education (CREATE) aims to facilitate creation of partnerships between universities and business, particularly in the area of natural sciences. The project supports the creation of three Entrepreneurship and Technology Transfer Offices, one at each of the universities in Zagreb, Rijeka and Split. The project has commenced in 2006, and is expected to be completed within 36 months; a total of EUR 500,000 has been secured for its implementation.

- Venture Capital Programme (VenCro)

The Venture Capital Programme (VenCro) was set up as a Government programme in December 2006. The Programme is operated by BICRO in order to develop



venture capital industry in Croatia. Under the VenCro programme, the Government will match up to 30% of other investors' capital up to EUR 4.6 million, which will be secured from the State budget under the World Bank STP loan (2007).

- 6th Framework Programme for Research and Technological Development (FP6)

A significant source of funding for science, R&D and innovation was the 6th Framework Programme for Research and Technological Development (FP6), chosen as one of priority Community Programmes for Croatia to participate in. One objective of participation in the Framework Programmes is to fully align with the acquis in the field of research by stimulating scientists to join the European scientific network. Croatia has been fully participating in FP6 from January 2006 and has shown significant absorption capacity during that time. As stated in the Regional Competitiveness Operational Programme 2007 - 2009 published in September 2007, a total of 10 contracts have been signed with Croatian partners, for whose activities a total of EUR 10 million has been accorded (Croatia's membership fee amounted to EUR 6,4 million). The greatest absorption capacity has been demonstrated in the fields of information and communication technologies, medicine and biotechnology, food biotechnology, construction, microelectronics and physics.

- 7th Framework Programme for Research and Technological Development (FP7)

The Memorandum of Understanding (MoU) associating Croatia to FP7 was signed on June 13, 2007 and the provisions of the above association instruments are applicable from January 1, 2007.

Participation in FP7 offers the following possibilities:

- Direct financial assistance to the research and economic community for innovative scientific research;
- Active participation in the creation of results of high value and applicability across the society;
- Development of research institutions, of a system for managing and ensuring quality of scientific research, for the use of research equipment, facilities and premises, improvement of the position of young scientists; and
- Development of quality administration in the research sector.

In the process of preparing for FP7, the MSES is encouraging practices which represent a positive trend in the R&D sector in general: strategic planning of the use of R&D premises and equipment on the part of institutes and higher education institutions, ensuring of transfer of research results achieved through FP projects, etc. The Regional Competitiveness Operational Programme (RCOP) has a contribution to make to Croatia's successful absorption of FP7 funds as it seeks to enhance infrastructure and cooperation in high value added sectors (biosciences, ICT) which feature as a theme of EU wide cooperation under the new Framework Programme. Investments into human capital and infrastructure capacity in these sectors are a pre-requisite for successful engagement of Croatian scientists, clusters, academic institutions and SMEs into FP-type international initiatives with a European value-added.

1.4 Financing

The majority of programmes and projects supporting development of innovation infrastructure are financed by:

- European Commission (EC);
- World Bank (WB);
- Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ);
- European Bank for Reconstruction and Development (EBRD);
- United States Agency for International Development (USAID);
- Council of Europe Development Bank (CEB);
- European Investment Bank (EIB);
- Croatian Bank for Reconstruction and Development (HBOR);
- United Nations Development Programme (UNDP);
- Ministry of the Economy, Labour and Entrepreneurship (MELE);
- Fund for Development and Employment (FDE);
- International Bank for Reconstruction and Development (IBRD); and
- Additional financing available from private sector (e.g. industrial companies).

2 Existing Innovation Structures in Croatia

As indicated in one of the key documents 'Science & Technology Policy of the Republic of Croatia 2006 – 2010' key players in implementation of development innovation programmes supporting clusters and other technology-based companies are:

- Government and its related ministries - MSES, MELE, MFIN;
- Intermediary bodies - BICRO, HIT, NFS; and
- Academia.

In the area of financing research and technological projects, there are three main institutions:

- National Foundation for Science, Higher Education and Technological Development (NFS), which is the first independent foundation for research activities, in addition to the MSES, and used to be the only financier of R&D in Croatia;
- Business Innovation Centre of Croatia (BICRO) with the task to create, implement and finance innovation policy programmes for the commercial application of science and to foster closer science-industry cooperation between science and industry; and
- Croatian Institute for Technology (HIT) with the task to finance research technological research projects and to develop the national innovation system.

2.1 Key Government Players

Name:	Ministry of Economy, Labour and Entrepreneurship (MELE) - Directorate for SMEs
Contact:	Ulica grada Vukovara 78, 10 000 Zagreb, Republic of Croatia
Email:	info@mingorp.hr
Website:	http://www.mingorp.hr/

The Ministry of Economy, Labour and Entrepreneurship (MELE) is the central government institution in charge of implementing the national policy in the field of SMEs. The Ministry's responsibility for the "entrepreneurship" sector lies with the SMEs and Cooperatives Directorate, the Crafts Directorate and the Investment Promotion and Export Directorate.

The SMEs and Cooperatives Directorate implements measures and activities for the development of entrepreneurship through promotion, education of entrepreneurs, technical assistance, local financing, institutional capacity building and commercialisation of innovations. It also encourages clustering and networking of entrepreneurs, implements measures for the development of SMEs and co-operatives, improves entrepreneurial and managerial skills, undertakes the harmonization of legal framework with EU regulations and implements measures for international co-operation and export and investment promotion.

The Crafts Directorate focuses on crafts development, registration and vocational training. It implements and coordinates measures and activities for the development of the crafts sector, promotes crafts at international fairs, makes proposals for laws and regulations, provides interpretations and explanations related to laws and regulations, monitors implementation and ensures execution of laws and other regulations.

Investment Promotion and Export Directorate performs the tasks that refer to the elaboration of the investment promotion and export strategies and their implementation, the development of free zones, industrial zones, clusters, technological parks and districts, the elimination of obstacles for investments and regional development. The Directorate makes proposals for the implementation of economic policy measures aiming at enhancing domestic and foreign investments for the purpose of regional development. It implements the activities related to advertising and promotion of conditions for investing in the Croatian economy and the security of such investments, and it participates in tasks related to international projects, etc. The responsibilities of this Directorate also include the assessment and approval of the use of incentive measures.

In performing these tasks, the SMEs and Cooperatives Division cooperates with other government bodies (other ministries and public bodies supporting SMEs), regional and local self-government units, institutions and associations of entrepreneurs. There is in Croatia in fact a long tradition of representation of SME

interests, at both the national and the sub-national level. Various interests of the private sector and/or the SMEs more specifically are thus represented through the Croatian Chamber of Economy (HGK), the Croatian Chamber of Trades and Crafts (HOK), Croatian Employers Association (HUP), Croatian Co-operatives Association (HSZ), Association of SMEs, Croatian Exporters Association, Women Entrepreneurs Association etc. In the past several years these institutions have grown in importance and asserted themselves as partners in the policy making process. Dialogue with the Government takes place in fora of socio-economic dialogue such as the Economic and Social Council (tripartite body facilitating dialogue between the Government, business and trade unions), and the National Competitiveness Committee, as well as in the relevant Committees of the Croatian Parliament. Some more detail on the relevant policy-making partners is given below.

The Ministry administers programmes that are complimentary to the aims and objectives of the Ministry of Science, Education and Sports relating to technology and innovation, especially stimulating development and growth of technology-based SMEs. Those programmes are aimed at encouraging individuals to establish their own companies, as well as development of innovation clusters (Cluster Development Programme) to boost competitiveness. The development of Entrepreneurship Centres and Regional Development Agencies is also encouraged by the Ministry via providing them with financial assistance.

The institutional infrastructure of the Croatian innovation system initiated by the Ministry of Economy Labour and Entrepreneurship and local authorities covers the following centres:

- 9 business incubators;
- 20 entrepreneurial centres;
- 10 development agencies;
- 14 free zones;
- 2 technology parks:
 - Technology park Zagreb; and
 - Technology park Varaždin.

Name:	Ministry of Science, Education and Sports (MSES)
Contact:	Trg hrvatskih velikana 6, 10000 Zagreb, Republic of Croatia
Email:	office@mzos.hr
Website:	http://www.mzos.hr/

The Ministry of Science, Education and Sports (MSES) is the central government institution responsible for implementing, coordinating and overseeing implementation of the science, innovation and technology.

It is in charge of allocation of the budgetary funds for R&D activities in both public institutes and higher education institutions, as well as allocation of budgetary funds

for the technology program and related activities. Financial assistance extended directly through MSES includes research grants, IT grants, scientific equipment grants, fellowships for young researchers, (international) mobility grants and grants for publishing activity, scientific conferences and awareness raising activities.

Three of the Ministry's directorates cover the policy area in the field of science, technology, innovation and IT:

- Science Directorate;
- Directorate for International Cooperation; and
- Directorate for Information Society.

Management of EU-financed projects is carried out by the International Cooperation Directorate. This Directorate cooperates very closely with the Directorate for Science, which comprises a Department for Research Programmes and Projects, a Department for Development and a Department for Analysis and Monitoring of Technological Development.

The main advisory bodies that assist MSES in the strategic development of science and higher education are the National Science Council (NSC) and the National Council for Higher Education (NCHE), appointed by the Croatian Parliament.

The institutional infrastructure of the Croatian innovation system, which was initiated by the MSES, covers the following centres (Bečić and Švarc, 2006):

- Business and Innovation Centre of Croatia (BICRO);
- Croatian Institute for Technology (HIT);
- Four technology and innovation centres:
 - Centre for Technology Transfer (CTT), Zagreb;
 - Technology Centre Split (TCS);
 - Centre for Innovative Technology Rijeka (TIC);
 - Technology and Innovation Centre, Osijek;
 - Centre for Manufacturing processes, Zagreb; and
- Research and Development Centre for Mariculture, Dubrovnik (RICM).

2.2 Key Innovation Infrastructures

The following section gives an overview on the main existing innovation infrastructures in Croatia (clusters, technology and innovation centres, technological and science parks, Business-start-up centres/ Technology Incubators and some further related organizations).

A) Clusters

The development of clusters is the crucial moment in stimulating greater progress of small and medium enterprises. For that reason, the Croatian Government welcomes all the initiatives in the local government units, entrepreneurial associations which, together with entrepreneurs, are the main promoters of the cluster development. Croatian economic and regional policy supports formation and development of clusters with the stimulation of necessary infrastructure.



Clusters are networks of enterprises that complete each other. They are mostly formed out of a mixture of three types of enterprises that mutually complete:

- Enterprises with a special market and technological power working on the international level;
- Contractors or manufacturers, mostly small and medium enterprises; and
- Innovative and dynamic professional associations based on the new cognitions (like: research institutes, professional training institutions, etc.).

In year 2006, the development of 18 clusters in six sectors (wood and metal processing, food, textiles, printing and publishing and tourism), with the inclusion of 401 business subjects, was supported by the Ministry of Economy, Labour and Entrepreneurship (5.5 million kunas = EUR 755,627). In the year 2005, ten clusters were supported amounting to 1.6 million kunas (EUR 219,819).

For years the Ministry of Economy, Labour and Entrepreneurship (MELE) has been cooperating with the German Technical Cooperation Association (GTZ - Deutsche Gesellschaft für Technische Zusammenarbeit) on different projects concerning small and medium entrepreneurship. One of the most important projects they cooperate on is the education of cluster managers that has started in 2005. Major task of cluster development is training of the key factors for efficacious cluster management. The Ministry of Economy, Labour and Entrepreneurship presented the "Cluster management - hand-book for professional work" on December 4, 2006. The handbook was prepared the cooperation with GTZ and was written on the basis of collected experience of clusters in the EU. It is intended to serve as an important source of information for cluster managers, and to all the readers interested in cluster issue and cluster management. It is divided into two parts:

- Survey that shows the basic principles of cluster management; and
- Collection with all the material and instruments necessary for cluster managers.

(The Government of the Republic of Croatia, 2007)

Despite government support, evidence suggests that clusters are still struggling – with a lack of integration of participating companies, and inadequate relations with R&D centres and top service providers. Achieving excellence would require a better articulated range of cluster support measures to produce joint initiatives for creating value chains and thus improve the quality of products and services (OECD and EC, 2007).

Mirjana Dragičević from the Faculty of Economics, University of Zagreb, an expert on clusters in Croatia, summarised the situation with cluster development at the beginning of 2007 in one of her articles as follows: *'Regional clusters became the strategic development tool in achieving the Lisbon agenda in Europe. The same is the case in most post-transition economies. The situation in Croatia is different, because the institutional prerequisites for the cluster development are not completely developed. Croatia is still not divided into the regions, according to the EU standards and regional statistical accounts are not realised yet and there is no relevant basis to comparative regional statistics. There is a low level of communication and coordination between national, counties and local authorities. Adequate*

microeconomic policies that support cluster development are missing, such as educational policy and incentive policy to foreign direct investment.'

Regional development strategy is built up on the national level, as the regional operational plans in most counties. Regional development agencies also exist in most counties and they are engaged on the SMEs projects and other actions dealing with competitiveness building. In different counties, the various types of business integrations are created, such as districts, business zones etc. Regional clusters are foreseen as the future goals in many documents, but only one internationally recognised cluster in Croatia exists (Dragičević and Obadić, 2006).

As indicated at the international conference 'Clusters - Connecting Possibilities in South East Europe', which was held in Opatija, Croatia on April 20 - 21, 2007, there are several clusters, which will be financially supported by the Government, namely: Croatian Furniture Cluster, Croatian Agriculture Equipment Cluster, Croatian Yachting Cluster and Croatian Machine Tools Cluster. A number of cluster initiatives (e.g. Croatian Shipbuilding Cluster, ICT Cluster, Automobile Cluster, Textile Cluster), has started to operate just recently. For example, the ICT Cluster Varaždin, which is financially supported by the USAID, was officially opened on July 6, 2007.

According to an internet source⁴, an Agreement on business and development cooperation between the Trade and Investment Promotion Agency (TIPA) and CRO.ICT alliance of Croatian ICT association (cluster) was signed in TIPA's headquarters on December 20, 2007.

In March 2008, Croatian province Istria and the Chamber of the province have started with preparation of a cluster focusing on production of olives and olive oil. The objective of the cluster is to facilitate the standardization of olive products, creation of tourist brand and entrance of the product from Istria to international markets. It is planned that the cluster will unite major producers from the region (e.g. Agroluna from Poreč and Agroprodukt from Pula) as well as other individual producers.

Name of initiative:	Cro.ICT - Croatian ICT Cluster Initiative
Contact person:	Boris Krstanović (President)
Email:	Not available
Website:	http://www.cro-ict.net/

The alliance of Croatian ICT associations (cluster) is a common denominator for 6 smaller clusters that are comprised of around 40 companies with around 500 employees. Their partners are regional development agencies, business incubators and technological parks. Support during the founding of the cluster was given by USAID - Croatian Enterprise Promotion and GTZ.

⁴ <http://www.apiu.hr/Home.aspx?PageID=16&year=2007&yearActive=yes&month=12&newsId=81>

The Agreement on business and development cooperation between the Trade and Investment Promotion Agency (TIPA) and CRO.ICT alliance of Croatian ICT association (cluster) was signed in TIPA's headquarters on December 20, 2007.

The main purpose of the signed Agreement between TIPA and Cro.ICT alliance of Croatian ICT association (cluster) is coordinated appearance at promoting Croatia as a possible location for foreign investment in the ICT industry, including the endorsement of Croatian ICT market as a strong subject in the global market, with the final goal of enhancing the export of Croatian ICT technology.

Industry/Sector (technology area): ICT, High-Tech

International activities: Cooperation with new EU Member States, USAID and GTZ.

Name of initiative:	BIOS Printing and Publishing Cluster
Contact:	J. J. Strossmayera 341, 31000 Osijek, Republic of Croatia
Email:	bios@osijek.hr
Website:	http://cluster.inkubator.hr/en/index.php

The idea behind the printing and publishing cluster initiative originated in summer 2004 by four companies within Business Incubator BIOS operating in complementary areas of graphic and web design industry in the eastern part of Croatia.

An informal cluster of these four businesses accompanied by one external partner company was initiated with the main goal of sharing their technology and expertise in order to enable them to offer a wider range of quality products and services with competitive prices on local markets.

At the moment of writing the report, the BIOS Printing and Publishing cluster has 10 members with Business Incubator BIOS coordinating and managing joint market efforts.

The Clusters' products and services offered are: corporate identity development; web design and development; business web applications development; custom-design wall, table and pocket calendars; promotional materials; binding, screen printing, gold printing; two-colour offset printing (books, magazines, science papers, reports, etc.); full colour digital printing (event tickets, invitations, diplomas, etc); continuous form printing (payment forms and orders); 360° spatial indoor and outdoor visualization; business card CDs; promotional CD/DVD recording and editing (textual, photographic, audio and video materials, animations, multicolour CD/DVD printing); large format laminating (B1); outdoor advertising; prismavision advertisement panels; rotapanel trivision scrolling posters; poster panels with internal illumination and parking meter advertising panels.

Industry/Sector (technology area): Printing and Publishing

International activities: BIOS Cluster is participating in the Competitiveness Institute's network and cooperates with GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit GmbH), Germany.

Name of initiative:	Wood Cluster of Western Croatia (Lika and Gorski kotar)
Contact:	Janka Polića Kamova 19, 51000 Rijeka, Republic of Croatia
Email:	Not available
Website:	Not available

The Wood cluster of Western Croatia (Lika and Gorski kotar) was created in 2002 and gathers different producers oriented on wood processing in this mountain part of Croatia. The cluster has its economic justification through presence of natural raw material resources, competent and specialized workforce, participation and development of local suppliers and contractors and through recognizable technical infrastructure. It has started social processes as a result of initiating start-up projects and stimulating local companies on cooperation.

Industry/Sector (technology area): Forest-based and related industries, Furniture and Wood products production, Agriculture

International activities: The Cluster is participating in the Competitiveness Institute's network (TCI), which is a not-for-profit alliance of cluster practitioners.

Name of initiative:	Shipbuilding Cluster
Contact:	Via Croatian Shipbuilding Corporation (JADRANBROD)
Email:	hb@hb.hr
Website:	http://www.hb.hr/introduction.htm

The Croatian Shipbuilding Company Ltd. (CSC) was established in 1994 by decision of the Government of Croatia and the company merged with the former Association JADRANBROD in 1997 founding Hrvatska Brodogradnja - Jadranbrod d.d., Croatian Shipbuilding Corporation Jadranbrod. This is a joint company of five major Croatian Shipyards, where the Croatian Government holds a majority of shares.

Croatia has a long history of shipbuilding and shipping. Its shipbuilding industry operates on the international market and export orientation is the dominant feature. Contracts, supported with guarantees either of Croatian Bank of Reconstruction and Development (HBOR) or Croatian commercial banks, which are accepted by first class European banks, are providing full security to the owners.

Industry/Sector (technology area): Shipbuilding, Transport

International activities: Not available

Name of initiative:	Automobile Cluster
Contact person:	not available
Email:	not available
Website:	not available

Industry/Sector (technology area): Automotive industry

International activities: Not available

One of the most active counties, where the cluster development is high priority, is the Varaždin County. The county established in cooperation with the Croatian Chamber of Economy - Varaždin County Chamber the following clusters:

- Northwest Croatian Wood Industry Cluster;
- Croatian Textile Industry Cluster;
- Croatian Shoe Cluster;
- EU-vita Cluster;
- Biotech Cluster; and
- Metallurgic Cluster.

In this way, the Croatian Chamber of Economy - Varaždin County Chamber stimulates close cooperation between the members of the clusters, aiming to strengthen their position on the market.

As stated in the presentation of the president of the County Chamber Varaždin (October 2007), all new formed organizations are independent and successful. More than 8.000 new jobs were opened and rate of unemployment was reduced. Traditional industry is stabilised and revitalised and export and technology levels are considerably higher.

Name of initiative:	Northwest Croatian Wood Industry Cluster (Varaždin county)
Contact person:	Sandra Hižak (Cluster Manager)
Email:	info@drvni-cluster.com ; shizak@drvni-cluster.com
Website:	http://www.drvni-cluster.com

The Northwest Croatian Wood Industry Cluster has been founded by the most prominent wood manufacturers of northwest Croatia at the end of 2005. The initiative

came from Croatian Chamber of Commerce - County Chamber in Varaždin with the goal to develop, improve and promote wood industry and make it more competitive in ever more demanding global market.

The base of Cluster activities represents very close cooperation with all companies and industries included in the value added chain together with R&D institutions and local and national authorities.

The Wood Cluster comprises of:

- 13 companies employing 3.000 people (sawmills, carpentry products, furniture producers);
- 3 Regional Chambers of Commerce; and
- College for Technology and Design in Varaždin.

The Cluster strategy covers implementation of new technologies; design and product certification; lower the input costs; maximize the use of raw material leftovers and economical use of energy.

The vision for the near future of the Cluster is to act as a:

- Center of expertise for wood product businesses with the main accent on R&D projects; and
- Significant part of economic development for Northwestern Croatia.

Industry/Sector (technology area): Forest-based and related industries

International activities: Not available

Name of initiative:	Croatian Textile Industry Cluster (Varaždin county)
Contact:	Zagrebačka 94, 42000 Varaždin, Republic of Croatia
Email:	nvnucec@varteks.com ; hgkvz@hgk.hr
Website:	http://www.varteks.com/

One of the central companies in the cluster, indicated by Chamber of Commerce Varaždin, is VARTEKS d.d., the leading fashion company in Croatia and one of the leading companies in the south-east part of Europe.

The main activities of VARTEKS are manufacturing and sales of fabrics and garments and trading with cloths, garments and accessories, and the auxiliary activities are publishing, printing and forwarding activities.

Industry/Sector (technology area): Textile and clothing industry

International activities: Not available

Name of initiative:	Croatian Shoe Cluster (Varaždin county)
Contact:	Dr. Ante Starčevića, 32010 Vukovar, Republic of Croatia
Email:	info@borovoko.hr ; hgkvz@hgk.hr
Website:	http://www.borovoko.hr/

One of the leading companies in the cluster, indicated by Chamber of Commerce Varaždin, is Borovo Kožna obuća d.d, which was established on the ground of world-known producer Borovo. The production of leather footwear at Borovo started in 1931 (by Jan Baťa).

Industry/Sector (technology area): Footwear

International activities: Not available

Name of initiative:	EU-vita Cluster (Varaždin county)
Contact:	Not available
Email:	Not available
Website:	Not available

Industry/Sector (technology area): Not available

International activities: Not available

Name of initiative:	ICT Cluster (Varaždin county)
Contact person:	Not available
Email:	hgkvz@hgk.hr
Website:	http://www.tp-vz.hr/hr/32/osnovan-ict-klaster-varazdin/

The ICT cluster was officially presented for the first time at City Council of the Varaždin on July 6, 2007. The major goal of the ICT Cluster is to increase the competition of national software producers, connect economy to science-research institutions and prepare project applications for European funds.

ICT Cluster in Varaždin was established by the Development Agency North (Razvojna agencija Sjever - DAN) and is in line with the activities of USAID initiative

and initiatives for establishing national cluster. The cluster covers total technological process of development of information systems and is not directly oriented to one area of actual technologies. The Cluster consists of 10 informatics companies of different sizes (in total more than 120 employees), Faculty of Organization and Informatics and Technology Park in Varaždin.

Industry/Sector (technology area): ICT, High-Tech

International activities: Not available

Name of initiative:	Biotech Cluster (Varaždin county)
Contact:	Not available
Email:	Not available
Website:	Not available

The Biotech Cluster (based in Varaždin) presents one of the most significant green field investments as indicated by Trade and Investment Promotion Agency and is strongly supported by Biotehnoški Park Varaždin d.o.o. and the City of Varaždin. The partnership contract was signed on November 25, 2005.

The major objective of the Biotech Cluster is a creation of an internationally recognized destination for major national and multi-national organizations developing innovative applications in various industrial fields, in environmental protection and in agri-business.

Industry/Sector (technology area): Biotechnology, Pharmaceuticals, Agriculture

International activities: Not available

Name of initiative:	Metallurgic Cluster (Varaždin county)
Contact:	Koprivnička 23, Ludbreg, Republic of Croatia
Email:	info@oprema-uredjaji.com ; hgkvz@hgk.hr
Website:	http://www.oprema-uredjaji.com/

The company Oprema-uređaji d.d. is a limited company located in the town of Ludbreg in the north-west of Croatia. Forerunner of the company Oprema-uređaji d.d. was established in 1948 and the name Oprema was accepted in 1963. The production of catering equipment started in summer of 1976, when the production line of beer cooling units was assembled. In the year 1989 the company became an independent business subject, and in 1992 was 100 % privatized.

Industry/Sector (technology area): Metallurgic industry

International activities: Not available



B) Technology/Innovation Centres

Generally, the centres are supported via Technology Infrastructure Development Programme (TehCro), which was initiated by the Government with support from the World Bank. The programme is administered by BICRO.

The mission of the technology transfer centres is to utilize the resources of universities and institutes in the development and revitalization of industry and business. They provide effective support to research and development projects connecting research institutions with industries and SMEs (United Nations, 2001).

As stated in the report on the implementation of the European Charter for Small Enterprises, the performance of the country's four established technology centres has not been ideal; there is a need for a performance review to focus attention on their role in facilitating collaboration between research and business in their respective territories (OECD and EC, 2007).

The technology centres, located in the urban areas of Zagreb, Split, Rijeka and Osijek, all developed in the last 3 to 6 years under the umbrella of MSES, but their scope of work differs greatly. It mostly revolves around renting space to regional established and start-up SMEs operating in the service sectors with low technology content. Some centres provide skilled intellectual property rights protection, others concentrate on consultancy services regarding implementation of ISO standards, while yet others have developed business services, however with weak focus on specific technology business development activities (The Government of the Republic of Croatia, 2007).

Name of initiative:	Centre for Technology Transfer (CTT), Zagreb
Contact:	I. Lučića 5, 10000 Zagreb, Republic of Croatia
Email:	ctt@fsb.hr
Website:	http://www.ctt.hr/

The Centre for Technology Transfer (CTT) is the first technology centre in the Republic of Croatia founded with a goal of initiating and implementing projects that will link scientific and research recourses based in Higher Education Institutions and Scientific Institutes with economic and industry sectors.

The Centre is independent, market oriented company, which was founded by Faculty for Mechanical Engineering and Navel Architecture, University of Zagreb with a support of Ministry of Science and Technology in 1996.

Since 1996, CTT has realized 88 projects that included high-tech projects in entrepreneurial sector, technology transfer, and knowledge transfer, consulting

services, SME's support and development, by using domestic and foreign institutions as well as outsourced experts.

Industry/Sector (technology area): ICT, High-Tech

International activities: International activities of CTT include realization of international projects and organization of international conferences, seminars and workshops. CTT is offering support to companies and scientific institution to apply to international programs and it is offering support in connecting domestic institutions with foreign ones to enable exchange of ideas, projects, scientists and associates.

Name of initiative:	Technology Innovation Centre Rijeka Ltd. (TIC)
Contact:	J. P. Kamova 19, 51000 Rijeka, Republic of Croatia
Email:	ticri@ri.htnet.hr
Website:	http://www.ticri.hr/

Technology Innovation Centre Rijeka, Ltd. (TIC) is a scientific-technological incubator, which assists young entrepreneurs in establishing of their company (SMEs) for development of products or services based on higher or high technology and enables their growth and development. TIC enables technology transfer from university to small and medium enterprises, and influences the restructuring of big companies, improvement of technology level and economic development of the region. TIC is financial supported by the Ministry of Science, Education and Sports with additional revenues from renting the premises and extra revenues from some approved projects.

The idea to create innovation centre was born in the University of Rijeka in 1994, following a model of technological centres in Europe. Two years later the premises were purchased through the merit of Ministry of Science and Technology and County Primorsko-Goranska. The animation of the founders took one year. The company was registered in November 1997 (year of creation) and started to operate in 1998. University is TIC's major owner and TIC is in constant relation with university and big industry companies.

Services provided by TIC include: Infrastructure and consulting services; Premises at very favourable price; Monitoring; Contacts; and Transfer of technology.

Industry/Sector (technology area): Electronic and industrial automation; Informatics and multimedia systems; Chemistry and Biochemistry; Shipbuilding industry.

International activities: TIC is the member of several European associations of technological centres (TII and EBN). TIC also cooperates with similar institutions and companies - an agreement on cooperation has been signed with Tehnološki Park Ljubljana and Štajerski tehnološki park (both Slovenia). TIC has been actively involved in TEC-PARK.NET project (Science and Technology Park Co-operation). It is a project resulting from the program INTERREG IIIB and sub-program CADSES.

Name of initiative:	Technology Centre Split (TCS)
Contact:	Kopilica 5, 21000 Split, Republic of Croatia
Email:	sven.gotovac@fesb.hr
Website:	http://www.tcs.hr/

Technology Centre Split was established in 1997 as a limited liability company with the support of former Ministry of Science and Technology (MOST). Major partners are: Telecommunication centre in Split, County of Splitsko-Dalmatinska, and University of Split. TCS promotes new technologies, innovations, and entrepreneurship. Its objective is to provide support to SMEs in order to develop innovation, know-how, technology, prototypes and to market preliminary products in as short a time span as possible.

Industry/Sector (technology area): High-Tech, ICT, Telecommunication
International activities: Not available

Name of initiative:	Technology Development Centre Osijek Ltd. (TDCO)
Contact:	Trg Ljudevita Gaja 6, 31000 Osijek, Republic of Croatia
Email:	ured@tera.hr
Website:	http://www.tera.hr/tera/en/home/about.html

The Technology Development Centre Osijek Ltd. (TDCO) was established in 2002 as a result of an initiative of the Josip Juraj Strossmayer University of Osijek, the City of Osijek and Osijek-Baranja County. The activities of the Technology Development Centre Osijek are to promote new technology, invention and entrepreneurship especially focusing on the correlation of science and economy and the creation of infrastructural, financial and counselling support to inventive and technology projects.

The Josip Juraj Strossmayera University of Osijek, the Ministry of Science Education and Sports and the local government are the main supporters of efforts to create favourable conditions to fast and successful transformation of research results and inventions into new competitive products and international technology transfer in small and medium enterprise.

Business incubation of technology-based enterprise, counselling and monitoring in regional economy are the main instruments of the implementation of TDCO's task.

Industry/Sector (technology area): Biotechnology, Ecology, Computer science, Regional development projects
International activities: Not available

Name of initiative:	Research and Development Centre for Mariculture, University of Dubrovnik (RICM)
Contact:	Branitelja Dubrovnika 29, 20000 Dubrovnik, Republic of Croatia
Email:	rektorat@unidu.hr
Website:	http://www.unidu.hr/eng/ric.php

The University of Dubrovnik is youngest of six Croatian universities and first which is fully organized according to Bologna Convention and new trends in higher education. The Department for Aquaculture was established to execute education activities and RTD projects in the field of aquaculture and coastal zone management. Beside this, the University is co-founder (67% ownership) of the Research and Development Center for Mariculture in Ston, famous for ancient shellfish culture activity. The University is also owner (100%) of „Dalmacijabilje maricultura” limited company producing fish and shellfish in own farms. Through this established system, University cooperates with all levels of aquaculture, through fundamental research, education, RTD and business, in Croatia and abroad.

The Research and Development Centre for Mariculture (RICM) is an integral part of the University and deals with following projects:

- TAL-2 and STP – development and work on the project “MARIBIC – Business and Innovation Centre for Mariculture”. The final draft of the Business Plan for MARIBIC came as a result of work during 2003, with participation of its Director and selected consultants. A considerable part of the grant was spent on participation in the project (meetings in Zagreb with PMU and the World Bank) and on the Business Plan.
- Preparation of the initial strategy for business-incubation cooperation with entrepreneurs in Croatian mariculture. RICM spread its basic work on development and research to incubation and cooperation with entrepreneurs in mariculture after the new Contract of cooperation in 2003. The classical form of incubation was not possible due to the lack of production infrastructure, but it was replaced, for a start, with cooperation with the shell fish farmers from the bay of Mali Ston and fish farmers in Dalmatia.
- The project “Development of new products based on mussels from Ston and new strategies for their marketing” was successfully completed with the funds from the Ministry of Agriculture and Forestry.
- The project “Farming of different kinds of fish in the river Neretva delta”

RICM gets support for its work from the Ministry of Science, Education and Sport through the contract for cooperation and a single grant for the construction and refurbishing of the infrastructure.

Fruitful cooperation between RICM and the Dubrovnik-Neretva County and a number of local municipalities in this field resulted in signing of a contract in 2003 for financing of two projects by the County and Kula Norinska municipality. The project “Mali Ston oyster public reserve” financed by the Dubrovnik-Neretva County includes

RICM, as well as the department of Aquaculture of the University of Dubrovnik and the local fish-farmers.

Industry/Sector (technology area): Maritime, Hatchery technology

International activities: Cooperation with several international partners, e.g. Hellenic Marine Research Institute (Athens, Greece), INTECHMER, Cherbourg and IFREMER (France), University of Trondheim (Trondheim, Norway)

C) Technological and Science Parks

There are many definitions of Technology and Science Parks, but in Croatian environment they could be described as a property based initiative, where scientists and entrepreneurs aiming to realize their economical goals based on new technologies, are connected. The Parks give emphasis on development and science-research activities and they are established in the nearness of higher education institutions and research centres. The parks attract top-level professionals, but also young talents, who improve and educate themselves there. Technological parks are unique incubators, in which the concentration of knowledge, high technologies, education and connection to the national and international educational institutions is ensured.

Name of initiative:	Technology Park Zagreb (Zagrebački holding) - TPZ
Contact person:	Marijan Ožanić (Manager)
Email:	m.ozanic@tehnopark.hr ; info@tehnopark.hr
Website:	http://www.tehnopark.com.hr/

The Technology Park Zagreb (TPZ) is the first technology park, the entrepreneurial incubator for high technology in Croatia, founded in 1994 in the framework of KONČAR concern. After the summer of 1998 it was conveyed to the City of Zagreb with the objective to stimulate entrepreneurship and private initiative in the area of development and high technologies within the framework of Programme for Stimulating the Development of Crafts, Small and Medium-sized Businesses in the City of Zagreb. Since January 2007, the TPZ operates within company entitled 'Zagrebački holding'.

The Park aims to stimulate entrepreneurship and private initiative in the area of development and high technologies; provide technical and management trainings; improve the innovativeness; develop technical and business sense of self-confidence within entrepreneurs and to improve competitiveness of domestic hi-tech oriented companies.

Major parts of the TPZ financing are created by subventions from City of Zagreb and Ministry of Economy, Labour and Entrepreneurship (approximately 60%), and remaining 40% is covered by projects and services on the market.

Within its services, TPZ offers its clients:

- Reduced renting costs (subsidized by the City of Zagreb);
- Necessary infrastructure; advising and business consultancy;
- Marketing assistance (appearance on exhibitions and fairs, mutual web site, brochures, articles, TV);
- ISO 9000 project - mutual team work (subsidized again by the City of Zagreb); Donations - using donations awarded to TPZ (Microsoft licenses, computers, etc); Innovation support;
- Mutual projects and "clusters";
- Business education; and
- System synergy (stimulating, working, developing, innovative environment).

Industry/Sector (technology area): Electronics, ICT technologies

International activities: TPZ is project partner within several EU projects (TEC-PARK.NET and InServNet). The clients and tenants entrepreneurs in the Technology park embody excellent results, top quality innovative products, and export in 15 countries (e.g. Great Britain, Pakistan, Chile, Germany to Taiwan.).

Name of initiative:	Technological Park - Impulsni Centar, Varaždin
Contact:	Zagrebačka 94, 42000 Varaždin, Republic of Croatia
Email:	info@tp-vz.hr
Website:	http://www.tp-vz.hr/

Technological Park - Impulsni centar is situated in Varaždin, in the district, where critical mass of high professional knowledge and resources needed for the development of economical activities based on new technologies, exists.

The biggest concentration of knowledge in the region is located within faculties in Varaždin, where more than 100 doctors of science, masters and graduated engineers officiate:

- Geotechnical Faculty of University of Zagreb;
- Textile Technological Faculty of University of Zagreb;
- Electro Technical Faculty Varaždin and Electro Engineering Faculty Varaždin; Engineering and Transport School Varaždin;
- Mining Chemistry School Varaždin, and
- School of Design and Textile Varaždin.

The Park's area can accommodate 10 economical subjects with 50 employees and it is planned that there will be a new site build (more than 1,500 m²) in the future exclusively for the needs of the Park.

Industry/Sector (technology area): Elektrotechnology, Biotechnology, Pharmaceuticals and High-Tech overall

International activities: Not available

Name of initiative:	Technological Park Kutina - Impulsni Centar
Contact person:	Not available
Email:	Not available
Website:	http://www.kutina.hr/

No information available at the time of writing the thematic report.

Industry/Sector (technology area): Not available

International activities: Not available

D) Business-start-up Centres/ Technology Incubators

Business incubators and technology centres contribute to a better entrepreneurial climate in the surrounding area and give the impulse for everybody to start a business, to keep the business alive and to create new jobs, which is very important for the community.

The objectives of the business incubation and technology centres are to (United Nations, 2001):

- support new technology based companies;
- create future-oriented jobs for qualified employees;
- support commercialization of the innovations;
- promote national technology, products and services;
- attract FDI and joint ventures;
- support the clustering processes;
- support regional development;
- strengthen national competitiveness; and
- enhance international networking.

The report on the implementation of the European Charter for Small Enterprises stated that Croatia has the most advanced business incubator programmes. There is a national network of business incubators, as well as a national programme to support their operation and to establish new ones. In most cases, however, the focus is not on innovation and high-quality services are not always available. The scope of some incubators is limited to providing subsidised workspace in regions where finding suitable industrial premises is still a problem. Tenant exit strategies differ from case to case, but few business incubators show a dynamic rate of turnover; one of the main problems remains the relative difficulty of finding alternative locations at affordable prices on the open market (OECD and EC, 2007).

First incubators appeared in Croatia in mid 90', when the oldest incubator in Rijeka 'Porin' was opened (in 1996). All incubators are established as limited liability companies and are mainly in public ownership. Initial funding for incubators in most of the cases was coming from local or international project financing. Nowadays, the

major financial instrument for incubators is the TehCro programme (Technology Infrastructure Development Programme), which was initiated by the Government and enables the right technology infrastructure to support commercialization of research outputs and development and growth of knowledge-based enterprises.

According to the Policy Performance Assessment, 15 fully operational Business Incubators out of 20 registered could be identified (status - April 2004). However, there are also several incubators operating under the remit of some of the Centres for Entrepreneurship or Technology Centres (for instance in Pakrac, Samobor or Split).

Most of the Business Incubators are located in less developed regions such as Slavonija, Banovina and Lika. They also exist in the more economically developed regions such as Istria, Primorsko in Bjelovarsko-bilogorska County and Podravina.

In most of the business incubators, the premises and services are partially and sometimes to a large extent subsidised by the municipalities. The duration of tenancy tends to be five years (OECD and EBRD, 2005).

Name of initiative:	Business Incubator PINS Skrad Ltd.
Contact:	Ivana Gorana Kovačića 3, 51311 Skrad, Republic of Croatia
Email:	pins@ri.t-com.hr
Website:	http://www.pins-skrad.hr/

The Business Incubator PINS Skrad Ltd. represents one of the incubators established under the auspices of local authorities in 1996. The major objectives are: business assistance, promoting new technologies, establishing network among firms and providing different kind of training for SME's.

The Incubator provides mainly administrative services; business planning; networks entrepreneurs; provides financial support and helps with creation of development plans.

There are no official agreements between partners; their work is based on specific projects. The incubator is financed via different projects' sources coming from the Ministry, County, municipalities, but also from EU funds.

Industry/Sector (technology area): Forest-based and related industries, Agriculture
International activities: The Incubator cooperates with Informest from Italia on two EU project (INTERREG and Phare) and with Development Centre Kočevje - Ribnica from Slovenia (CARDS project).

Name of initiative:	PINHK d.o.o.- Entrepreneurial Incubator, Hrvatska Kostajnica (Sisak - Moslavina County)
Contact:	R. Djetelica 70, 44 430 Hrvatska Kostajnica, Republic of Croatia
Email:	poduzetnicki.inkubator.hrvatska.kostajnica@sk.htnet.hr
Website:	Not available

PINHK d.o.o. was founded in 1999 in order to improve entrepreneurship in general and especially to institutionally support and help the development of the incubator system of entrepreneurship. The Incubator intended to support the founding and the development of small and medium size companies and crafts in the area of Hrvatsko Pounje.

Advantages for the users are the following: help with the creation of a business plan and with the founding of a company, rent-free business facilities for the first year (then reasonable rents offered), favourable use of administrative and technical equipment of the incubator (telephones, faxes, copy machines of the incubator), services of a business secretary, advising, etc.

Industry/Sector (technology area): Not available

International activities: Not available

Name of initiative:	Business Incubator BIOS Ltd. Osijek
Contact person:	Igor Medić (Director)
Email:	imedic@inet.hr
Website:	http://www.inkubator.hr/

The target markets for the Business Incubator BIOS are start-up entrepreneurs and small and new businesses up to one year old involved in production or production based services. The use of the premises is limited to 3 to 5 years depending on the type of industry. The office space and production facilities are free in the first year of tenancy, while later payment of limited fees is expected.

The goals of the incubator are following:

- Participating in the regional economic development;
- Promoting local SMEs and providing assistance in the new businesses development;
- Increasing the number of businesses that survive on the market;
- Decreasing the probability of start-up enterprises market failure;
- Decreasing the business setup and growth time and making these processes more cost efficient; and

- Providing business consulting, educational, technical assistance and other services to its tenants and other small and medium sized enterprises in our region.

The services offered by BIOS to tenant firms cover office and workshop space at preferential rates; use of office, computer and communication equipment; use of meeting facilities and park space; and other support services, such as consulting services and conference hall usage.

Industry/Sector (technology area): Not available

International activities: Not available

Name of initiative:	Entrepreneurship Incubator "Challenge"
Contact person:	IDA d.o.o. Istarska razvojna agencija, Mletačka 12/IV 52100 Pula, Republic of Croatia
Email:	boris.sabatti@ida.hr
Website:	http://www.ida.hr/index.php?id=113

Aiming at stimulating small entrepreneurs and guided by the wish to make starting their own businesses easier for them, Istarian Development Agency (IDA) Ltd. established the Pula-based entrepreneurship incubator "Challenge" in 2005. In the project framework young, educated persons just starting their businesses are provided with initial business premises and advisory assistance, and they are also given the opportunity to obtain financing through a guarantee fund.

The procedure is conceived in such a manner that newly established companies can apply for subsidized business premises, which they may use from three months to three years. There is no rent to be paid in the first three months, during the remaining nine months of the first year they must pay 25%, during the second year 50%. During the third year 75% of the set rent sum is being paid. The contract for the use of business space in the entrepreneurship incubator expires after three years.

In 2005, five companies moved into IDA's entrepreneurship incubator "Challenge": Eurokonzalting (Pula); Sedam i pol Ltd. (Pula); Association Uzpiro Cro (Pula); Klimax Ltd. (a branch of the Infobip company from Vodnjan); and Enterprising Croatia (regional centre for the counties of Istria, Primorsko-Goranska and Ličko-Senjska).

In the course of 2006, another five companies joined the entrepreneurship incubator: Foundation for the Promotion of Civil Society Partnership and Development (Pula); Prosper (Pula); Microedukacija Ltd. (Split, Pula branch office); IGD Ltd. (Pula); and L.O.D.E. Regione Veneto - Point of Pula.

Industry/Sector (technology area): Focusing on young, educated persons starting their businesses.

International activities: Not available



Name of initiative:	PORIN d.o.o. Rijeka - "Rijeka Entrepreneurial Incubator"
Contact person:	Not available
Email:	rraporin@porin.hr ; doris.sosic@porin.hr ; darko.jardas@porin.hr
Website:	http://www.rijeka.hr/Default.aspx?art=184

PORIN d.o.o. Rijeka, in full called the "Rijeka Entrepreneurial Incubator", is a trading company dealing in research, development and other business activities involved in developing entrepreneurial incubator systems, foremostly in Rijeka, and if required, on a larger scale on the County level and throughout Croatia. The founders of Porin d.o.o. are: the Town of Rijeka, with a capital share of 61.5% the Riadria bank d.d. Rijeka, with a capital share of 32.25% the County of the Coast and Gorski Kotar, with a capital share of 6.25%.

The goal behind the founding the Incubator is to form a significant number of new, small and medium sized enterprises, with a view to first providing subsistence to those entrepreneurs with sound production programs, and then creating conditions for their unhindered development until the time these enterprises will have grown strong enough with a clear concept of development and a firm management to expand to new markets.

The "Rijeka Entrepreneurial Incubator" provides its entrepreneurs foremostly with premises, administrative and business support, while the Town of Rijeka provides financial support in the form of specified-purpose entrepreneurial loans for the acquisition of fixed assets required for the production of their products. All the members of the entrepreneurial incubator have been granted favourable interest-free long-term loans. The incubator members do not need to set aside funds for purchasing telephones, faxes, PC-s or similar office equipment, as this equipment, as well as a secretary, is at their disposal at the incubator head offices at a fee for services rendered.

The basic criteria applied in choosing tenants for the incubators are as follows:

- development oriented production program or a service trades program connected with production; and
- carrier of the programme should be an entrepreneur-beginner or an entrepreneur not previously independently engaged in production.

Industry/Sector (technology area): All sectors

International activities: Participation in INTERREG, CARDS projects, several institutional partnerships.

For more information please consult: rraporin@porin.hr.

Name of initiative:	Business Incubator Zadar
Contact:	Grgura Budislavića 99, 23000 Zadar, Republic of Croatia
Email:	info@poduzetnicki-inkubator.hr
Website:	http://www.poduzetnicki-inkubator.hr/

The Business Incubator was established by the City of Zadar in 2003 with the purpose of supporting the development of SMEs. Services of the Incubator can be used by entrepreneurs just starting their own business, or by entrepreneurs with companies, business operating no more than one year.

The area offered possible clients - entrepreneurs varies from 20 -100m² and can be for disposal at maximum for 5 years (first year without rent, second year 15% of the rent, third year 30%, for the fourth year 60%, and for the fifth year whole sum has to be paid).

Industry/Sector (technology area): Focus on production and services.

International activities: Not available

Name of initiative:	Entrepreneurship Incubator OSVIT - Donji Miholjac
Contact:	Trg A. Starčevića, Donji Miholjac, Republic of Croatia
Email:	Not available
Website:	http://www.mpc-miholjac.hr/

The Incubator runs under the Business Centre Miholjac, which is a local development agency, founded in order to create local conditions for economical development, employment and competitive business sector and to attract of foreign investment and creating of productive business climate.

The founders are: Osječko-baranjska county, the town Donji Miholjac and community Magadenovac.

Activities implemented in the Business Centre:

- Creating programmes for regional and local self-government;
- Providing information about projects and programmes in entrepreneurship
- Creating and managing business zones;
- Coordination and help in applying for projects for EU funds;
- Writing EU funds' project proposals;
- Attracting of foreign direct investment (FDI); and
- Coordination of business activities in local area.

Industry/Sector (technology area): Not available

International activities: Not available

Name of initiative:	Entrepreneurship Incubator SENJAK Knin
Contact:	IV gardijske brigade b.b., 22 300 Knin, Republic of Croatia
Email:	czp-knin@si.t-com.hr
Website:	http://www.czp-knin.hr/

The Entrepreneurship Incubator Knin was founded in compliance with Programme for Supporting of Development of Trade, Small and Medium-sized Entrepreneurship of Knin and Šibensko-kninska county on September 28, 2001.

The founder of the Incubator is the City of Knin and the Incubator started to operate in November 2001.

Activities provided by the Incubator are: re-establishment and organisation of entrepreneurship infrastructure (business incubators and zones); market and public opinion research; real estate business; and publishing catalogues about small and medium-size entrepreneurship.

Industry/Sector (technology area): Not available

International activities: Not available

Name of initiative:	Entrepreneurship Incubator BRODIN
Contact:	Mile Budaka 1, 35000 Slavonski Brod, Republic of Croatia
Email:	info@pi-brodin.hr
Website:	http://www.pi-brodin.hr/

Industry/Sector (technology area): Not available

International activities: Not available

Name of initiative:	Entrepreneurial Incubator Labin
Contact person:	Not available
Email:	Not available
Website:	Not available

The entrepreneur incubator in Labin launched its projects in 1998.

Industry/Sector (technology area): Not available

International activities: Not available

E) Others, related Organisations

Name:	National Science Council (NSC)
Contact:	Trg hrvatskih velikana 6, 10000 Zagreb, Republic of Croatia
Email:	ured@mzos.hr
Website:	http://public.mzos.hr/Default.aspx?sec=2428

The National Science Council (NSC) is a strategic and advisory body for the development and quality control of the overall scientific activity in Croatia, including research projects at higher education institutions.

Among other tasks, it monitors and evaluates the quality of scientific organisations, proposes the budget for scientific activities and organises the evaluation of scientific projects and programmes.

For the purposes of evaluation of the project proposal and related budget allocation, the NSC appoints six scientific field councils, classified by scientific area, for natural, technical, biomedical, bio-technical, social science and the humanities. In the evaluation process, the councils rely upon the recommendations of assessment groups and area councils.

NCS submits, in coordination with the NCHE, annual proposals on the allocation of budget resources for science and higher education to the Croatian government. To assist this particular task of the Councils, the common Science and Higher Education Funding Council (SHEFC) was established on May 25, 2005 to provide the councils with expertise and professional assistance on budget planning and expenditures.

In October 2005, the National Science Council adopted a new S&T policy document setting out short-term and long-term priorities, which are listed below:

- Short-term priorities (2006 - 2008) include: Environment, Health, Energy and materials and Croatian identity.
- Long-term priorities for years 2006 – 2010 are: Knowledge-driven basic research; Environmental protection and economic development of the Karst regions, Adriatic coast, sea and islands; Agriculture, biotechnology and food; Health; Information and communication technologies; Nanoscience, new materials, construction and new production processes; Energy, sources of alternative and renewable energy, transport, and security; Social and human sciences and Croatian identity; Social integration, learning and education, lifelong learning.

Name:	National Foundation for Science, Higher Education and Technological Development (NFS)
Contact:	Trg brace Mazuranica 10, 51000 Rijeka, Republic of Croatia
Email:	nzz@nzz.hr
Website:	http://www.nzz.hr/

The National Foundation for Science, Higher Education and Technological Development (NFS) presents the first government agency, which was established by the Croatian Parliament (OG 117/2001) in 2001 and is responsible for funding scientific and developmental projects in addition to the MSES, which used to be the sole financier for R&D in Croatia.

The mission of the Foundation is to promote science, higher education and technological development in Republic of Croatia, in order to enhance development and employment opportunities.

NFS gives support to scientific, higher education and technological programs and projects, and also promotes mobility in the field of higher education. Support can be given to scientific programs of special interest, in basic, applied and development research. NFS specially supports higher education programs which results in innovations and patents, gives grants to talented students and especially to young and prominent scientists and experts from industry, scientific and higher education institutions in Republic of Croatia.

The Foundation plans to introduce new programs like “Start-up” aiming at enabling post-doctoral students to launch their own independent research projects and “Employed” for financing doctoral studies for employed persons.

The NFS is a financially and politically independent agency that reports about its activities to the MSES and delivers financial reports to the Ministry of Finance.

Name:	National Council for Competitiveness (NCC)
Contact:	Šoštarićeva 2, 10000 Zagreb, Republic of Croatia
Email:	mira.lenardic@hup.hr
Website:	http://nvk.multilink.hr/

The National Competitiveness Council was founded at the beginning of 2002 as the initiative of the private business sector and the Croatian Employers' Association. Its formation was supported by a decision of the Government of the Republic of Croatia.

The Council is now the highest forum, in which representatives of the Government and business community regularly meet to discuss the main challenges faced by the

country's economy and propose ways to increase the competitiveness of the business sector.

The aim of the Council is continuous promotion and stimulation of growth of the competitiveness and productivity of the Croatian economy, which will, in the long-run, result in continuous sustainable growth of living standards in Croatia. The Council achieves this by supporting development policies, laws and other socially important processes that have an impact on creating and raising the competitiveness of the Croatian economy.

Name:	Croatian Institute of Technology, Ltd. (HIT)
Contact:	Planinska 1, 10000 Zagreb, Republic of Croatia
Email:	info@hit.hr
Website:	http://hit.hit.hr/

The Croatian Institute of Technology (HIT) was founded by the Croatian Government in March 2006 with the vision of becoming the leading institution in Croatia in charge of developing and implementing technology policy. The Institute is under the competence of the Ministry of Science, Education and Sports (MSES). The role of HIT is coherent with the role of the future European Institute of Technology (EIT). Therefore, HIT is focused towards strengthening education, research and innovation (knowledge triangle).

Main task of the HIT is to support and improve the commercialization of the technological projects and to support the closer cooperation between scientific community and business. HIT administers one of the national programmes supporting technology development: Technology-Related Research and Development Programme (TEST).

The Croatian Institute of Technology (HIT) is in charge of developing the national technology foresight platform and business intelligence system, and will overtake from MSES the consolidation of the administrative structure of national focal points of the EU Framework Research and Technology Development Programmes.

The Institute's vision is to act as the leading Croatian technology institution that creates conditions for strong and permanent growth of a knowledge-based economy through development and implementation of technological policy.

The goals of HIT are to:

- stimulate research and development and technology-related activities;
- stimulate innovation;
- strengthen international cooperation;
- promote knowledge as developmental resource and foundational factor of the economical growth;
- connect educational institutions and industry;
- exchange of knowledge, skills and experiences;

- consult and participate in developing strategy of the technological development of Croatia;
- support and assist foundation of new companies that result from TEST Programme; and
- provide financial and legal support to the start-up companies that develop new technologies.

Name:	Business Innovation Centre of Croatia (BICRO Ltd.)
Contact:	Planinska 1, 10000 Zagreb, Republic of Croatia
Email:	ured-bicro@bicro.hr
Website:	http://www.bicro.hr

The Business Innovation Centre of Croatia (BICRO Ltd.), is an innovation and investment company established by the Croatian government in 1998. Its establishment was initiated by the MSES with the main aim to develop a financial system to support innovation and technology based - businesses in Croatia.

Between 2001 and 2006, BICRO operated the RAZUM programme, a sub-programme of the Croatian Programme for Innovative Technological Development (HITRA) aimed at supporting knowledge -based companies. With assistance through the TAL-2 project and the Science and Technology Project (STP) supported by the World Bank, BICRO has evolved into a leading innovation agency responsible for managing and implementing the research-based innovation programmes in Croatia. The Centre manages five national development programmes supporting technology development (Support for Entrepreneurship Based on Innovation and New Technologies):

- Seed Capital Programme (RAZUM);
- Technology Infrastructure Development Programme (TehCro);
- Venture Capital Programme (VrnCro);
- R&D Programme (IRCro); and
- Competitiveness Upgrading Programme (KonCro).

Those programmes are implemented across the whole country and administered exclusively by BICRO.

The objectives of BICRO are: increasing commercialization of knowledge; raising awareness about the value of innovation; transferring knowledge and technology solutions from science and business; establishing knowledge and technology based companies; developing an adequate technology infrastructure; creating venture capital industry; increasing competitiveness and introducing new products to the market; strengthening cooperation between science and business, and creating public-private partnerships with the aim of jointly investing in innovation.

BICRO is financially and technically supporting its clients. For example, the Seed Capital Programme (RAZUM) provided support to 40 innovative start-ups and early stage companies (2002-2006). The other programmes have started recently (at the

beginning of 2007) so its too early to indicate their impact, however the first hybrid (public-private) VC fund in Croatia will be established in 2007 through the VenCro Programme, 5 technology centres are in the process of upgrading their services and the first thematic technology incubator (for biotechnology) is being set up (TehCro Programme).

Name of initiative:	Croatian Chamber of Economy (CCE)
Contact:	Rooseveltovej trg 2, 10000 Zagreb, Republic of Croatia
Email:	hgk@hgk.hr
Website:	http://www2.hgk.hr/en/

The Croatian Chamber of Economy is an independent professional and business organisation of all legal entities engaging in business. It was established in 1852, organised in European tradition and on the so-called continental model of Austrian and German chambers with compulsory membership. Every company registered with the Commercial Court is a member of the Chamber.

The Croatian Chamber of Economy consists of the Headquarters in Zagreb and 20 county chambers. Among these, the Zagreb Chamber represents both the City of Zagreb and Zagreb County. Functionally, the CCE consists of 8 departments dealing with the respective branch of the economy, and it also includes 40 professional associations, 87 groups and 19 affiliations. Apart from this, within the CCE act five business centres, Permanent Arbitration Court, Conciliation Centre, Court of Honour and CCE Office for Areas of Special State Concern.

CCE activities cover:

- **Representation:** The representation of economic interests before economic policy makers is achieved in the form of written materials, opinions on the respective measures or bills, active participation in Government or ministry sessions, either as a member or upon invitation, mandatory position statements for parliamentary committees - primarily on economic, budgetary, financial, labour and social policy issues. This also includes providing parliamentary representatives with materials.

The CCE prepares materials on topical economic issues and refers them to relevant departments as joint proposals of the business community. The CCE also commissions studies, thus harnessing the professional and scientific communities for the benefit of the economy.

- **Promotion of the economy home and abroad:** One of the most important tasks of the Chamber is the improvement of economic co-operation with foreign countries. This is achieved through various activities aimed at increasing the

exchange of goods and services, and also at making improvements in all other forms of economic co-operation with business actors abroad.

Special attention is paid to promotional activities through which the Croatian economy is represented in the respective country (counselling business partners, organising visits for numerous foreign business representatives, leading fairs and shows, etc.)

Name of initiative:	Croatian Chamber of Economy - Affiliation of clusters
Contact:	Draškovićeve 45, 10000 Zagreb, Republic of Croatia
Email:	hgk@hgk.hr
Website:	http://www2.hgk.hr/en/

The Affiliation of clusters was established within the Croatian Chamber of Economy (CCE) in November 2007 and covers the whole country with its activities.

The Affiliation of clusters was founded as a bottom-up initiative of existing Croatian clusters in order to articulate and perform their interests and needs. The key issue was speeding up clusterisation processes of the Croatian economy in harmony with the governmental economy strategy objectives.

The Affiliation's objectives are:

- Promotion of innovation and new technologies;
- Analysis of technical trends;
- Enhancement of production processes;
- Establishment of a network among companies and fostering networks among institutions;
- Improvements in regulation and policy;
- Joint purchasing;
- Export promotion;
- Technical or management training, etc.

The cluster members united in the Affiliation are from the following branches: Civil engineering and construction; Wood processing; Shipbuilding and naval architecture, Yacht engineering and building; Graphic design and printing; Ecological food production; Shoemaking; Metallurgy; ICT; Railroad infrastructure and Transport.

Activities carried out include: Education of cluster managers; Promotion of best practices; Dissemination of information related to advantages and disadvantages of certain legal kind of registering; Encouragement to business internationalization are some of the services provided by the Affiliation.

At the moment, the Affiliation of clusters has more than 40 members, clusters, companies, R&D and individuals (from academic community), but international cooperation has not yet been established.

Name:	Croatian Chamber of Economy - Affiliation for innovations
Contact:	Draškovićeva 45, 10000 Zagreb, Republic of Croatia
Email:	hgk@hgk.hr
Website:	http://www2.hgk.hr/en/

The Affiliation for innovations was established within the Croatian Chamber of Economy (CCE) in November 2007 and covers with its activities the whole country.

The Affiliation for innovations was established with a view to contribute to the creation of an enabling environment for the inventive work of individuals and groups and for the mutual action of basic relevant segments: industry, R&D, innovators-individuals and government.

The Croatian Chamber of Economy is not a direct participant in the process of Croatian National Innovation system, but represents, mediates and cooperates with all process participants in favour of its members. The Affiliation for innovations is a permanent partner in NIS infrastructure for distribution of information and professional services in the process of commercialization of innovations.

The objectives of the Affiliation are:

- Building internal information systems and databases;
- Coordinating with social actors engaging in innovation;
- Building teams for specific fields;
- Bringing innovators and other interested parties together;
- Raising public visibility of its activities;
- Examining the market;
- Introducing innovations into market;
- Professionally assisting innovators;
- Disseminating information etc.

As the Affiliation for innovations is not an independent legal entity, the CCE became a member of the European Association for the Transfer of Technology and Innovations, Industrial information-TII, Luxembourg, thus creating the basic prerequisites for the development of intermediation and for the linking of domestic innovators with foreign partners through a framework of several European technology networks.

The Affiliation for innovations has at the moment more than 270 members, regional or local associations of innovators, individual innovators, companies.

Name of initiative:	Croatian Employers' Association (CEA) - National Centre for Clusters
Contact person:	Vladimir Kovačević (Director)
Email:	hup@hup.hr
Website:	http://www.hup.hr/default.asp?ru=20&sid=&jezik=2

The Croatian Employers' Association is an independent, voluntary association of private entrepreneurs and employers founded during the period of Croatian transition to market economy in 1993. The CEA's mission is to improve entrepreneurial and investment climate in order to strengthen Croatian economy competitiveness. In the process of strengthening Croatian economy competitiveness CEA proactively works with the trade unions and the Government. CEA represents its members' interests in many international organizations such as: Union des Industries de la Communauté européenne (UNICE), International Employers' Organizations (IOE) and International Labour Organization (ILO). It also successfully cooperates with employers' organizations from other European countries. In addition, CEA provides support to newly-founded employers' organizations in the South Eastern Europe.

One of the strategic projects of 2007 CEAs' activities is the creation of **National Centre for Clusters**. The project objective is to create material, organizational and intellectual conditions and prerequisites for more dynamic growth of industry and industry related activities. The main goal of the clusterization project is to increase exports' revenues of companies in the region/industry, reduce costs per product unit in the region/industry, preserve open and create new jobs in the region/industry, increase the number of developed and adopted new products of high added value in the region/industry and increase by 20% the share of domestic product in the final exported product.

The CEA National Centre for Clusters is one of the partners in **the CEE-ClusterNetwork** - Central & Eastern European Cluster and Network Area project. The FP6 project is oriented towards furthering trans-regional cooperation in creation and maintenance of clusters in Central and Eastern Europe.

Name:	Croatian Agency for SMEs (HAMAG)
Contact:	Prilaz Gjure Deželića 7, 10000 Zagreb, Republic of Croatia
Email:	hamag@hamag.hr
Website:	http://www.hamag.hr/

The Croatian Agency for SMEs (HAMAG) is an institution for small business development and promotion, which was created in 2003. The Agency is funded by the state budget, international loan schemes and other sources.

HAMAG has traditionally been the implementing agency only for credit guarantee schemes, while the Ministry of Economy, Labour and Entrepreneurship (MELE) has directly implemented measures of a non-financial nature. Starting from 2007, HAMAG began to take over a number of MELE mainstream programmes: improvement of business support infrastructure (business centres, regional development agencies), entrepreneurship of target groups (youth, start-ups, disabled persons) and support of student cooperatives and student enterprises. In addition to MELE, the Croatian Agency for SMEs is the implementing authority for the 2004 - 2008 Development Programme for Small Enterprises.

The Agency implements also public guarantee funds and grants guarantees for loans given by commercial banks and other creditors focusing on financing fixed assets and working capital. The value of HAMAG's grant capital is EUR 65 million. Grants are extended to different types of SMEs and under different conditions for SMEs depending on the territory on which they operate. The list of programmes is as follows:

- "New entrepreneur": start-ups operating less than 2 years;
- "Growth and development": entrepreneurs operating at least 2 years;
- "Areas of special state concern": entrepreneurs located in Areas of Special State Concern;
- "Agriculture": entrepreneurs in agriculture businesses; and
- "Working capital": entrepreneurs operating at least 2 years.

To sum up, HAMAG encourages small business creation, growth and their investments; provides loans; issues guarantees for small business loans; provides financial support for loan cost reduction; subsidizes loan interests, employment generating activities and modern technology development. Additionally, HAMAG develops women and youth entrepreneurship further and subsidizes participation on international fairs and exhibitions. HAMAG has also developed an accreditation system for trainers, has started to implement a project for the Accreditation of Business Consultants, based upon regular participation by Croatian consultants in tailored training programmes for business service providers.

Name:	Agency for Science and Higher Education (ASHE)
Contact:	Savska cesta 41, 10000 Zagreb, Republic of Croatia
Email:	ured@azvo.hr
Website:	http://www.azvo.hr/Default.aspx?sec=75

The Agency for Science and Higher Education (ASHE) is a legal entity which autonomously and independently performs activities within the framework of the scope and authorities determined under the Law on the Scientific Profession and Higher Education (Official Gazette 123/03 and 105/04) and the Law on the Recognition of Foreign Educational Qualifications (Official Gazette 158/03 and 198/03). The Agency was established under Decree number 1946 by the

Government of the Republic of Croatia in the year 2004. The Agency is in operation since March 2005.

The Agency serves the administrative and professional needs of the NSC and NCHE. ASHE carries out technical and expert activities related to the evaluation of research and higher education institutions and the recognition of foreign educational qualifications.

The mission of ASHE is to protect public interest in the preservation of the standard of higher-education qualifications and constantly support the improvement of quality of the scientific activity and higher education.

ASHE cooperates closely with higher education institutions and science, national councils, competent ministry, and other government bodies.

The Agency is providing professional and administrative assistance to:

- National Science Council (NSC);
- National Council for Higher Education (NCHE)
- Science and Higher Education Funding Council (SHEFC)
- Committee for Ethics in Science and Higher Education;
- 7 scientific field councils; and
- 22 standing committees and expert commissions.

Name:	Trade and Investment Promotion Agency (TIPA)
Contact person:	Slobodan Mikac (Managing Director)
Email:	slobodan.mikac@croinvest.org ; sanja.kucera@croinvest.org
Website:	http://www.apiu.hr/

The Trade and Investment Promotion Agency (TIPA) is a Government Agency whose main task is to provide full service to investors during and after the implementation of their investment projects, to propose measures to enhance the business environment and to present Croatia internationally as a desirable investment location.

The Vision of TIPA is to become a regional leader in attracting export orientated foreign direct investments which generate high added value and open new workplaces.

The Agency's mission is to proactively search, attract and implement investment projects which include export orientated production of goods and services, generate high added value and open new workplaces.

The mission is realized through:

- Creating positive investment climate;
- Promoting the Republic of Croatia as an excellent location for investing;
- Creating and maintaining labour, real estate and entrepreneurship zones databases;

- Organising site visits;
- Supporting investment projects during implementation and afterwards; and
- Providing support to Croatian exporters.

Name:	Croatian Bank for Reconstruction and Development (HBOR)
Contact:	Strossmayerov trg 9, 10000 Zagreb, Republic of Croatia
Email:	mkolic@hbor.hr
Website:	http://www.hbor.hr/

The Croatian Bank for Reconstruction and Development (HBOR) is the development and export bank of the Republic of Croatia with the main task of promoting the development of the Croatian economy.

By extending loans, insuring export transactions against political and commercial risks, issuing guarantees and providing business advice, HBOR builds bridges between entrepreneurial ideas and their accomplishment with the objective of enhancing the competitiveness of the Croatian economy.

With its headquarters in Zagreb and five regional offices in Split, Pula, Rijeka, Osijek and Gospić, HBOR directs the majority of its business activities and loan programmes at improving the sources and conditions of finance and introduction of new financial products and models of finance. Working closely with commercial banks, it supports export-oriented companies through several export enabling and export insurance and guarantee schemes and programmes.

Name:	Centre for SME and Entrepreneurship Policy (CEPOR)
Contact:	Trg J.F.Kennedya 7, 10000 Zagreb, Republic of Croatia
Email:	cepor@zg.htnet.hr
Website:	http://www.cepor.hr/

The Centre for SME and Entrepreneurship Policy (CEPOR) is the first think-tank in Croatia, which deals with the problems of the SME sector. CEPOR is a non-profit organization founded in 2001 based on the Agreement between the Republic of Croatia and the Open Society Institute - Croatia. 10 institutional founders of CEPOR are the leaders in their fields of work - from the academic community to business associations, development agencies and entrepreneurial centers.

CEPOR's mission is to influence the public and political environment, emphasizing the key role of entrepreneurship and SMEs in the development of Croatian economy. CEPOR aims to contribute to the shaping of entrepreneurial culture and stimulating institutional and regulatory framework for entrepreneurial activity, with the goal of achieving strong economic growth based on international competitiveness.

The Centre's mission is fulfilled with following activities:

- Connecting with policy centers whose activities are focused on the issues of SMEs and entrepreneurship;
- Organizing round tables, workshops and gatherings focused on policy aspects of the development of the SMEs sector and entrepreneurship; and
- Educating groups in charge of implementing, monitoring and evaluating policies towards SMEs.

Areas of the Centre's work are:

- Research: Independent research related to policy of development of entrepreneurship and SMEs with the purpose to objectively define the problems and propose solutions.
- Policy Development: Providing counsel to government institutions with the purpose of building Government's legislative and institutional capacity for designing and implementing efficient and non-discriminatory policies for the development of SMEs.
- Advocacy: Organizing activities that will allow problems of SMEs to be heard and discussed in the public, and presenting recommendations to the Government in order to achieve specific solutions.

Name:	Croatian Financial Agency (FINA)
Contact:	Koturaška 43, 10 000 Zagreb, Republic of Croatia
Email:	info@fina.hr
Website:	http://www.fina.hr/

The Financial Agency (FINA) is the leading Croatian company in the sphere of financial mediation. The national coverage, the information technology system tested in the most demanding operations of national importance, and high professional level of expert teams, are the major advantages of FINA. The Agency is owned by the State, but operates exclusively on the market principle. FINA successfully does business with Croatian commercial banks, the Croatian National Bank, numerous business systems, and other entities in the business environment.

3 Conclusions / Recommendations

Croatia is the leading performer among the Western Balkan countries in the overall environment for SMEs, in innovation and technology centres and cooperation. The country has a clear and well-structured national strategy for comprehensive business support facilities, including incubation and strategies to improve the range and quality of business support services. The policy framework is supported by a consistent action plan and adequate budgetary resources. Services are provided through donor projects or private sector initiatives and are often isolated from each other; therefore the country should ensure more effective coordination, collaboration and information exchange between financiers.

Croatian Government sees the development of clusters as crucial moment in stimulating greater progress of small and medium enterprises; therefore Croatian economic and regional policy supports formation and development of clusters via special programmes. In 2006, the development of 18 clusters in six sectors (wood and metal processing, food, textiles, printing and publishing and tourism) was supported.

Several promising initiatives with special focus on clusters appeared recently, e.g. the Affiliation of clusters was established within the Croatian Chamber of Economy CCE in November 2007 as a bottom-up initiative of existing Croatian clusters. It intends to articulate and perform their interests and needs. Or another example, CRO.ICT alliance of Croatian ICT association bringing together 6 smaller ICT associations, signed an agreement about active cooperation with Trade and Investment Promotion Agency (TIPA) on December 20, 2007.

Technology/innovation centres are generally supported via the Technology Infrastructure Development Programme (TehCro), which was initiated by the Government with support from the World Bank. The technology centres are located in the urban areas of Zagreb, Split, Rijeka and Osijek and their scope of work differs greatly. Unfortunately, the performance of four established technology centres has not been ideal and there is a need for a performance review to focus attention on their role in facilitating collaboration between research and business.

There are three technology and science parks operating: in Zagreb (established as the first park in Croatia), in Varaždin and in Kutina. As mentioned in the Draft reEntrepreneurial Technology-Based Economic Development: Croatia (July 2007) prepared by Ron Kysiak, Croatian technology parks are really incubators. They will only truly become parks when they begin generating enough economic activity that private developers will want to build new, multi-tenant buildings to capture the growth of expanding incubator companies. This kind of real estate investment is not that far away in places like Zagreb or even Varaždin or Split. It will be mostly the universities and urban centers that will determine where expanding technology parks will grow because the universities have the smart people technology companies require and the urban centers are where an educated workforce is more likely to settle.

Croatia also has the most advanced business incubator programmes. There is a national network of business incubators, as well as a national programme to support their operation and to establish new ones. Even though there is a history of existence of business incubators in Croatia (the first ones appeared in the mid 90's), they are not always focusing on innovation and high-quality services.

In Croatia, there is still a need for strong co-ordination of the whole agenda of technological cooperation, intellectual property rights, business incubators, cluster development, and skills development. This requires a high level of co-ordination among government institutions, particularly among Ministries of Economy, Education and Science, the private sector, universities and research institutes. As in the case of competitiveness, governments should create the institutional setting to ensure that information exchange and inter-agency co-ordination are regular and effective (OECD and EC, 2007).

The national innovation system (NIS) of Croatia is underdeveloped in comparison with all member states of the European Union. Croatia is lagging behind in knowledge based factors of growth that commonly shape the new techno-economic paradigm - knowledge economy such as: qualification structure of the labour force, technology capabilities of companies, research capacity in industry, computerisation, etc. Croatia is competitive to EU countries only in research intensity that reflects the present orientation of innovation policy primarily towards supply side in terms of number of researchers and investments in R&D in public sector. Therefore, science and innovation policy is primarily focused on public science separate from production and entrepreneurship. Innovation policy is a part of science policy that is centralized and dominated by MSES as the main financier and consumer of R&D (Bečić and Švarc, 2006).

In concluding, it can be said that Croatia has been slow at recognizing and adapting to global technology platforms and technology revolutions and the developmental opportunities they enable. This is one of the most relevant reasons for the problems the Croatian economy is facing today, and the prevailing reason for the lack of competitiveness. Biosciences (bio-technology) is currently the only technology platform that offers wide-ranging possibilities in creating new products and services for emerging markets where entry barriers are not unbridgeable (as it is slowly becoming in the ICT industry). The mid-term needs in this area are rapid, well coordinated and focused actions aligned with devised strategic plans, which can turn high value added industry, such as biotechnology, into the driving-force of competitive Croatia. Without such focus, Croatia will not be able to achieve the transition to a knowledge-based economy (The Government of the Republic of Croatia, 2007).

Two new bodies, the National Innovation System Council of MSES (NISC) and the Government Body for Science and Technology (GOVBOST), were established according to the decisions the Government of the Republic of Croatia on April 18, 2008.

The following recommendations can be given:

- **Improve policy planning and enhance cooperation, coordination and communication** between local authorities and ministries (improved linkages between ministries);
 - **Support better understanding of the innovation process** by key players, such as policy makers;
 - **Create interactions and linkages** between different kinds of knowledge: science, technology, and production;
 - **Consolidate all technology-based federal programmes** in one responsible and experienced agency;
 - **Identify technology niches in Croatian universities and existing technology-based companies** and focus state attention and resources on the strongest;
 - **Provide effective transfer of good and bad practices;**
 - **Apply better identification of strengths and weaknesses** (SWOT analysis defining e.g. which technologies are the economic driving forces; which of them could effectively benefit from cluster organisation and how these could be supported);
 - **Provide adequate and sustainable financial support** (the financial instruments are not always attractive for start-ups, there is a clear need for risk/seed capital which could be invested in tenant companies);
 - **Undertake innovative (new) ways** of thinking and of acting between all stakeholders;
 - **Review the performance of technology centres** (with a focus on their role in facilitating collaboration between research and business);
 - **Strengthen linkages** between **private industry and science communities;**
 - **Ensure more effective coordination, collaboration and information exchange** between financiers;
 - **Build the knowledge capacity through training facilities;**
 - **Monitor and evaluate the performance and impact** on the SMEs development; and
- Provide accurate and up to date information** about the operation of incubators, parks, and innovation centres.

4 References

Bečić, E and Švarc, J. (2006). R&D Indicators as a Roadmap for European Integration: the Case of Croatia.

Cehok (2006). Preparation for Lisbon type Reforms, Example Varaždin - Croatia.

Centre for SME and Entrepreneurship Policy (CEPOR). Available from: <http://www.cepor.hr/>, accessed 17.04.2008.

Cesarec, Č. (2007). Croatian Chamber of Economy, County Chamber, 17 October 2007

Competitiveness and Innovation Framework Programme (CIP). Available from: http://ec.europa.eu/cip/index_en.htm, accessed 17.04.2008

Croatian Bank for Reconstruction and Development (HBOR). Available from: <http://www.hbor.hr>, accessed 17.04.2008.

Croatian Chamber of Economy. Available from: <http://www2.hgk.hr/en/>, accessed 17.04.2008.

Dragičević and Obadić (2006). Regionalni klasteri i novo zaposljavanje u Hrvatskoj - abstract 2007.

European Commission (2007). Croatia 2007 Progress Report. Enlargement Strategy and Main Challenges 2007 - 2008.

Kysiak, R. (2007). Draft reEntrepreneurial Technology-Based Economic Development: Croatia, July 31, 2007.

Media Statement on Financial Allocations. Available from: <http://www.strategija.hr/Default.aspx?art=490&sec=104>, accessed 16.04.2008.

OECD and EBRD (2005). Enterprise Policy Performance Assessment.

OECD and EC (2007). Enterprise Policy Development in the Western Balkans: a report on the implementation of the European Charter for Small Enterprises.

Švarc, J. (2008). ERAWATCH Country Report on Science and Technology.

The Government of the Republic of Croatia (2006a). Pre-accession Economic Programme (PEP).

The Government of the Republic of Croatia (2006b). Science and Technology Policy of the Republic of Croatia 2006 - 2010.

The Government of the Republic of Croatia (2006). Strategic Development Framework 2006 - 2013.

The Government of the Republic of Croatia (2007). Croatia in Focus. Croatian Government Bulletin X/XI (22/23).

The Government of the Republic of Croatia (2007). Regional Competitiveness Operational Programme (RCOP).

United Nations (2001). Best Practise in Business Incubation.

World Bank, International Finance Corporation (2005). Doing Business in 2006: Creating Jobs, Regional Profile.

World Bank (2007). Doing Business 2008 Croatia.

5 Further Sources

Agency for Science and Higher Education (ASHE). Available from: <http://www.azvo.hr/Default.aspx?sec=83>, accessed 16.04.2008.

American Chamber of Commerce in Croatia (2006). 'Wheels turning newest investment projects /Government incentives on supporting foreign investment with on supporting foreign investment with a project focus: Biotehnology Park in Varaždin'.

Bartlett, W. and Čučković, N. (2006). Knowledge transfer, institutions and innovation in Croatia and Slovenia

Competitiveness Institute. Available from: <http://www.competitiveness.org/>, accessed 25.07.2007.

Cro.ICT Alliance of Croatian ICT Associations (Cluster). Available from: <http://www.cro-ict.net/>, accessed 17.04.2008.

EBRD (2007). Strategy for Croatia (As approved by the Board of Directors at its meeting on 14 May 2007).

eSEE Secretariat, UNDP Country Office Bosnia and Herzegovina (2007). eSEE EUROPE Initiative@Newsletter No 12 – March 2007.

Ferara, K. (2007). Overview of Activities of Agency for Science and Higher Education, Project Planning Meeting and Training Visit, Ljubljana, Slovenia, July 2007

FP7 Third Country Agreements: Available from: ftp://ftp.cordis.europa.eu/pub/fp7/docs/third_country_agreements_en.pdf, accessed 17.04.2008

ICT Cluster Varaždin. Available from: <http://www.tp-vz.hr/hr/33/ict-klaster-predstavljen-javnosti/>, accessed 25.7.2007.

Instrument for Pre-Accession Assistance (IPA). Available from: http://www.balcan.org/index.php?option=com_content&task=view&id=248&Itemid=6, accessed on 16.04.2008.

Investment Compact. Available from: <http://www.investmentcompact.org/>, accessed 25.07.2007.

JE Austin Associates, Inc. (2007). International conference on Cluster Competitiveness, Croatia April 2007, Positioning SE Europe as the next R&D Powerhouse.

Kovačević, V. (2007). Centralna & Istočna Europa Područja klastera i Mreže, EU-Projekt, FP6, Istraživanje & Inovacije, conference 'Clusters – Connecting Possibilities in South East Europe', Opatija 20 – 21 April 2007.

Švarc, J. (2008) Main Research policy making mechanisms. Available from: <http://cordis.europa.eu/erawatch/index.cfm?fuseaction=ri.content&topicID=625&countryCode=HR&parentID=44>, accessed on 16.04.2008

Švarc, J. (2008). Science Policy Advice. Available from: <http://cordis.europa.eu/erawatch/index.cfm?fuseaction=ri.content&topicID=625&countryCode=HR&parentID=44>, accessed on 16.04.2008

Mrvelj, M. (2006). Economic Forum: Croatia – Your Business Partner, 9th November 2006, Tel Aviv.

National Foundation for Science, Higher Education and Technological Development (NFS). Available from: <http://www.nzz.hr/>, accessed on 15.04.2008

OECD (2003). Croatia – Enterprise Policy Performance Assessment.

Pohl Consulting&Associates (2004). The SME Sector in the CARDS countries: A Panorama at Country and Regional Level.

Presentations from the conference 'Clusters – Connecting Possibilities in South East Europe, Opatija 20-21 April 2007. Available from: <http://www.mingorp.hr/cacheeng.aspx?pg=defaulteng.asp&cache=1&id=1052&qlink=> accessed 25.07.2007.

Prpić, H. (2007). Business Innovation Centre of Croatia - BICRO Ltd.

Samardžija, V. (2006). Institute for International Relations, "Reforms in Lisbon Strategy Implementation: Economic and Social Dimensions", Zagreb.

see.science.eu (2007). Science and Technology Country Report – D7 Croatia.

SEETV (2006). Interview with Simeon Djankov, World Bank analyst, 26 September 2006. DOING BUSINESS report). Available from: <http://www.seetv-exchanges.com/code/navigate.php?ld=251>, accessed 25.07.2007.

SPICE Group - Science Park and Innovation Center Experts. Available from: <http://www.seetv-exchanges.com/code/navigate.php?ld=251>, accessed 25.07.2007.

The Government of the Republic of Croatia (2006). Pre-accession Economic Programme (PEP).

The Government of the Republic of Croatia (2007). Croatia in Focus, Croatian Government Bulletin, Volume X/XI, No.22/23 December/January 2006/2007.

The Ministry of Science, Education and Sports of the Republic of Croatia (2003). Development strategy of the Republic of Croatia "Croatia in the 21st Century-Science".

Uvalić, M. (2004). Science, Technology and Economic Development in South Eastern Europe.

World Bank, International Finance Corporation (2006). Doing Business 2007: How to Reform.

6 List of Acronyms / Definitions

ADA - Austrian Development Agency
All - Adriatic - Ionian Initiative
ASHE - Agency for Science and Higher Education
BAS - Business Advisory Service
BICRO - Business and Innovation Centre of Croatia
CASA - Croatian Academy of Sciences and Arts
CARDS - Community Assistance for Reconstruction, Development and Stabilisation
CCA - Cluster Competitiveness Activity
CCE - Croatian Chamber of Economy
CEA - Croatian Employers' Association
CEB - Council of Europe Development Bank
CEE - Central and Eastern Europe
CEI - Central European Initiative
CEPOR - Centre for SME and Entrepreneurship Policy
CIP - Competitiveness and Innovation Programme
CARDS - Community Assistance for Reconstruction, Development and Stabilisation
CODEF - Central State Office for Development Strategy and Coordination of EU Funds
CREATE - Stimulating Croatia's Entrepreneurial Activities and Technology Transfer in Education
CSC - Croatian Shipbuilding Company
CTT - Centre for Technology Transfer, Zagreb
DAN - Development Agency North (Razvojna agencija Sjever)
EBRD - European Bank for Reconstruction and Development
EC - European Commission
EIB - European Investment Bank
EIP - Entrepreneurship and Innovation Programme
EIT - European Institute of Technology
ERA-NET - European Research Area Network
ERDF - European Regional Development Fund
EU - European Union
FDE - Fund for Development and Employment
FINA - Croatian Financial Agency
FP6 - 6th Framework Programme for Research and Technological Development
FP7 - 7th Framework Programme for Research and Technological Development
GOVBOST - Government Body for Science and Technology
GTZ - Deutsche Gesellschaft für Technische Zusammenarbeit
HAMAG - Croatian Agency for SMEs
HBOR - Croatian Bank for Reconstruction and Development
HGK - Croatian Chamber of Economy
HIT - Croatian Institute of Technology
HITRA - Croatian Innovation Technology Development Programme
HITROREZ - hitro.hr Programme, Regulatory Guillotine Initiative
HOK - Croatian Chamber of Trades and Crafts
HSZ - Croatian Co-operatives Association



HUP - Croatian Employers Association
HUP-NCK - Croatian Employers' Association - National Center for Clusters
IASP - International Association of Science Parks
IBRD - International Bank for Reconstruction and Development
ICT PSP - Information Communication Technologies Policy support Programme
IDA d.o.o. - Istarian Development Agency Ltd.
IEE - Intelligent Energy Europe
ILO - International Labour Organisation
INTERREG - European Community Initiative
IOE - International Employers' Organizations
IPA - Instrument for Pre-Accession Assistance
IRCro - R&D Programme
I&T - Innovation and Technology
KonCro - Croatian Business Competitiveness Upgrading Programme
MELE - Ministry of Economy, Labour and Entrepreneurship
MFIN - Ministry for Finance
MIPD - Multi-Annual Indicative Planning Document
MOST - former Ministry of Science and Technology
MoU - Memorandum of Understanding
MSES - Ministry for Science, Education and Sports of Croatia
NBOK - Croatian Bank for Reconstruction and Development
NCC - National Council for Competitiveness
NCHE - National Council for Higher Education
NECC - National Entrepreneurship and Competitiveness Council
NFS - National Foundation for Science, Higher Education and Technological Development
NIS - National Innovation System
NISC - National Innovation System Council of MSES
NRDP - National R&D Programmes
NSC - National Science Council
OECD - Organisation for Economic Co-operation and Development
OP - Operational Programme
PINHK d.o.o. - Entrepreneurial incubator, Hrvatska Kostajnica
PHARE - "Poland and Hungary: Aid for Restructuring of the Economies"
RAZUM - Development of Knowledge-Based Enterprises
RCOP - Regional Competitiveness Operational Programme
RIA - Regulatory impact analysis
RICM - Research and Development Centre for Mariculture, University of Dubrovnik
R&D - Research and Development
SHEFC - Science and Higher Education Funding Council
SEE - South-Eastern Europe
SMEs - Small and Medium Size Enterprises
STIRP - Complex Technology Projects
STP - Science and Technology Project
S&T - Science and Technology
TAL-2 - Technical Assistance Project for Institutional and Regulatory Reform
TC - Technology Council
TCI - Competitiveness Institute
TCS - Technology Center Split



TDCO - Technology Development Centre Osijek Ltd
TehCro - Technology Infrastructure Development Programme
TEMPUS - Trans-European Mobility Scheme for University Studies
TEST - Technology-Related Research and Development Programme
TIC - Technology Innovation Centre Rijeka Ltd.
TIPA - Trade and Investment Promotion Agency
TMG - TurnAround Management Group
TPZ - Technology Park Zabreb (Zagrebacki holding)
UHIPP - Croatian Association of Entrepreneurship and Supporting Institutions
UNDP - United Nations Development Programme
UNESCO - United Nations Educational, Scientific and Cultural Organisation
USAID - U.S. Agency for International Development
VenCro - Venture Capital Programme
WB - World Bank
WBC - Western Balkan countries

THEMATIC REPORT on Innovation Infrastructures in the Western Balkan Countries

The Former Yugoslav Republic of MACEDONIA D10

**VERSION 2
April 2008**

Information compiled by:
Jana Macháčová
Elke Dall

With special thanks to:
Lieke van Gompel
Radmil Polenakovic
Viktor Stefov
Marija Vitlarova
Jure Zrilič

Contents - The Former Yugoslav Republic of Macedonia

1	Introduction.....	5
1.1	General Environment for Setting Up Innovation Infrastructures.....	5
1.2	Strategic Documents	8
1.3	Specific Programmes and Instruments	9
1.4	Financing	12
2	Existing Innovation Structures in the Former Yugoslav Republic of Macedonia .	12
2.1	Key Government Players.....	12
	Ministry of Economy (MoE) - Department for Entrepreneurship and Competitiveness	12
	Ministry of Education and Science (MoES).....	13
2.2	Key Innovation Infrastructures	14
	Lamb and Cheese Cluster	15
	Tourism Cluster	15
	IT Cluster	16
	Digital Technology Cluster (Sub-group of the IT Cluster)	16
	Wine Cluster	17
	Apparel Cluster (AC).....	18
	Technology Transfer Centre for Chemical and Textile Engineering at the Faculty of Technology and Metallurgy, St. Cyril and Methodius University, Skopje	19
	Technology Transfer Centre at the Faculty of Electrical Engineering and Information Technologies (FEEIT), St. Cyril and Methodius University, Skopje .	20
	Centre for Research, Development and Continuing Education (CIRKO) at the Faculty of Mechanical Engineering (FME), Skopje	20
	Centre for Applied Research and Continuing Education in the Field of Agriculture at the Faculty of Agriculture, Skopje	21
	Euro - Regional Technological Centre at the Faculty of Technical Studies - Bitola (ETC Bitola).....	21
	European Information and Innovation Centre in Macedonia (EIICM)	22
	Bitola Technology Park (BTP)	23
	Business Start-Up Centre Bitola (BSC Bitola)	26
	St. Cyril and Methodius University Business Start-Up Centre (UKIM - BSC).....	26
	DENI INCUBATOR Veleš	27
	Gica Incubator Ohrid.....	28
	YES Incubator - Youth Entrepreneurial Service (YES) Foundation	28
	Incubator Strumica	29
	Biljana Incubator Prilep.....	30
	Incubator Delčevo.....	30
	Turtel Incubator Štip	30
	Incubator Saša Makedonska Kamenica	30
	National Entrepreneurship and Competitiveness Council (NECC)	31
	Agency for Promotion of Entrepreneurship of the Republic of Macedonia (APERM)	31
	Macedonian Academy of Sciences and Arts (MANU).....	32
	Foundation for Management and Industrial Research (M.I.R. Foundation)	33
	Agency for Foreign Investments of the Republic of Macedonia.....	33



3	Conclusions / Recommendations	34
4	References	37
5	Further sources	38
6	List of Acronyms / Definitions	41



1 Introduction

This thematic report is produced by the “Information Office of the Steering Platform on Research for Western Balkan Countries” and reviews the situation of Innovation Infrastructures in the Former Yugoslav Republic of Macedonia.

The report is based upon desk research, interviews and questionnaires with main stakeholders.

The objective of this study is to enhance our understanding of the national innovation system in the Former Yugoslav Republic (FYR) of Macedonia. An overview of the situation as regards “Innovation Infrastructures” such as clusters, technology and innovation centres, technological and science parks, business-start-up centres/ technology incubators and some further related organisations is given. The general environment is described as well as important strategic documents and the main programmes and instruments for support. The report concludes with a list and description of the main infrastructures.

The report was compiled in summer 2007, published in printed version in October 2007 and updated in April 2008.

1.1 General Environment for Setting Up Innovation Infrastructures

This first section deals with rules and regulations, describes the national framework and the specific funds available.

Science, Technology and Innovation (STI), key driving forces for competitive knowledge-based economies have been marginalised with an insignificant amount of GDP being devoted to STI in FYR of Macedonia (e.g. the percentage of Gross Domestic Product - GDP) devoted to the R&D in Macedonia was 0.44% of GDP in 2000, 0.32% in 2001, 0.26% in 2002, 0.22% in 2003 and 0.25% in 2004. The innovation capacity of SMEs in the country is very limited and insufficient resources are invested to use and exploit technologies by SMEs. Linkages between universities and the business sector are weak, there is a lack of awareness about the benefits of STI and the absorptive capacity of SMEs is low. There is no venture capital available for innovation activities of entrepreneurs. There are no financial stimuli or incentives for investments in new technologies and innovations, and the institutions (innovation centres, technology transfer agencies, research centres, labs, etc.) that are supporting SMEs in the area of new technologies and innovations are on the early stages of development or do not exist.

As indicated in the National Development Strategy for Small and Medium-Sized Enterprises (2002 - 2013), by way of promotional activities the awareness of SMEs of STI-related issues will be increased, contributing to a higher absorptive capacity. Increased resources will be provided through innovation-oriented programmes and projects and the science-business interface will be strengthened. The legal environment will be further enhanced to explicitly influence the environment for

innovation. Activities regarding strengthening the existing clusters will continue, as well as the establishment of new ones in order to increase the competitiveness of SMEs. The awareness in regard to participating in clusters will be raised on the national and local level in order to achieve competitive production and increased exports.

According to the strategy, following measures and activities shall be implemented (Ministry of Economy 2007):

- Encouraging the private sector to increase the value of investments made for research and development;
- Establishing research and development institutions for technology transfer, for new technologies and innovation;
- Supporting technological development of SMEs;
- Introducing tax incentives for SME sector for investments in research and development - financial stimulations;
- Raising awareness for the importance of R&D on the regular meetings, conferences, etc organised by the network of business associations;
- Determining relevant indicators to follow the development made in science, technology and innovation in accordance to the best practices from EU (Innovation scoreboard);
- Increasing the number of enterprises, users of the resources for the development, as well as increase the value of these resources that the state is providing for this purpose; and
- Strengthening the existing clusters and supporting interest for the establishment of new clusters.

The initiative by the Macedonian government to bring foreign experts was highlighted in the interview with the World Bank analyst, Simeon Djankov held in September 2006, which was based on an analysis of data from the Western Balkans in the World Bank Doing Business Report: *“I think we are going to see some tremendous improvement in Macedonia in the area of business environment over the next one or two years, I should note that even last year there were very significant improvements, and that there is a good reform program in place to continue and I think it is the right way to bring some people around the world and say what happened in the other countries that are successful and how can we do it there, so I think actually that it’s a great move.”* (SEETV 2006).

The skills and performance of SMEs are currently not adequately supported by the institutions that provide support to SMEs in the form of business development services (BDS). SMEs do not have easy access to business services, and there is a lack of information regarding the potential benefits of external counselling assistance. The capacity of the existing institutions that provide business services to SMEs will be strengthened, and new institutions will be established in the municipalities where such institutions do not exist. The voucher system for consulting services will be strengthened and this will improve the quality of these services via the establishment and implementation of international standards.

Following measures and activities shall be implemented (Ministry of Economy 2007):

- Strengthening the capacity of existing and opening of new business centres;

- Developing an effective market for business services;
- Easing the access to the information for consulting services and advisory support to SMEs;
- Providing continual education for entrepreneurship and business;
- Promoting technological parks, entrepreneurial zones, incubators and other organisations for business support;
- Introducing quality standards in business services;
- Continuing with the voucher related activities for consulting services;
- Promoting innovation and information technology;
- Organising campaigns for raising awareness of entrepreneurs; and
- Establishing a National Certification Body for consultants.

The establishment of a Sector for Economic Reforms within the General Secretariat of the Government strengthened the country's administrative capacity for enterprise and industrial policy. It will provide institutional support for the Government's coordinating body for economic reforms, develop a methodology for regulatory impact assessment and strengthen communication with the private sector, specifically the business sector.

A new unit for industrial policy in the Ministry of Economy (MoE) is preparing a study on competitiveness indicators. This set of indicators will be used to develop the industrial strategy. In June 2006, the country has adopted the new Law on Vocational Education and Science, which introduced entrepreneurship learning as an integral part of secondary education. Some progress has been made with the promotion of on-line access for entrepreneurs. An e-tax system was launched in July 2006. It allows on-line filing of tax forms, but is currently only used for larger tax payers.

In 2006, the first Innovation Relay Centre has begun operating in the country. However, the Former Yugoslav Republic of Macedonia still lacks an industrial strategy, as well as a national technology and innovation strategy. Regulatory impact assessments will have to be introduced. It is necessary to make better use of ICT technologies to facilitate communication with the business sector, to strengthen the national Agency for Promotion of Entrepreneurship (APPRM) and to enhance transparency and the influence of the SME community in the context of the dialogue within the National Entrepreneurship and Competitiveness Council (NECC). Preparations in this area are moderately advanced. No particular developments can be reported in the areas of enterprise and industrial policy instruments and sector policies. Preparations in this area are at an early stage (European Commission 2006).

As stated by one of the key players from the Former Yugoslav Republic of Macedonia, the Macedonian Parliament approved (in March 2008) a new law on technological development (published in Official Gazette No. 41 on March 21, 2008). This law newly establishes e.g. the legal framework allowing creation of incubators; technological parks etc.

1.2 Strategic Documents

Strategic documents reflecting National Innovation Strategies (NIS) have been already highlighted in Science and Technology Country Report - D8 Former Yugoslav Republic of Macedonia¹.

Generally, the support to small and medium-sized enterprises in FYR of Macedonia is ruled by the following documents:

- 'National Development Strategy for Small and Medium Enterprises' (2002 - 2013) and its revised version from March 2007;
- 'Programme for the Development of Entrepreneurship, Competitiveness and Innovation of Small and Medium-sized Enterprises' (2007 - 2010);
- 'Programme on Measures and Activities for the Promotion of Entrepreneurship and Creation of Competitiveness of the Small and Medium-sized Enterprises in the Republic of Macedonia'; and
- 'Programme for Stimulating Investment in the Republic of Macedonia (2007 - 2010)'.

The SME Strategy defines the general direction within SME Development in country; the SME Programme rules the implementation of the SME Strategy, while the SME EU Charter sets the priorities necessary to achieve EU accession. Medium-term programmes aim at implementing the strategy setting out specific objectives and measures as well as the financial resources required for their implementation.

- 'National Development Strategy for Small and Medium-Sized Enterprises (2002- 2013)'

The Strategy provides direction towards achieving the vision, objectives and priorities in the area of entrepreneurship and SMEs in the longer period of time. Within the strategy constraints and issues are defined and guidance and measures for their solution provided.

In 2002, the Ministry of Economy (MoE) published the SME strategy, covering the period from 2002 to 2012 as well as a Programme of Measures and Activities to Support the Development of Entrepreneurship and Competitiveness of Small Businesses for the Period 2003 to 2006.

The revised National Development Strategy for Small and Medium-Sized Enterprises (2002 - 2013) was presented and adopted in March 2007.

- 'Programme for the Development of Entrepreneurship, Competitiveness and Innovation of Small and Medium-sized Enterprises (2007- 2010) '

This Programme for the Development of Entrepreneurship, Competitiveness and Innovation of Small and Medium-sized Enterprises (2007 - 2010) was adopted in March 2007.

¹ e.g. National Economic Programme of the Government (2006 – 2010); Action Plan for the European Partnership Programme for development of the scientific research activities in the FYR of Macedonia for the period of 2006 - 2010 and Action Plan of this programme; Technological Development Programme (2002 - 2006), etc.

- 'Programme for Stimulating Investment in the Republic of Macedonia (2007 - 2010)'

The Ministry of Economy has prepared the Programme for Stimulating Investments 2007 – 2010, which was adopted by the Government on June 3, 2007. The Programme includes recommendations and directions for reducing the remainder barriers, which limit investments and recommendations for harmonization of regulations with international accepted standards. The document has been framed with the assistance of the EAR Project “Technical Assistance to the Ministry of Economy for Improvement of the Investment Climate.”

The programme was prepared by an international consultant with significant assistance from the Investment Policy Unit within the Ministry of Economy. Feedback was received from various governmental Ministries, Agencies, Bureaus, etc. as well as donors such as UNDP, GTZ and USAID, which is incorporated into the programme. The overall programme has been based on the OECD's Investment Reform Index (2006) framework. Finally, the 'Programme for Stimulating Investments in the Republic of Macedonia' has undergone a thorough consultation process, which resulted in revisions and improvements, prior to receiving Government approval.

1.3 Specific Programmes and Instruments

The FYR of Macedonia has gained candidate country status for accession to the European Union (EU), which has major implications for the SME strategy and programme in regard to accelerating the harmonization of national with EU legislation and the need to implement the revised European Charter for Small Enterprises. Moreover, new initiatives such as the Instrument for Pre-Accession Assistance (IPA) and the EU Competitiveness and Innovation Framework Programme 2007 - 2013 (CIP) present new challenges in relation to science, technology and innovation (STI) as well as information and communications technology (ICT) as means of enhancing the competitiveness of SMEs. The Government of FYR of Macedonia with its Programme (2006 - 2010) placed strong emphasis on the development of SMEs. The focus is on increasing the competitiveness of local companies and on domestic and foreign direct investment (FDI) as well as on improving the capacity of public institutions to implement reforms.

Following programmes and activities supporting technology development are defined (in alphabetical order):

- Business Advisory Service (BAS) Programme;
- Competitiveness and Innovation Framework Programme (CIP);
- GTZ's Technology Transfer;
- IFC/PEP Southeast Europe;
- Instrument for Pre-Accession Assistance (IPA);
- SINTEF Macedonia;
- USAID Macedonia's Competitiveness Activity (MCA); and
- 7th Framework Programme for Research and Technological Development (FP7).

- Business Advisory Service (BAS) Programme

The Business Advisory Service (BAS) Programme is multi-donor programme managed by the TurnAround Management Group (TMG), hosted at the European Bank for Reconstruction and Development (EBRD). The Programme assists micro, small and medium sized enterprises to enhance their competitiveness, marketing and financial management, to implement quality management systems and strategic business planning.

The BAS Programme works directly with individual SMEs, providing specific and practical business advice. At the same time, BAS builds local/national consultancy capacity to serve enterprise needs. Typical BAS projects are short-term projects with a rapid payback, such as upgrading management/financial IT systems, market research, introducing quality systems and human resource management techniques, etc.

The BAS Programme started its operation in the FYR of Macedonia in June 2002. The local BAS office, supported by the BAS operations headquarters in London, has developed effective management, supervision and reporting procedures. Therefore the current and future donors can have immediate insight and overview on status, developments and results of the Programme's activities.

- Competitiveness and Innovation Framework Programme (CIP)

The EU's Competitiveness and Innovation Framework Programme (CIP) aims to encourage the competitiveness of European enterprises. With SMEs as its main target, the programme will support innovation activities (including eco-innovation), provide better access to finance and deliver business support services in the regions. It will encourage a better take-up and use of information and communications technologies (ICT) and help to develop the information society. It will also promote the increased use of renewable energies and energy efficiency.

The programme is running from 2007 to 2013 and is divided into three operational programmes:

- Entrepreneurship and Innovation Programme (EIP);
- Information Communication Technologies Policy support Programme (ICT PSP); and
- Intelligent Energy Europe (IEE).

The Former Yugoslav Republic of Macedonia joined the EU's Competitiveness and Innovation Programme (CIP) on October 18, 2007 as one of the first non-EU/EEA countries (together with Croatia). For the realization of CIP, the amount of EUR 2.17 billion for the period from 2007 to 2013 is determined. The supporting European Information and Innovation Centre (EIICM) was opened on March 28, 2008.

- GTZ's Technology Transfer

GTZ's Technology Transfer is a special programme encouraging technology transfer with the creation of a network of specialist agencies, a technology park and facilitated links between SMEs and the country's universities (and with German universities) to support innovation development and technology transfer.

More information about this programme available at: <http://www.gtztechno.com.mk/>.



- IFC/PEP Southeast Europe

The IFC/PEP Southeast Europe is part of IFC (International Finance Corporation), World Bank Group. The programme operates in Albania, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia, Serbia and Montenegro and was formally launched in July 2005. It has been established for an initial period of five years.

The Private Enterprise Partnership for Southeast Europe (PEP-SE) is catalyzing private sector development from a platform of four operational programmes:

- Alternative Dispute Resolution;
- Corporate Governance;
- International Technical Standards and Regulations; and
- Recycling Linkages.

PEP-SE's private sector development programmes are co-financed by following countries: Austria, Canada, the Netherlands, Norway, Slovenia, and Switzerland.

- Instrument for Pre-Accession Assistance (IPA)

The Instrument for Pre-Accession Assistance (IPA) is the key tool of the European Commission's pre-accession assistance strategy. This Instrument is replacing the former pre-accession instruments: PHARE, ISPA, SAPARD and CARDS.

IPA will help transition countries meet the Accession Criteria (fulfil the political, economic and acquis-related criteria for membership, building up their administrative and judicial capacity, etc.) and prepare for the programming, management and implementation of EU Cohesion, Structural and Rural Development Funds after accession. IPA is designed with five components to provide for targeted and effective assistance for each country according to its needs and evolution. These five components are: transition assistance and institution building; cross-border cooperation; regional development; human resources development; and rural development.

- SINTEF Macedonia

In line with SINTEF's (Foundation for Scientific and Industrial Research at the Norwegian Institute of Technology) vision, "Technology for a better society", SINTEF Macedonia focuses and provides strong support to Macedonian companies in addressing their challenges. One important contribution is to establish IRC, and EU-based technology cooperation network in FYR of Macedonia. To enable this, SINTEF Macedonia will reorganize and establish a new business strategy in Macedonia in close cooperation with private and public partners.

- USAID Macedonia's Competitiveness Activity (MCA)

The mission of USAID Macedonia's Competitiveness Activity (MCA) is to build the prosperity of the average citizen by helping Macedonian enterprises generate the vision and initiatives that will result in their increased competitiveness in domestic, regional and international markets. USAID MCA works with Macedonian enterprises of all sizes, helping them to develop and market complex products and services to command higher prices from demanding customers around the world.

MCA and its local experts in competitiveness now work in five clusters, which were created through this project (tourism, IT, lamb and cheese, wine and apparel).



- 7th Framework Programme for Research and Technological Development (FP7)

The Memorandum of Understanding (MoU) associating the Former Yugoslav Republic of Macedonia to FP7 was signed on June 13, 2007 and the provisions of the above association instruments are applicable from January 1, 2007.

The Former Yugoslav Republic of Macedonia can participate in all calls for proposals and compete on an equal footing with the EU Member States for research co-operation and support actions funded by FP7. As such, this agreement is an important part of the process of applying to join the EU, allowing scientists, universities and companies to create links with their counterparts across Europe and build up their scientific expertise, including in scientific fields crucial to implementing the body of EU legislation.

1.4 Financing

There are a number of international donor initiatives provided by: European Commission (EC), European Bank for Reconstruction and Development (EBRD), United States Agency for International Development (USAID) and World Bank. Significant financial support is also coming from Government of the Netherlands (Ministry of Foreign Affairs of Netherlands), Norway (SINTEF Macedonia), Germany Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), Austria, Canada, Italy (ICE), Switzerland (SIPPO), Slovenia and from the German Chamber of Commerce for International Cooperation (DIHK).

2 Existing Innovation Structures in the Former Yugoslav Republic of Macedonia

2.1 Key Government Players

Name:	Ministry of Economy (MoE) - Department for Entrepreneurship and Competitiveness
Contact:	"Jurij Gagarin" No.15, 1000 Skopje, FYR of Macedonia
Email:	Not available
Website:	http://www.economy.gov.mk/

The Ministry of Economy (MoE) is responsible for the preparation of the national policy for the development of entrepreneurship and small and medium-sized enterprises; however the implementation of this strategy will take place with the active participation of other ministries and institutions, relevant for the development of this segment of the Macedonian economy.



The Department for Entrepreneurship and Competitiveness of the Ministry of Economy works closely with other public private institutions which are active in the area of SMEs. Emphasis is put especially on the cooperation between foreign donors in order to implement more projects that will strengthen the SME sector.

Priorities of the Ministry to be fulfilled are:

- Development of the institutions to support entrepreneurship and competitiveness;
- Optimisation of the business environment to encourage start-up businesses;
- Promotion of entrepreneurship and delivery of support to entrepreneurs; and
- Maximisation of SMEs' access to financial support.

Name:	Ministry of Education and Science (MoES)
Contact person:	Dimitrie Cupovski no. 9, 1000 Skopje, FYR of Macedonia
Email:	contact@mofk.gov.mk
Website:	http://www.mon.gov.mk

The MoES is responsible for policy development and monitoring of implementation of activities relating to science and R&D, however, it has failed to assist the Government of Macedonia to recognize that science and R&D as being among the key strategy priorities essential for to long-term economic development of the country.

The Ministry of Education and Science (MoES) performs the activities:

- Upbringing and education of all kinds and degrees;
- Organisation, financing, development and promotion of upbringing, education and science;
- Verification of vocations and profiles in education;
- Student standard;
- Technological development, informatics and technical culture;
- Information system;
- International scientific-technical cooperation;
- Supervision within its competencies; and
- R&D projects.

The MoES's activities are currently largely restricted to co-financing activities such as (Polenakovik and Pinto 2007):

- Developmental and innovation projects (up to 30% of total cost);
- 45 scientific journals per year;
- Publication of cca 200 scientific books per year;
- Participation in cca 50 domestic scientific conferences;
- Participation in international conferences and seminars (500 participants); and
- International study visits for cca 100 young scientists.

The effects of these scientific and R&D related activities on the national economy are not clear since there is no direct relationship between investment and economic impacts, hence the reason for independent evaluation.

2.2 Key Innovation Infrastructures

The following section gives an overview on the main existing innovation infrastructures in the Former Yugoslav Republic of Macedonia (clusters, technology and innovation centres, technological and science parks, Business-start-up centres/ Technology Incubators and some further related organisations).

A) Clusters

In the Former Yugoslav Republic of Macedonia clusters are supported by a number of donor initiatives. Additionally, there is a donor financed programme to facilitate technology transfer. The National Council for Entrepreneurship and Competitiveness, established with the help of USAID, has functioned over the last three years as a focus for these activities. Financial and organisational support is donor based; at the end of the period of donor funding, merging of activities with the recently established SME national consultative arrangements is planned (OECD and EC 2007).

It is essential for the linkages between FDI and local businesses to be strengthened, thus reaping spill-over effects such as transfers of technology and know-how, and contributing to the development of SMEs and their competitiveness. Through the SME Programme (2007 - 2010), the Government of the FYR of Macedonia intends to continue to develop SME linkages and cluster development programmes. The following clusters already exist: lamb and cheese, tourism, information technology, wine, apparel and wood industry. Further clusters are planned: fruit and vegetable processing, automotive industry and construction. If there is an interest for new business activities from companies, new clusters will be established. A USAID-funded project will support the development of clusters and networks. These clusters will be connected at regional and local levels (Ministry of Economy 2007).

As mentioned previously, the major actor in clusters' establishment in the FYR of Macedonia is the USAID Macedonia's Competitiveness Activity (MCA). This project helped in the development of five clusters: tourism, textile, information technologies, wine, lamb and cheese. The mission of USAID Macedonia's Competitiveness Activity (MCA) is to build the prosperity of the average citizen of FYR of Macedonia by helping local enterprises generate the vision and initiatives that will result in their increased competitiveness in domestic, regional and international markets. USAID MCA works with Macedonian enterprises of all sizes, helping them to develop and market complex products and services to command higher prices from demanding customers around the world.

Name of initiative:	Lamb and Cheese Cluster
Contact:	Not available
Email:	Not available
Website:	http://www.mca.org.mk/

The Lamb and Cheese Cluster's goal is to continue follow up on customer demand and to further strengthen its position at the global markets by products' adjustments, implementing quality standards and applying newly acquired marketing techniques. Demonstrating strong evidence of leadership and commitment, strategic potential as well as high economic impact on FYR of Macedonia, the Lamb and Cheese Cluster was the first cluster to receive focused technical support from USAID's Macedonia Competitiveness Activity Project.

Entrepreneurs in the Lamb and Cheese Cluster are turning the sector around and creating new opportunities for the industry. More than 70 participants are working together to make the operational improvements required to successfully penetrate regional and global markets. Several shipments have been successfully exported to the Australian, Albanian and the US markets.

Industry/Sector (technology area): Food, Agricultural products

International activities: Lamb producers united in the cluster work on the implementation of the lamb test market program in Greece, which should enable direct sales of lamb meat to the supermarkets.

Name of initiative:	Tourism Cluster
Contact:	Not available
Email:	Not available
Website:	http://www.mca.org.mk/

The Tourism Cluster's vision is to foster high and raising standard of living for Macedonian citizens. Established in April 2003, the cluster is addressing the challenge of inbound tourism by offering unique tourism experiences meeting the needs of demanding customers. Since its establishment, MCA coached, guided and provided technical assistance to help the Tourism Cluster move closer to self-sustainability. The Hotel Association of Macedonia (HOTAM) has taken over the leadership in continuing the work of the Tourism Cluster. Both, HOTAM and the National Entrepreneurship & Competitiveness Council are the focal points for the Tourism Cluster.

Cluster members and MCA staff took part in the launch of the tourism portal² in January 2005. The Cluster assisted with research, contacts, preparation, content and overall development of the portal, which was developed by e-BIZ project and a local IT company. The portal serves as a one-stop-shop for booking tourist experiences in FYR of Macedonia.

Industry/Sector (technology area): Tourism
International activities: Not available

Name of initiative:	IT Cluster
Contact:	Not available
Email:	Not available
Website:	http://www.mca.org.mk/

The IT Cluster is working on positioning FYR of Macedonia as an outsourcing destination for software development, with special emphasis on the European market, utilizing its competitive advantages - high skill base, short time span for product development and delivery to any European country. The establishment of two consortia (MacedoniaIT and ITSM Group) was an important milestone in the cluster's work. Within this framework, more than 100 people were trained in business-to-business telemarketing skills and more than 80 meetings with prospective clients in Vienna, Zurich and London were held.

Eight cluster members formed 'MacedoniaIT' to focus on software for the services sector, such as banking. Following in their footsteps, 'ITSM Group' with five members was formed around document management applications.

Industry/Sector (technology area): ICT, High-Tech
International activities: Not available

Name of initiative:	Digital Technology Cluster (Sub-group of the IT Cluster)
Contact:	Not available
Email:	Not available
Website:	http://www.mca.org.mk/

The USAID/MCA's work with digital media began with one company. This was a deviation from MCA's cluster approach to competitiveness to use a "lead company" model, the theory being that the success of a motivated lead company would inspire

² <http://www.exploringmacedonia.com>

others in a sector. In early 2004, MCA began working with the company to define, promote and brand the industry.

Initially focused on digital animation and special effects for the entertainment industry, the Digital Media Focus Group of the IT Cluster included 10 productions and post-production companies (June 2004). Later it expanded to include companies offering pre-production, production and post-production services.

With MCA assistance, a new industry association, the Macedonia Association of Digital Entertainment (MADE) was formed (in early 2005).

Industry/Sector (technology area): ICT, High-Tech, Entertainment industry

International activities: Not available

Name of initiative:	Wine Cluster
Contact:	Not available
Email:	Not available
Website:	http://www.mca.org.mk/ ; www.winemk.com

The Wine Cluster was established in April 2004. The Cluster's major objectives are to improve Macedonian wines' quality and to help shift exports from bulk wine into higher value bottled wines. Strong emphasis is put on promotion, new marketing techniques and a specialized export test market programme.

As a part of these efforts, five small and medium size wineries formed a consortium 'The Macedonian Fine Wines Export Group' (September 2005) and presented their wines of excellent quality, flavour and consistency in the UK market.

Following overarching goal to move up the value chain by selling higher value-added products to more demanding customers, the Wine Cluster has focused on quality and marketing improvements to facilitate increased sales of the country's high-end specialty wines in Europe.

Realising the strategic potential and the importance of applied information technology tools in the wine industry development, the wine cluster committed to develop a 'Macedonia Wine Portal'³ (mid 2006). The portal contains industry information, wineries description and wine selection.

Industry/Sector (technology area): Beverages

International activities: Not available

³ <http://www.winemk.com>

Name of initiative:	Apparel Cluster (AC)
Contact:	Not available
Email:	Not available
Website:	http://www.mca.org.mk/

The Apparel Cluster (AC) is focusing on pulling out of the CMT (Cut, Make&Trim) System of operation by improving the flexibility of their own production, restoring the local production of fabrics, developing Macedonian proprietary designs and brands, and attracting foreign direct investments. Apparel Cluster's members are working together to build a competitive advantage for the industry based on improving its manufacturing capability (i.e. moving from CM to CMT and "Full Package" and "own-design" exports), increasing the flexibility of its manufacturing capability, creating proprietary designs, and developing strong Macedonian brands to allow Macedonian apparel to compete and win against lower cost competitors from Asia.

The Apparel Cluster Leadership Council (CLC) made the first step toward Cluster sustainability with the merger of the Textile Trade Association (TTA) and the Apparel Cluster (AC). Discussion of the Cluster's sustainability began at the CLC's instigation, not MCA's. In December 2005, 120 industry representatives attended a meeting, where the Apparel CLC announced the merger and presented a 2006 work plan. The new organisation aims to establish itself as a self-sustainable and professional trade association for the industry, with annual membership fees (EUR 100 per year per member).

Many of the cluster activities have already contributed to the industry and TTA-AC self-sustainability. Thus, through the National Entrepreneurship and Competitiveness Council, the cluster successfully lobbied to have a customs law changed that taxed imported inputs used for exported finished goods.

Industry/Sector (technology area): Textile industry

International activities: MCA connected the cluster with CBI (Dutch Agency for Promotion of Imports from developing countries)

As stated in the 'Report on the implementation of the programme for promotion of entrepreneurship and competitiveness in the small business sector of the Republic of Macedonia' (2006), the 'Agency for Promotion of Entrepreneurship of the Republic of Macedonia' (APERM) made initial analysis with domestic and foreign experts to investigate the possibilities for establishment of the **Agro-Cluster and the Cluster for Construction Materials and Equipment**. According to the studies, the definitive establishment and operation of the Agro-Cluster is more realistic than the cluster for construction materials and equipment.

B) Technology/Innovation Centres

In the year 2002, the Ministry of Education and Science allocated funds for the establishment of technological nuclei at the following institutions:

- The Faculty of Natural Sciences and Mathematics - Skopje;
- The Faculty of Mechanical Engineering - Skopje;
- The Faculty of Electrical Engineering - Skopje; and
- The Faculty of Medicine - Skopje.

With the financial support of the TEMPUS Programme, as well as of the German Programme for Technical Cooperation (GTZ), besides the four above-mentioned technological nuclei, five other technology transfer centres were established:

- Centre for Research, Development and Continuing Education at the Faculty of Mechanical Engineering - Skopje;
- Technology Transfer Centre at the Faculty of Electrical Engineering and Information Technologies (FEEIT) - Skopje;
- Centre for Applied Research and Continuing Education in the Field of Agriculture at the Faculty of Agriculture - Skopje;
- Euro-Regional Technological Centre at the Faculty of Technical Studies - Bitola (ETC Bitola); and
- Technology Transfer Centre for Chemical and Textile Engineering at the Faculty of Technology and Metallurgy - Skopje.

Both, the Faculty of Biotechnical Sciences in Bitola and the Faculty of Agriculture and Food in Skopje, participate in the work of the Regional Centre for Technology Transfer in the Field of Biotechnology and Applied Sciences for the Countries of Central and Eastern Europe, established at the University of Zagreb, Croatia.

In the period from 1996 to 2004, the TEMPUS Programme made a substantial impact on the development of the Macedonian capacities for participation in the EU research and development programmes. Three TEMPUS projects resulted in the establishment of technology transfer structures at the Faculty of Electrical Engineering, the Faculty of Technology and Metallurgy and at the Faculty of Agriculture (St. Cyril and Methodius University of Skopje). The objectives of the TEMPUS projects were aimed at upgrading knowledge and skills, as well as at procuring modern laboratories for education and training and for research and development projects (The Government of FYR of Macedonia 2005).

Name of initiative:	Technology Transfer Centre for Chemical and Textile Engineering at the Faculty of Technology and Metallurgy, St. Cyril and Methodius University, Skopje
Contact:	Ruger Bosković 16, 1000 Skopje, FYR of Macedonia
Email:	Not available
Website:	http://www.tmf.ukim.edu.mk/index.php?id=108

A Technology Transfer Centre in chemical and textile engineering was established at the Faculty of Technology and Metallurgy of the University “St. Cyril and Methodius”, providing opportunities for benefiting from different forms of life-long learning courses.

Industry/Sector (technology area): Chemical and textile engineering

International activities: Not available

Name of initiative:	Technology Transfer Centre at the Faculty of Electrical Engineering and Information Technologies (FEEIT), St. Cyril and Methodius University, Skopje
Contact:	Karpos 2, PO Box 574, 1000 Skopje, FYR of Macedonia
Email:	Not available
Website:	Not available

The Faculty of Electrical Engineering and Information Technologies (FEEIT) of the University “St. Cyril and Methodius” developed a model for offices for international technology transfer.

Industry/Sector (technology area): Not available

International activities: Not available

Name of initiative:	Centre for Research, Development and Continuing Education (CIRKO) at the Faculty of Mechanical Engineering (FME), Skopje
Contact:	Zvonimir Kostik
Email:	info@mf.edu.mk
Website:	http://www.mf.ukim.edu.mk/mfs.php?idMeni=1&nivo=1&idJazik=2

The Centre for Research, Development and Continuous Education (CIRKO) was founded by the Faculty of Mechanical Engineering (FME) in 2002.

CIRKO was established in order to intense activities of the FME in the country as well as outside of it.

Main activities of the organisation are:

- Research and development (research and development projects are mainly in the direction of increasing the organisational, technical and technological level of the companies);
- Continuous education for the graduated engineers who have a life-long need for learning (i.e. to master a newly created knowledge through different kind of seminars, courses, workshops, forums); and

- Certifications and expertise (for all different kind of technical systems, management systems).

Mission of the CIRKO covers:

- Giving a pace of the technology transfer in economy in order to increase its competitiveness in the region and broader; and
- Increasing the level of knowledge and overall intellectual capital in the country through the systematic continuous education of the staff.

Industry/Sector (technology area): Technology and know-how transfer in areas of Mechanical Engineering, Industrial Engineering, Production Engineering, Automotive Industry, Energy Sector, Welding and new materials, Hydraulics, Automation, Thermodynamics, Mechatronics, Transport and Logistics.

International activities: USAID sponsored projects (MES CIRKO - Ebiz Project - Centre for Advanced Mechanical Engineering Systems; Supply Chain Management Project). UNIDO financially supported the project 'Centre for Cleaner Production'. Norway financially contributed to the project 'Centre for Energy Efficiency' and 'Centre for climate changes.'

Name of initiative:	Centre for Applied Research and Continuing Education in the Field of Agriculture at the Faculty of Agriculture, Skopje
Contact:	Bul "Krstev Petkov Misirkov " bb, 1000 Skopje, FYR of Macedonia
Email:	Not available
Website:	http://www.fznh.ukim.edu.mk/

Industry/Sector (technology area): Not available

International activities: Not available

Name of initiative:	Euro - Regional Technological Centre at the Faculty of Technical Studies - Bitola (ETC Bitola)
Contact:	"Ivo Lola Ribar" bb (Tehnički fakultet), 7000 Bitola, FYR of Macedonia
Email:	contact@etc.org.mk
Website:	Not available

The Euro - Regional Technology Center is a foundation established on July 31, 2003 by the Faculty of Technical Sciences - Bitola and the Council of Municipality Bitola, with support from GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit) through their Project for Technology Transfer.

ETC Bitola has been founded on the basis of analyses conducted by experts from the Faculty of Technical Sciences - Bitola and Municipality Bitola, and the actual needs for efficient long-term canalization of expert knowledge from regional higher education institutions towards SMEs, which would provide the latter the ability to market products that satisfy European quality standards. ETC acts in the field of technological brokerage and facilitation of the transfer of technology, technology information and knowledge between research centers and private enterprises, primarily SMEs, in order to “pave” their way towards reaching their common goal - becoming competitive on EU markets.

ETC supports and helps research institutes sustain and enhance their research activities, and stimulates technology - oriented entrepreneurship initiatives in the region, provided that they comply with regional technology requirements. This leads towards accomplishing the aim for which ETC has been established – creation of a regional system of innovation which would be the future driving force of regional development.

Industry/Sector (technology area): Technology transfer, ICT, Hydrotechnics, Process industry, Energy and environmental protection, Mechanical constructions, Industrial engineering, Agricultural engineering and food processing, Electroenergetics and electronics, Traffic and transportation, Printing technique and technology.

International activities: Cooperation with German GTZ (Technology Transfer Project)

Name of initiative:	European Information and Innovation Centre in Macedonia (EIICM)
Contact:	Ss. Cyril and Methodius University, bul. Krste Misirkov bb, 1000 Skopje, FYR of Macedonia
Email:	Not available
Website:	Not available

The St. Cyril and Methodius University, Economic Chamber of Macedonia, Management and M.I.R. Foundation (Foundation for Management and Industrial Research) and the Agency for Promotion of Entrepreneurship of the Republic of Macedonia (APERM) signed on March 27, 2007 an agreement on opening a European Information and Innovation Center.

On March 28, 2008 in the presence of the Deputy Prime Minister of the Government (Zoran Stavreski) and the Special Representative and Head of the Delegation of the European Commission (Erwan Fouere), the European Information and Innovation Centre in Macedonia (EIICM) started its operation.

The major purpose of the EIICM is through contacts within the Enterprise Europe Network, to strengthen the business cooperation, to raise the innovations

technological level and degree and to improve the scientific and research and development component to all their users. SMEs have the opportunity to get information related to the legal provisions, directives, standards and other conditions for doing business within the network, as well as information about the manner of financing of common projects within the euro-zone.

The operation of the European Information and Innovation Centre in Macedonia (EIICM) is jointly financed by the European Commission and the Government. The Consortium, which will lead this project, is comprised of the following institutions: St. Cyril and Methodius University - Skopje, Agency for Promotion of Entrepreneurship, Economic Chamber of FYR of Macedonia, and M.I.R. Foundation (Foundation for Management and Industrial Research).

Industry/Sector (technology area): All sectors

International activities: EIICM is part of the Enterprise Europe Network (network of 600 partner organisations from 40 countries, e.g chambers of commerce, universities, scientific centers and other scientific organisations and enterprises' associations).

C) Technological and Science Parks

The creation of technology and entrepreneurship support infrastructures in FYR of Macedonia is the core of the research and technology development strategy of the country. It is necessary to create a mechanism that will foster innovation and entrepreneurship. The Bitola greater region has a significant share of the total national activity in specific strong industrial sub-sectors and research institutes.

The Bitola Technology Park (BTP) represents the core of the strategy to achieve the targets. When compiling the thematic report on Innovation Infrastructures in FYR of Macedonia, the feasibility study of the Bitola Technology Park was concluded. The Park is not in operation yet.

Name of initiative:	Bitola Technology Park (BTP)
Contact:	Not available
Email:	Not available
Website:	Not available

The feasibility study for the creation of the Bitola Technology Park (BTP) was completed in October 2003. All the important regional players were participating in the work of the project Steering Committee, including: The Faculty of Technical Sciences - Bitola, the Municipality of Bitola, the Regional Enterprise Support Centre - Bitola, the Regional Chamber of Commerce - Bitola, the European Agency for Reconstruction, the Central Government.

The BTP will provide a wide range of services for researchers, entrepreneurs and companies in the greatest region of Bitola, e.g.

- Support the identification of funding sources for the researchers of the University of Bitola;
- Promote the participation of researches in wide research networks of international scale;
- Facilitate the linkage of research activity in the region with the companies to address their technology needs and to exploit research results;
- Provide technology transfer to the companies in the region;
- Provide quality infrastructure for the establishment of new high technology based companies and provide support services;
- Organise research and technology focused events, seminars to facilitate exchange of knowledge; and
- Provide technological information and access to updated technology sources.

The ambition of BTP is to cooperate and not compete with existing support structures, mechanisms, agencies and companies in order to multiply the use and exploitation of services. The ultimate goal will be to structure a regional system of innovation that will be the engine for development of the region in the future.

Industry/Sector (technology area): High-Tech

International activities: Not available

D) Business-start-up Centres/ Technology Incubators

The objective of business incubators is to foster the creation of new companies in innovative sectors. However, in many SEE countries – and FYR of Macedonia is not an exception – incubators are still limited in number and resources, and they are more focused on employment creation rather than on innovation. The services offered in incubators should be extended beyond physical infrastructure towards high value added services. As with business advisory services, examples include:

- Business planning / feasibility studies;
- Marketing;
- Access to finance;
- Quality standards; and
- Mentoring/business angels.

In moving towards a knowledge-based economy, incubators should be linked with universities, research institutions and innovative sectors in order to become an engine for growth and productivity (OECD 2005).

There are five Regional Enterprise Support Centres (RESCs) in the country, three Enterprise Support Agencies (ESAs), seven business incubators (with a further one under preparation), and the Prilep Region Enterprise Development Agency (PREDA).

The RESCs were founded in 1999 by the EU PHARE Programme. They received financial support until the end of 2002. After 2002, these centres continued functioning and were financed by revenue received in providing services to enterprises, as in the past, but on a fee basis. In 2004, APERM ('Agency for

Promotion of Entrepreneurship of the Republic of Macedonia') provided budget support to these centres, in the form of support for specific project work. Presently, these centres are part of the APERM network.

The goal of the Enterprise Support Agencies (ESAs) is to support and promote entrepreneurship. These agencies were founded by DFID (UK Government) in 1999. Like the RESCs, they became self-sustainable in 2002, earning income from the services they provide to enterprises. The ESAs offer a larger number of services to clients, and recently they have started organising seminars and training on the adoption of international standards. They receive financial support from the APERM, based upon the implementation of APERM projects.

In FYR of Macedonia, several successful business incubators were established six to ten years ago under a World Bank financed programme which targeted privatized businesses with surplus premises as partners.

The Macedonian Parliament approved (in March 2008) new law on technological development (published in Official Gazette No. 41 on March 21, 2008), which can be seen as an important step ahead in creation of legal framework for development of business incubators in FYR of Macedonia.

There are seven business incubators supported by the World Bank (WB) operating: Incubator Delčevo, Incubator "Turtel" Štip, Incubator "Biljana" Prilep, Incubator Saša, Deni Incubator Veleš, Gica Incubator Ohrid, and Inkubator Strumica. Those incubators were established by WB in 1997 with a purpose to support the start-up of businesses.

Another incubator, Business Start-up Center Bitola was formed with financial and expert's assistance from SPARK (formerly ATA, Netherlands) and Youth Entrepreneurial Service (YES) Incubator started with operation in July 2007 with support of a SOROS Foundation - Open Society Macedonia donation.

The FYR of Macedonia with its Business Start-up Centre Bitola actively participates in the **Southeast European Network of Business Start-up Centers and Incubators (SENSI)**. The network was set up under the auspices of the SPARK in Tuzla (Bosnia and Herzegovina) on October 20, 2006, and is a regional network of business start-up centres and incubators with more than 20 members trough the whole region of Southeast region (from Slovenia to FYR of Macedonia).

By bringing together the different local backgrounds, shared experiences, forces and know-how of business starts-up centres and incubators in 8 countries (Slovenia, Croatia, FYR of Macedonia, Serbia, UNMIK/Kosovo, Montenegro, Bosnia & Herzegovina and the Netherlands), SENSI members aim to improve their support and business services to young entrepreneurs and start-ups.

In cooperation with universities from SouthEast Europe, local governmental institutions and local business communities, SENSI enhances the capacity of entrepreneurship in Southeast Europe.

For more details concerning the S.E.N.S.I. network, its members, and contact lists, please visit the web-site: <http://www.sensi.biz/>

Name of initiative:	Business Start-Up Centre Bitola (BSC Bitola)
Contact person:	Rozita Talevska - Hristovska (BSC Coordinator)
Email:	r.hristovska@bscbitola.org
Website:	http://www.bscbitola.org

The Business Start-Up Centre Bitola supports students, young graduates and young entrepreneurs (up to 35 years) to start their own SMEs. The project is financed by the Ministry of Foreign Affairs of the Netherlands, and co-owned by local stakeholders represented in the Coordination Committee of the centre.

BSC Bitola is a project of 5 local partners covering: Municipality of Bitola, University "St. Kliment Ohridski"-Bitola, Regional Chamber of Commerce-Bitola, Regional Enterprise Support Center and Faculty for Technical Science-Bitola.

The centre is supported by SPARK (formerly ATA - Academic Training Association) through a grant of the Dutch Government.

Industry/Sector (technology area): Not available

International activities: BSC Bitola is part of S.E.N.S.I. network.

Name of initiative:	St. Cyril and Methodius University Business Start-Up Centre (UKIM - BSC)
Contact person:	Radmil Polenakovik (Manager)
Email:	radepole@mf.edu.mk
Website:	http://www.bsc.ukim.edu.mk/en

The St. Cyril and Methodius Business Start-Up Centre (UKIM - BSC) was established in April 2006 as a result of Austrian Development Agency (ADA) funded two years project.

Main objectives of UKIM-BSC are to:

- become a Business Start-Up Centre at the University St. Cyril and Methodius, that will serve as a creative incubator of innovative technology based and service oriented solutions;
- improve the entrepreneurial spirit among students, recent graduates and UKIM-staff through entrepreneurial training, and to increase the practical

business skills of the students and graduates in order to run their own businesses;

- improve and strengthen the entrepreneurial knowledge and experimental methods in most of the curricula at UKIM (cross curricular approaches); and
- foster economic development through networking activities among new established companies, focusing on SEE regional Private Sector Development cooperation and EU economic integration.

UKIM - BSC offers the following services: entrepreneurial and small business management training; assists students and recent graduates to start their own small and medium enterprises (SMEs); increases impact of the entrepreneurial issues to UKIM regular curriculum and courses, through UKIM staff training; implements a Micro Credit structure for financing start-ups.

UKIM - BSC still is not separate legal entity and is uses administration support of the Faculty of Mechanical Engineering.

By summer 2007, the Centre founded five new companies, all of them led by young entrepreneurs (students or recent graduates) and all meeting basic criteria of innovative, profitable and businesses based on knowledge. More than 150 young people successfully finished ten days training “How to run my own business” and 33 of them applied with the Business plan to the competition organised by UKIM - BSC. Additionally, UKIM - BSC is providing two-month entrepreneurial training for the officers that are leaving Ministry of Defense and Army of the FYR of Macedonia.

Industry/Sector (technology area): All academic fields since the Centre is University based.

International activities: WUS (Austria); University of Leoben (Austria); Herbert, Pock and Partners (Austria); Innofinanz (Austria); members of SENSI Network, SPICE (Science Parks and Innovation Centers Experts) Group.

Name of initiative:	DENI INCUBATOR Veleš
Contact person:	Iskra Danailova
Email:	inkubatorveles@mt.net.mk
Website:	Not available

Industry/Sector (technology area): Not available

International activities: Not available

Name of initiative:	Gica Incubator Ohrid
Contact person:	Ljupčo Ivanovski (CEO)
Email:	gica@mt.net.mk
Website:	http://www.gica.com.mk/gicainkubatoreng.htm

The Gica Inkubator, an incubator for supporting small businesses in Ohrid region, was founded in February 2001, followed by the activities on reconstruction and adapting the ruined buildings. The first four pioneer-companies with sufficient courage and entrepreneurial spirit joined the incubator and started their business in October 2001, but their number has since considerably increased.

The Incubator is run by incubator manager and project manager with strong support from the staff at the mother company - GICA DOO. The Incubator provides following services: business premises at affordable fees; conference room; services at privileged prices; import and export documents; training programs; loans for the incubators members; cooperation with the founder including engaging the members in execution of works for the founder and finding them new business partners.

The supported businesses are located within the Incubator and have local, national, and several companies, international outreach. The supported businesses have in average 2 - 20 employees.

Industry/Sector (technology area): The following branches of business and industry are supported: companies for design and production of furniture, cardboard boxes and plastic containers, irony objects, woodworking, shoes, aluminous doors and windows, textile and electronic, as well as civic associations of the organic food producers.

International activities: Active cooperation with companies from Italy, Germany and Greece.

Name of initiative:	YES Incubator - Youth Entrepreneurial Service (YES) Foundation
Contact person:	Ljupco Despotovski (Incubator Manager)
Email:	info@yesincubator.org.mk
Website:	http://www.yesincubator.org.mk

The YES Foundation was established in 2005 and the YES Incubator started with its operation in July 2007.

The Foundation aims at local, regional and even global cooperation for the purpose of promoting the tenants of the Incubator, matchmaking and exchange of best

practices with business incubators, technology parks and similar organisations from the whole world.

The goal of YES is attracting the young people from the Business and ICT faculties, training and teach them in business and soft skills, connect them with the right business partners so they compete not just on the local, but on the regional and the global market thus preventing the brain drain, decreasing the unemployment and making the ICT the leading industry in FYR of Macedonia.

Services provided within the YES Incubator are:

- Entrepreneurship trainings (tailor-made trainings for business, ICT and soft skills);
- Well-equipped office space at affordable rents;
- Other incubation services (e.g. internet, security and insurance of the premises, parking);
- Consulting services;
- Grant Fund and Seed Capital Fund;
- Matchmaking;
- Networking and promotion services;
- Pre-incubation services (consulting for business ideas and business plans, etc)

YES Foundation is funded by the Norwegian Ministry of Foreign Affairs and the local branch SOROS Macedonia. Both organisations have separate funds so each year according to the proposed budget, they transfer money to YES Foundation.

At the moment, 6 companies are located within the Incubator (30% space utilization).

Industry/Sector (technology area): ICT industry

International activities: Member of the regional S.E.N.S.I. network of business incubators and business start-up centers; member of the European network of business incubators; Member of the Global Entrepreneurship Week Initiative and host organisation of this global event Global Entrepreneurship Week in 2008.

Name of initiative:	Incubator Strumica
Contact person:	Nikola Trendov
Email:	Not available
Website:	Not available

Industry/Sector (technology area): Not available

International activities: Not available

Name of initiative:	Biljana Incubator Prilep
Contact person:	Sašo Murgoski
Email:	Not available
Website:	Not available

Industry/Sector (technology area): Not available

International activities: Not available

Name of initiative:	Incubator Delčevo
Contact person:	Metodi Novoselski
Email:	metoinku@mt.net.mk ; mnovoselski@mt.net.mk
Website:	Not available

Industry/Sector (technology area): Not available

International activities: Not available

Name of initiative:	Turtel Incubator Štip
Contact person:	Snežana Basovska
Email:	tink@mt.net.mk
Website:	Not available

Industry/Sector (technology area): Not available

International activities: Not available

Name of initiative:	Incubator Saša Makedonska Kamenica
Contact person:	Trajanka Veselinovska
Email:	Not available
Website:	Not available

Industry/Sector (technology area): Not available

International activities: Not available



E) Others, related Organisations

Name:	National Entrepreneurship and Competitiveness Council (NECC)
Contact:	Not available
Email:	info@nspk.org.mk
Website:	http://www.nspk.org.mk/index_en.htm

The National Entrepreneurship and Competitiveness Council (NECC) is a tripartite public-private-civil body comprising leaders from the private, government and civil society sectors advocating and leading the implementation of policy changes crucial to the development of more competitive Macedonian businesses. The Council has been set up in early 2003.

The mission of the Council is to raise the dialogue of the private, civil and public sectors to the level of a strategic and long-term partnership to make major contribution in the building of the economic prosperity of the FYR of Macedonia.

The primary task of the NECC members is to work together on the development of national strategies aimed at improving the conditions for doing business that would help Macedonian companies, clusters and other active business associations to develop, promote and export their high value products and services and thus create higher and growing incomes for the average citizen.

The NECC carries out its programme's activities through the following organisational bodies: Assembly, Management Board, Supervisory Board, Advisory Group and 6 internal committees - working groups for Competitiveness, Clustering, Technological Development, Education and Human Resources, Local Economy Development Regulations and Budgets and cooperation with donor organisations.

Name:	Agency for Promotion of Entrepreneurship of the Republic of Macedonia (APERM)
Contact:	Nikola Vapcarov 7, 1000 Skopje, FYR of Macedonia
Email:	apprm@apprm.org.mk
Website:	http://www.apprm.gov.mk/

The 'Agency for Promotion of Entrepreneurship of the Republic of Macedonia (APERM)' was established in accordance with the Law in December 2003, and represents a central state institution with aim to support entrepreneurship and development of small business in the FYR of Macedonia. The Agency acts as a legal entity and is independent in its activities.

Its mission is:

- Creating favourable economic environment and legislation;
- Creating and developing institutional infrastructure for support and development of entrepreneurship and competitiveness in small business;
- Implementation and coordination of state and international support for micro, small and middle businesses;
- Promoting entrepreneurship through financial and non-financial forms of support; and
- Implementing the Programme on measurements and activities for support of entrepreneurship and creating competitiveness in the small business of FYR of Macedonia.

The Agency is implementing its activities through the regional centres: foundations for the development of SMEs (in Veleš, Skopje, Kumanovo, Bitola and Strumica); enterprise support agencies (in Tetovo, Gostivar and Ohrid); Prilep Regional Enterprise Development Agency (PREDA); Roma Business Centre in Skopje; seven business incubators in Ohrid, Delčevo, Makedonska Kamenica, Štip, Prilep, Strumica and Veleš; three Centres for Technological Transfer at the Mechanical and Agricultural Faculty in Skopje, as well as the Technical Faculty in Bitola; St. Cyril and Methodius University Business Start-Up Centre in Skopje.

Name:	Macedonian Academy of Sciences and Arts (MANU)
Contact:	bul. Krste Misirkov , num.2, P.O.Box 428, 1000 Skopje, FYR of Macedonia
Email:	makakad@manu.edu.mk
Website:	http://www.manu.edu.mk/

The Macedonian Academy of Sciences and Arts (MANU) is the primary national institution promoting the development of science, research, innovation and new technologies, both in the country and internationally. However, MANU is facing serious problems such as lack of funding, low level of human capital, outdated equipment, etc. with the consequence that it is not in a position to fulfil its role satisfactorily.

MANU implements its activities through five departments (Linguistic and Literary Sciences; Social Sciences; Mathematical and Technical Sciences; Biological and Medical Sciences; and Arts) and five research centres (Research Centre for Genetic Engineering and Biotechnology, Research Centre for Energy, Informatics and Materials, Centre for Strategic Research, Centre for Linguistics and the Lexicographical Centre).

The first two centres are internationally recognised for their research, but there is an overlap in the focus of the other three centres and other scientific institutions such as the Institute of Economics, Institute for Sociological, Political and Juridical Research, Institute for Macedonian Language and Institute for Macedonian Literature. MANU's

difficulties are compounded by the fact that researchers and scientists are not always allowed to apply for MoES research projects (Polenakovik and Pinto 2007).

Name:	Foundation for Management and Industrial Research (M.I.R. Foundation)
Contact:	Risto Ravanovski 15A, 1000 Skopje, FYR of Macedonia
Email:	Not available
Website:	http://www.mir.org.mk/

The Foundation for Management and Industrial Research (M.I.R. Foundation) was established in 2002 by SINTEF (Norwegian Foundation for Scientific and Industrial Research). The M.I.R. Foundation is an applied research foundation based in Skopje, and is the main implementing partner of SINTEF for the projects in FYR of Macedonia.

The mission of M.I.R. Foundation is to initiate, execute, and support scientific and industrial research and development in the area of business development. The mission is implemented by preparing and implementation of projects, expert research activities, training, information collection, programmes and restructuring, market research, technology and knowledge transfer, and other activities in support of the Macedonian SMEs as well as large companies and entrepreneurship. In realisation of the mission, the M.I.R. Foundation cooperates with the local universities, chamber of commerce, businesses, and NGOs and other foundations both domestic and foreign.

Name:	Agency for Foreign Investments of the Republic of Macedonia
Contact:	Nikola Vapcarov 7, 1000 Skopje, FYR of Macedonia
Email:	fdi@investinmacedonia.com
Website:	http://www.investinmacedonia.com/

3 Conclusions / Recommendations

The Former Yugoslav Republic (FYR) of Macedonia has made recently very important steps ahead in the SMEs development and can be soon joining Croatia in leading the Western Balkan countries' group in this field. The Macedonian SME Strategy is in place and defining the general direction within SME Development in the country till 2013. The SME Programme rules the implementation of the SME Strategy, and the SME EU Charter sets the priorities necessary to achieve EU Accession.

Clusters are supported by a number of donor initiatives and additionally there is a donor financed programme to facilitate technology transfer. The major cluster financier in the country is USAID with the 'Macedonia's Competitiveness Activity' (MCA). This project helped to develop five clusters (in tourism, textile, information technologies, wine, as well as lamb and cheese industry).

Five technology transfer centres were established and are operating with support of the TEMPUS Programme and Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ).

The European Information and Innovation Centre in Macedonia (EIICM) was officially opened on March 28, 2008 with the mission to facilitate an access to the European Union's Competitiveness and Innovation Framework Programme (CIP).

The creation of technology and entrepreneurship support infrastructures in FYR of Macedonia is in the core of the research and technology development strategy of the country. At the moment, there is no technology park operating in the country but the feasibility study of the Bitola Technology Park was already concluded.

There is no strategy for business incubators and no funds have been allocated for them. The new programme for stimulating investment for 2007 - 2010 was created and approved, but it does not foresee either further support for existing incubators or the establishment of new ones. At the moment, there are seven business incubators in operation (created with support of the World Bank in 1997) and two business start-up centers/incubators created in 2006 and 2007.

According to the Revised National Development Strategy for Small and Medium-Sized Enterprises (2002 - 2013), the coordination of cross-cutting policy issues between ministries is inadequate and an SME Task Force is missing that would ensure coherence and continuity. On the other hand, also coordination among the donors and between the donors and the Government does not focus sufficiently on achieving the common goal - SME development. Consultation mechanisms with the private sector (like for instance the SME Forum) have not matured. Newly established support institutions are still in the phase of development. Due to these circumstances, SME policy should be fully integrated into the overall economic planning process to ensure synergy rather than overlap. Effective stakeholder coordination mechanisms (ministries, agencies, other governmental bodies, donors,

private sector) are necessary to be established to jointly reach the goals of the SME strategy. This will be supported by a unified and harmonised definition of SMEs and the clear formulation of intervention criteria for SME support. The implementation of the revised SME strategy will be undertaken by SME programmes (medium-term and annual).

The legal environment and business climate do not sufficiently support entrepreneurship development. In spite of the one-stop-system, the business registration process remains complex, the “silence is consent” principle only applies to the registration of crafts, while their registration is not integrated with that of trade companies. For some SMEs, market entry is further constrained by cumbersome and costly licensing procedures. The lack of formal and systematic regulatory impact assessment (RIA) precludes a clear understanding of the positive and negative impacts on SMEs, while relevant EU Directives are not fully transposed to national legislation (Ministry of Economy 2007).

The Macedonian Parliament approved (in March 2008) new law on technological development (published in Official Gazette No. 41 on March 21, 2008), which can be seen as an important step ahead. The law newly establishes e.g. the legal framework allowing creation of incubators; technological parks etc.

The following recommendations can be given:

- **Ensure effective coordination** between national level (Ministry, SME Agency) and local level (regional development agencies);
- **Consult policies** with business sector at all stages of the process;
- **Exchange good practice** between the Former Yugoslav Republic of Macedonia and European countries in conducting the research policy with the aim to establish a knowledge-based society;
- **Strengthen linkages** between the private industry and science communities **and strengthen the science-business interface**;
- **Assure sustainability on innovation infrastructure** in FYR of Macedonia (continuous public funding);
- **Create a strategy for business incubators and allocate funds** for them;
- **Strengthen the capacity of existing and opening of new business centres**;
- **Establish and promote technological parks, entrepreneurial zones, incubators and other organisations for business support**;
- **Increase investment in R&D**;
- **Promote technological co-operation** between SMEs;

- **Facilitate the access** of Macedonian research institutions **to research data bases**;
- **Consider** using **targeted incentives** for **investments in new technologies**;
- **Increase awareness of benefits of innovation infrastructure**;
- **Promote innovation and information technology**;
- **Empower use of ICT** (also in order to ease the communication); and
- **Offer accurate and up to date information** about the operation of incubators, parks, centres (improved information dissemination on the internet).

4 References

European Commission (2006). The Former Yugoslav Republic of Macedonia 2006 Progress Report.

European Information and Innovation Centre in Macedonia (EIICM). Available from: <http://www.mchamber.org.mk/default.asp?tld=40&lan=en&NewsId=1903&edit=0>, accessed 18.04.2008.

Ministry of Economy (2005). National Report for 2005.

Ministry of Economy and APERM (2006). Report on the implementation of the programme for promotion of entrepreneurship and competitiveness in the small business sector of the Republic of Macedonia.

Ministry of Economy (2007). National Development Strategy for Small and Medium-Sized Enterprises (2002-2013).

Ministry of Economy (2007). Programme for Stimulating Investment in the Republic of Macedonia (2007-2010).

OECD (2005). Enterprise policy performance - A Regional Assessment.

OECD and EC (2007). Enterprise Policy Development in the Western Balkans: a report on the implementation of the European Charter for Small Enterprises.

Polenakovik, R. and R. Pinto (2007). The National Innovation System and its Relation to Small Enterprises - the Case of the FYR of Macedonia.

SEETV (2006). Interview with Simeon Djankov, World Bank analyst, 26 September 2006. DOING BUSINESS report). Available from: <http://www.seetv-exchanges.com/code/navigate.php?ld=251>, accessed 25.07.2007.

The Government of FYR of Macedonia (2005). Science and Research Macedonia 2005.

The Government of FYR of Macedonia (2007). Information available from: <http://www.vlada.mk/english/News/March2007/ei27-3-2007f.htm>, accessed 25.07.2007.

5 Further sources

BAS Programme Macedonia. Available from: <http://basprog.com.mk/>, accessed 22.04.2008.

CEE-Cluster network (Central and Eastern European Cluster and Network Area)

ERA Westbalkan. Available from: <http://www.bit.or.at/erawestbalkan/>, accessed 25.07.2007.

eSEE Secretariat, UNDP Country Office Bosnia and Herzegovina (2007).
eSEE EUROPE Initiative@Newsletter No 12 – March 2007.

European Bank for Reconstruction and Development. Available from:
<http://www.ebrd.com/>, accessed 07.08.2007.

European Bank for Reconstruction and Development (2006). Strategy for the Former Yugoslav Republic of Macedonia, As approved by the Board of Directors at its meeting on 11 July 2006.

European Commission, DG Enterprise and Industry, (2006). Report on the implementation of the European Charter for Small Enterprises in Moldova and the countries in the western Balkans.

European Commission (2007). Commission Decision C(2007) 1853 of 30/04/2007 on a Multi-annual Indicative Planning Document (MIPD) 2007 - 2009 for the former Yugoslav Republic of Macedonia

Gesellschaft zur Förderung der Forschung (2006). Research and Development (R&D) in South East Europe, A Cross-National Comparative Study.

Government of the FYR of Macedonia (2005). National Strategy for Information Society Development and Action Plan.

Government of the FYR of Macedonia (2007). Economic Programme of the Government (2006 - 2010).

Government of the FYR of Macedonia (2007). National Research Landscape.

Government of the FYR of Macedonia (2007). Revised National Development Strategy for Small and Medium-Sized Enterprises (2002 - 2013)

Instrument for Pre-Accession Assistance (IPA). Available from:
http://www.euroresources.org/guide_to_population_assistance/european_community/ipa.html, accessed 18.04.2008.



Investment Compact. Available from: <http://www.investmentcompact.org/>, accessed 25.07.2007.

Ivanoski, L. (2005). Gica Business Incubator – Ohrid, FYR of Macedonia

Janevski, S. National Entrepreneurship and Competitiveness Council (NECC)

Macedonian Enterprise Development Foundation (2002). Activities for SMEs in Macedonia.

Macedonian - German Technical Co-operation. Available from: <http://www.energyefficiency.com.mk/>, accessed 18.04.2008.

Meshko, V. (2006). Technology Transfer Centers as a Catalyst for Continuous Adjustment of Dynamic Faculty - Enterprise Relationship.

Ministry of Economy (2005). Republic of Macedonia. European Charter for Small Enterprises. National Report 2005.

Ministry of Economy, APERM (2006). Report on the implementation of the programme for promotion of entrepreneurship and competitiveness in the small business sector of the Republic of Macedonia.

M.I.R. Foundation. Available from: <http://www.mir.org.mk/>, accessed 18.04.2008.

National Entrepreneurship and Competitiveness Council (2005). Report.

National Entrepreneurship and Competitiveness Council (2006). Report.

OECD (2005). Enterprise policy performance - A Regional Assessment (November 2005).

OECD (2006). Progress in Investment Reform, Investment Reform Index (IRI).

Phillips, P. (2004). 'Traffic watch' for people and products: facilitating the good; stemming the bad - The EU's border management programmes in south-eastern Europe.

Pohl Consulting&Associates (2004). The SME Sector in the CARDS countries: A Panorama at Country and Regional Level.

Policy Paper Development Strategy for Regional Business Support Facilities. Project number 01/MAC05/07/002 - EAR.

PricewaterhouseCoopers (2006). Doing business and investing in FYR of Macedonia 2006/2007.

Regional network of FICs. Business voice from foreign direct investors in SEE, available from: <http://www.regionalfic.org/site/about.html>, accessed 25.07.2007.



Reid, A. (2006). Science & Innovation in the 21st Century: lessons for European core and peripheral economies, Conference: Why Invest in Science in South-Eastern Europe? Ljubljana.

see.science.eu. Science and Technology Country Report – D8 The Former Yugoslav Republic of Macedonia.

Schoen, Ch. (2004). Policy Support to the Ministry of Economy, Results of the Assessment of the Regional Business Support Facilities (RSBFs).

SINTEF Macedonia. Available from:
http://www.sintef.no/content/page1_11598.aspx, accessed 18.04.2008.

Southeast Europe Investment Guide 2006, FYR of Macedonia

SPICE Group, UPDATE No. 73, April 2007.

SPICE Group - Science Park and Innovation Center Experts. Available from:
<http://www.seetv-exchanges.com/code/navigate.php?id=251>, accessed 25.07.2007.

Stefov, V. (2007). Review of the S&T Report in January 2007. see-science.eu.

Turajlic, S. (2005). State-of_Art, Self-Perception and Futures of Universities in Southeast Europe. Catching up or falling behind?

UNDP Country Programme for the Former Yugoslav Republic of Macedonia (2005-2009)

USAID Macedonia's Competitiveness Activity (MCA). Available from:
http://macedonia.usaid.gov/English/EG/MCA_eng.htm, accessed 24.07.2007.

Uvalić, M. (2006). National Systems of Research and Development in the Western Balkan Countries.

YES Incubator. Available from: <http://www.yesincubator.org.mk/>, accessed 18.04.2008

Western Balkans, European Institute (2005). Research on the progress of the FYR of Macedonia in the area of the Internal Market.

Western Balkans, European Institute (2006). The European Union and the EU Enlargement, Macedonian Perspective.

World Bank, International Finance Corporation (2005). Doing Business in 2006: Creating Jobs, Regional Profile.

World Bank, International Finance Corporation (2006). Doing Business 2007: How to Reform.

World Bank (2007) Doing Business 2008 Macedonia, FYR



6 List of Acronyms / Definitions

AC - Apparel Cluster
ADA - Austrian Development Agency
APPRM - Agency for Promotion of Entrepreneurship of the Republic of Macedonia
ASE - Agency to Support Entrepreneurship
ATA - Academic Training Association
BAS Programme - Business Advisory Service Programme
BDS - Business development services
BSC Bitola - Business Start-Up Centre Bitola
BSCs - Business Support Centers
BTP - Bitola Technology Park
CARDS - Community Assistance Reconstruction Development Strategy
CBI - Dutch Agency for Promotion of Imports from developing countries
CEC - Council for Entrepreneurship and Competitiveness
CEI - Central European Initiative
CIP - Competitiveness and Innovation Programme
CIRKO - Centre for Research, Development and Continuous Education
CLC - Apparel Cluster Leadership Council
CMT System - Cut, Make&Trim System
COST - 'Co-operation in Science and Technology' Programme
DFID - Department for International Development, UK Government
DIHK - German Chamber of Commerce for International Cooperation
EAR - European Agency for Reconstruction
EBRD - European Bank for Reconstruction and Development
EC - European Commission
EEA - European Economic Area
EIICM - European Information and Innovation Centre in Macedonia
EIP - Entrepreneurship and Innovation Programme
ERA - European Research Area
ESAs - Enterprise Support Agencies
ETC Bitola - Euro-Regional Technology Transfer Center Bitola
ETF - European Training Foundation
EU - European Union
EUR - Euro, currency
FDI - Foreign Direct Investment
FEEIT - Technology Transfer Centre at the Faculty of Electrical Engineering and Information Technologies, Skopje
FME - Faculty of Mechanical Engineering
FP6 - 6th Framework Programme for Research and Technological Development
FP7 - 7th Framework Programme for Research and Technological Development
FYRoM - Former Yugoslav Republic of Macedonia
GDP - Gross Domestic Product
GTZ - Deutsche Gesellschaft für Technische Zusammenarbeit
HOTAM - Hotel Association of Macedonia
IBRD - International Bank for Reconstruction and Development



ICE - Italian Office for Trade Promotion
ICT - Information and Communications Technology
ICT PSP - Information Communication Technologies Policy support Programme
IEE - Intelligent Energy Europe
IFC - International Finance Corporation
IPA - Instrument for Pre-Accession Assistance
MANU - Macedonian Academy of Sciences and Arts
MARNET - Macedonian Academic Research Network
MBRC - Macedonian Business Resource Center
MCA - USAID Macedonia's Competitiveness Activity
M.I.R. Foundation - Foundation for Management and Industrial Research
MoE - Ministry of Economy
MoU - Memorandum of Understanding
NECC - National Entrepreneurship and Competitiveness Council
NEPA - National Enterprise Promotion Agency
NGO - Non Governmental Organisation
NIS - National Innovation Strategies
NTH - Norwegian Institute of Technology
OECD - Organisation for Economic Cooperation and Development
PHARE - "Poland and Hungary: Aid for Restructuring of the Economies"
PREDA - Prilep Regional Enterprise Development Agency
RESCs - Regional Enterprise Support Centers
RTD - Research and Technological Development
RTDI - Research, Technological Development and Innovation
R&D - Research and Development
SAA - Stabilisation and Association Agreement
SBDC - Small Business Development Center, Ljubljana, Slovenia
SEE - South East Europe
SEED - Southeast Europe Enterprise Development
SEE-SCIENCE.EU - FP6 project "Information Office of the Steering Platform on Research for Western Balkan Countries"
S.E.N.S.I. Network - the Southeast European Network of Business Start-up Centers and Incubators
SINTEF - Foundation for Scientific and Industrial Research at the Norwegian Institute of Technology
SIPPO - The Office of the Swiss Embassy
SIU - Norwegian Center for International Cooperation in Higher Education
SMEs - Small and Medium Size Enterprises
SOROS - Open Society Macedonia Donation
SPICE Group - Science Parks and Innovation Centers Experts Group
SPARK (formerly ATA - The Academic Training Association)
STI - Science, Technology and Innovation
S&T - Science and Technology
TEMPUS Programme - EC programme, Trans-European mobility scheme for university studies
TMG - TurnAround Management Group
TTA - Textile Trade Association
UKIM - BSC - Ss. Cyril and Methodius University Business Start-Up Centre
UNDP - United Nations Development Programme



UNIDO - United Nations Industrial Development Organisation
USAID - United States Agency for International Development
YES - Youth Entrepreneurial Service
WB - Western Balkans
WUS - World University Service

THEMATIC REPORT **on Innovation Infrastructures in the** **Western Balkan Countries**

Montenegro
D10

VERSION 2
April 2008



Information compiled by:
Jana Macháčová
Elke Dall

With special thanks to:
Zarko Djuranović
Igor Martinović
Budimka Micković
Ivana Tomašević
Jure Zrilič

Contents - Montenegro

1	Introduction.....	4
1.1	General Environment for Setting Up Innovation Infrastructures.....	4
1.2	Strategic Documents	7
1.3	Specific Programmes and Instruments.....	9
1.4	Financing.....	15
2	Existing Innovation Structures in Montenegro	16
2.1	Key Government Players.....	16
	Ministry of Economy Development	16
	Ministry of Education and Science (MPIN)	16
2.2	Key Innovation Infrastructures	16
	Business Start-Up Centre Bar (BSC Bar).....	19
	Business Incubator Podgorica	20
	Network of Regional and Local Business Centres (BSCs)	21
	Directorate for Development of Small and Medium-sized Enterprises (SMEDA)	22
	Montenegrin Investment Promotion Agency (MIPA).....	23
	Agency of Montenegro for Economic Restructuring and Foreign Investments ...	24
	Center for Entrepreneurship and Economic Development (CEED)	25
	Agency for International Scientific, Educational, Cultural and Technical Co- operation of Montenegro.....	26
	Montenegro Business Alliance (MBA)	26
	Development Fund of the Republic of Montenegro	27
3	Conclusions / Recommendations	28
4	References	30
5	Further Sources.....	31
6	List of Acronyms/Definitions	34

1 Introduction

This thematic report is produced by the “Information Office of the Steering Platform on Research for Western Balkan Countries” and reviews the situation of Innovation Infrastructures in Montenegro.

The report is based upon desk research, interviews and questionnaires with main stakeholders.

The objective of this study is to enhance our understanding of the national innovation system in Montenegro. An overview of the situation as regards “Innovation Infrastructures” such as clusters, technology and innovation centres, technological and science parks, business-start-up centres/ technology incubators and some further related organisations is given. The general environment is described as well as important strategic documents and the main programmes and instruments for support. The report concludes with a list and description of the main infrastructures.

The report was compiled in summer 2007, published in printed version in October 2007 and updated in April 2008.

1.1 General Environment for Setting Up Innovation Infrastructures

The business environment in Montenegro has significantly improved over the past few years. Ninety-one laws have been adopted which have been harmonized with the EU standards in their greatest part and which have created a solid institutional set-up for encouraging investments and implementing the economic policy embodied in the strategic document of the Government of the Republic of Montenegro – Economic Reform Agenda. The most notable laws adopted in the past period are: the Law on Business Organisations, Lien Law, Law on Business Organisation Insolvency, Law on Amendments to the Law on Company Insolvency, Law on Fiduciary Transfer of Property Right, Law on Value Added Tax, Law on Accounting, Foreign Trade Law, Customs Law (and Law on Amendments to the Law on customs), Law on Free Zones, Competition Protection Law and further laws. Also, over the past few years Montenegro has implemented substantial institutional reform in the key sectors such as: the fiscal system, financial sectors, payment system, pension system, privatization and restructuring of enterprises.

In February 2007, the Government adopted the Annual Work Programme, which is based on the strategic documents for certain sector policies, measures of Economic policy for the current year and the European Partnership Implementation Action Plan. The programme defines the commitment to draft and adopt 143 laws, out of which 31 relate to the area of political system, internal and foreign policy, 61 to the area of economic policy and 51 relate to the area of financial system and public expenditures.

Even though the business environment in Montenegro has significantly improved recently, the environment entrepreneurs are operating in is still a challenging one, given the rather complicated legal and regulatory framework, the large and insufficiently transparent system of public administration and the poor judiciary structure in Montenegro. Therefore, some of the basic challenges Montenegro is faced with in the creation of an entrepreneurial society are the harmonization of the legal and regulatory framework for business operation, simplification and reform of the procedures in all aspects of business operation, consistent implementation of positive legal solutions and predictable business environment (Belada 2007).

As indicated in the EC Report on the Implementation of the European Charter for Small Enterprises in Moldova and the Countries in the Western Balkans, Montenegro is behind the group where the development of sophisticated business support systems (incubators, clusters, technology parks) is concerned and has now put in place a strategy to address this.

OECD Investment Compact, European Commission (DG Enterprise and Industry), European Bank for Reconstruction and Development and European Training Foundation developed the SMEs Policy Index in 2006, according to which measures of implementation of Charter for Small Enterprises are being assessed. According to the report from 2007 (Enterprise Policy Development in Western Balkans – Report on the Implementation of European Charter for Small Enterprises in Western Balkans, 2007), Montenegro has been assessed above average for 6 out of 10 chapters included in the Charter, while it was altogether ranked second, behind Croatia, according to defined criteria.

This peer pressure is working now and is impelling the region, as a whole, to move forward in various charter areas and that is one of the important values of the process, which, in the second phase of the process, should be harvested in an even more explicit manner through the production of precise performance indicators and yardsticks per charter field and the production of league tables and score boards as and when appropriate. The charter is therefore playing a constructive role, allowing governments to take stock of national policies, to discuss and amend these with stakeholders and to plan new policies and to set new objectives in an annual, cyclical process (European Commission 2006).

Montenegro has made appreciable progress on company registration, exports and tax policy. Introduction of the statistical Business Register is very important, since it serves as a framework for sample for all statistical surveys and provides bases containing updated data necessary for statistical surveys. This register is being applied starting from the beginning of 2007. Harmonisation of surveys with EU standards in the area of short-term business statistics and structural business statistics has been initiated. Draft versions of the questionnaire have been prepared and this year, some pilot surveys are being carried out in order to include them in regular statistical surveys in the next year. As regards foreign trade statistics, the Agreement on Cooperation has been signed with the Customs Administration of the Montenegro. The Agreement defines obligations of institutions regarding the method of submitting and announcing data. Preparations for introduction of HS 2007 Nomenclature are under way in Monstat (state statistical office), while through the regional CARDS project, a new version of EUROTRACE, as a European standard, is

being prepared. As a result, submission of data on Montenegro's foreign trade to EUROSTAT and international institutions will be simplified.

A Master Plan for Developing and Harmonizing the Official Statistics of Montenegro for 2006 - 2008 was prepared, stating Monstat's priorities and obligations, while new organisation and systematisation act of Monstat is under preparation, in accordance with the aforementioned Master Plan, with obligations which Monstat has in the process of integration into the European statistical system (methodology, classification, standards), as well as with obligations of Montenegro as an independent state.

Montenegro has established a well-structured and well-funded SME Agency (Directorate for Development of Small and Medium-sized Enterprises - SMEDA), but lags behind on improving the regulatory environment, particularly in relation to the role of local administrations and human resource development dimensions. Human capacity building is carried out following an analysis on realization of the public administration reform. The newly established Human Resource Management Administration and the project "Strengthening Capacities for Human Resources Management - PARiM CB" organise trainings for civil servants and employees who work in public administration.

Cooperation with representatives of more international institutions is intensified, e.g. European Agency for Reconstruction (EAR), Organisation for European Security and Cooperation (OSCE), World Bank, Foundation Institute for Open Society, United Nation Development Programme (UNDP), Konrad-Adenauer Stiftung, Embassy of the Republic of Greece and United States Agency for International Development (USAID). There is also an intensive cooperation with prestigious French School for Public Administration (ENA), Portuguese Institute for Public Administration (INA), Administrative Academy of the Republic of Slovenia and Human Resources Management Agency of the Republic of Serbia, with whom the exchange of practice and experiences from the area of managing and functioning of public administration is being capitalized.

Montenegro's period of implementing the 2002 - 2006 SME strategy ended more than one year ago. It saw considerable implementation in areas such as institutional support and enhancement of domestic enterprises' competitiveness. A new strategy has been adopted for 2007 - 2010, the budget is in place and the main pillars include ten clearly defined strategic goals, such as regulating the system for statistical reporting on the SME sector and strengthening financial support for SME development. Discussions with private sector representatives on the scope of the strategy are ongoing.

The Government of Montenegro (GoM) and the private sector (business associations) have collaborated to create a policy framework fostering competitiveness and export growth. SME competitiveness programmes fall under the export promotion programmes of the Directorate for Development of Small and Medium-sized Enterprises (SMEDA). Collaborating with the Montenegro Business Alliance (MBA) and the Ministry of International Economic Relations and European Integration, SMEDA provides a range of specific services tailored to the individual needs of exporting enterprises and designed to enhance their international

competitiveness. In collaboration with USAID, cluster based approaches within this framework are being developed to help enhance competitiveness (OECD and EC 2007).

The Directorate for the Development of SMEs (SMEDA) prepared in cooperation with Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) the planned (but delayed) strategy for the opening of business incubators, technology parks and innovation centres, with which Montenegro is not well endowed. The strategy was adopted (December 2005) and the short-term objectives included the development of at least one business incubator and at least one technology park. However, a lack of funds disables the implementation of the strategy and the short-term objectives (European Commission 2006).

Concerning innovation and technology (I&T) centres and co-operation, Montenegro is still in the policy elaboration phase, but has started to implement pilot projects. An initiative to establish the University Centre for Design and Development based at the University of Montenegro is being put in place. Once established, the Centre will focus on the need to service SMEs in the field of design and development, linking them with relevant members of the design and technology faculties (OECD and EC 2007).

1.2 Strategic Documents

Strategic documents reflecting National Innovation Strategies have been already highlighted in Science and Technology Country Report - D9b Montenegro (see.science.eu)¹.

Generally, the following policy strategies to support the development of small and medium sized enterprises are:

- Economic Reform and Development Agenda of Montenegro 2007 - 2011;
- Economic Reform Agenda for Montenegro 2002 - 2007;
- Strategy of Development of Small and Medium Sized Enterprises 2007 - 2010;
- Multi-annual Indicative Planning Document (MIPD) 2007 - 2009 for Montenegro; and
- Montenegrin Agriculture and EU - Agriculture and Rural Development Strategy.

- 'Economic Reform and Development Agenda of Montenegro 2007 - 2011'

The Government of Montenegro should complete the Economic Reform Agenda 2007 - 2011 by March 2007. Unfortunately, the document was not available when updating the thematic report.

This strategic document should include strategies, plans and activities envisioned for the period 2007 - 2011. The Agenda should also include long-term developing prognoses until 2030, which will present the basis for all reform strategies under each sector.

¹ E.g. Montenegro Strategy for Information Society 2004-2007, National Strategy for Development of Information Society - the way to knowledge-based society, Strategy of Introducing ICT into the Education System of Montenegro - Up to the University Level, etc.

- 'Economic Reform Agenda for Montenegro 2002 - 2007'

The goal of the Economic Reform Agenda was to set forth a series of discrete but interconnected tasks which if completed, would transform the Montenegrin economy. The Agenda consisted of sixteen individual sections each dedicated to a particular aspect of economic reform. Central themes in the Agenda were: entrepreneurship, investment, formalization of the grey economy, competition and competitiveness. In this strategic document attraction of foreign investments was marked as one of the primary goals, having in mind the positive effect they have on speeding up the production process and creation of new employment, through the opening of new enterprises, i.e. companies.

The Economic Reform Agenda for Montenegro presented a list of obligations that had to be realised in the defined timeframe. The activities herein were interconnected with activities presented e.g. in the Strategy for Reform of the Administration of Montenegro, the Strategy for introducing ICT in the Education System of Montenegro, Strategic Plan for Reform of Education. The Agenda was dynamic in character, and was linked with activities for the reduction of poverty, incentives for developing entrepreneurial employment, sustainable development of Montenegro as an Ecological State and other social programs.

This Agenda is further developed Economic Reform Agenda for Montenegro 2002 - 2006, adopted by the Government in March, 2003. As indicated in the revised Agenda emerged in December, 2004, two years after the implementation of the Agenda, the need to analyse what had been done in the previous two years had arisen, in order to learn lessons from experiences for the next period of EU accession. Also, success in the implementation of the Agenda in the past two years encouraged the need for new activities and updating of the original document.

- 'Strategy of Development of Small and Medium Sized Enterprises 2007 - 2010'

The Strategy of Development of Small and Medium Sized Enterprises 2007 - 2010 was adopted for a four-year period.

The strategy identifies the barriers for growth and development, as well as the existing system environment and provides analysis of the financial and institutional support, and the system of support to education, consulting, competitiveness and exports provided by the public and private sectors and international institutions.

A strategic framework of measures was developed in order to create a stable and encouraging environment to intensify entrepreneurial activities and growth and development of SME's.

The goals and measures are related to following: creation of an encouraging environment for SME development - elimination of business barriers, regulation of the system of statistical monitoring, strengthening of the institutional support to SME development, strengthening of the financial support to SME development, stimulating SME competitiveness and exports - internationalisation, SME support through the creation of public-private partnership, education, stimulating innovative and technological competitiveness (R&D projects), stimulating ICT (information and communication technology) development and use, promotion of entrepreneurship.

- 'Multi-annual Indicative Planning Document (MIPD) 2007 - 2009 for Montenegro'

This Multi-annual Indicative Planning Document (MIPD) is the strategic document for the Instrument for Pre-Accession Assistance (IPA), which main objective is to help the country to face the challenges of European integration, to implement the reforms needed to fulfil EU requirements and progress in the Stabilisation and Association Process and to lay the foundations for fulfilling the Copenhagen criteria for EU membership. The MIPD is established for a three year rolling period, with annual reviews. It follows the Multi-annual Indicative Financial Framework (MIFF), which indicatively allocates funds per beneficiary and per component. It draws on the pre-established IPA components. The priorities set out in the MIPD components serve as a basis for the annual programming of EU funds in 2007, 2008, and 2009.

The present MIPD builds on results from projects implemented under the CARDS programme, as well as on the findings of the various assessments of Montenegro performed by the European Commission, in particular the annual progress report, and on the findings of other international organisations and experts working under multi-beneficiary and regional programmes.

The Montenegrin authorities have provided a contribution to the establishment of the present document. A national coordination mechanism for the Pre-Accession Instrument was introduced by the Montenegrin Government in July 2006.

- 'Montenegrin Agriculture and EU - Agriculture and Rural Development Strategy'

The new strategy, entitled and adopted in mid 2006, creates the basis for reforms in agriculture. In the field of agriculture policy, measures - programmes for assistance in agriculture development are being adjusted to new reforms of CAP, particularly rural development policy, which represents the largest part of budgetary allocation for agriculture assistance. Significant changes have been introduced in the area of agricultural statistics in cooperation with a SIDA project. Those changes primarily relate to introduction of new monitoring of crop production; harmonisation with EU standards in the area of cattle breeding; creation of conditions, primarily by engaging new highly skilled employees, for preparing economic accounts for agriculture; and preparation of IPA project related to agricultural census, in cooperation with the Ministry of Agriculture.

1.3 Specific Programmes and Instruments

- Development funds

Funds such as the Development Fund of the Republic of Montenegro are common instruments of state support to entrepreneurship. Such funds may operate using the state budget funds, privatization proceeds, donations, foreign financial support, etc. Development Fund earns its income primarily by selling shares from its portfolio, collecting dividend from profitable companies and interest from loans approved to SMEs, which means that whole income is of non-budgetary type.

In its future activities, priorities of the Fund will be the following:

- Financing of SMEs investment projects (focus is on growing micro enterprises and SMEs), which is in accordance with the Government's policy and Economic Reforms Agenda;
- Support of agriculture projects and food production;
- Support of tourism projects;
- Short-term support of SMEs;
- Full appreciation of regional component in development of the Republic of Montenegro (the priority in financing will be given to projects from northern part of the Republic); and
- Financing the infrastructure and ecology projects (public companies, local government and private companies).

As indicated in the Business Policy 2007 (Development Fund of the Republic of Montenegro), in the period 2002 - November 2006, through the continuous competition of the Development Fund, a total of 301 projects of SME's have been financed, with the pre-calculated value of EUR 118.4 million, whereas the participation of the Fund was EUR 21.46 million. With the implementation of these projects there have been 2,254 new jobs created. The credit assets were placed through the commercial banks, at the interest rates of 5 -10% annually, repayment period of 4 years and grace period of 12 - 18 months.

According to the Ljiljana Belada (May 2007), financial support to the SME sector provided by the Directorate for Development of Small and Medium-sized Enterprises (SMEDA) in the period 2002 - November 2006, was provided through following development projects:

- "Increasing the competitive capacity of local enterprises"
- "Youth in business"
- "Incentives for entrepreneurship"

The programme envisaged the unification of financial support through the banking sector, in cooperation with the Employment Agency, SMEDA and the Development Fund. The basic purpose of this programme is to enable SMEs and entrepreneurs to obtain, under more favourable conditions than in commercial banks, the credit funds, in order to be able to operate in a stable manner, increase the pace of their growth and development, employ new workers and thus contribute to the overall economic development of Montenegro.

- Diaspora Fund

The project of the Diaspora Fund involves preparation of the program of business cooperation with the Montenegrin Diaspora, which will be based on mutual economic interest and creation of favourable conditions for return of the immigrants, and for the economic development of Montenegro through new investments, as well as for the involvement of the Montenegrin Diaspora in the economic activities in Montenegro.

The founders of the Diaspora Fund are the Government of Montenegro - Directorate for Development of Small and Medium-sized Enterprises and the Crnogorska Komercijalna Banka with equal participation in the structure of assets of the Fund. Operations of the Fund are planned and based on the principle of credit provision,

according to the defined pace of creation and placement of funds. The credit line for the implementation of the project was called for on March 31, 2006.

- Funds of the Federal Ministry for Economic Cooperation and Development, Germany (BMZ)

The BMZ is one of the principal donors in Montenegro and cooperates with the country since 1999. During this time, the country has received around EUR 53 million from Germany (EUR 10 million came from Stability Pact funds).

The priority areas of cooperation between Montenegro and Germany are laid down in government negotiations. Cooperation currently concentrates on enhancing public infrastructure, supporting the banking sector in setting up programmes for SMEs and providing advice on economic policy.

At the most recent government negotiations, the following priority areas were agreed with Montenegro:

- Promotion of public infrastructure;
- Promotion of small and medium-sized enterprises via the banking sector; and
- Provision of advice on economic policy.

Small and medium-sized enterprises (SMEs) play an important role in the creation of jobs. However, in Montenegro they have so far had hardly any opportunity to finance their investments through loans. This has severely limited their room for manoeuvre. The BMZ, together with Switzerland, Austria and the European Agency for Reconstruction, has developed the **European Fund for Southeast Europe (EFSE)**, which is active in the entire region. The purpose of the fund is to make small and micro loans available to SMEs at preferential rates through local partner institutions. It is a revolving fund, which means that repaid loans are used to grant new loans. Thus, the fund will stay in existence over the long term and will be able to promote SMEs until such time as appropriate structures have been established. Simultaneously, training is being given to bank employees.

As Ljiljana Belada stated in her article focusing on financing SMEs in Montenegro, the strategic goals and measures for period 2007 - 2010 concerns strengthening of the financial support to the SMEs' development. Despite efforts made by financial institutions and public sector for this gap to be closed, SMEs continue to face difficulties in providing for finances. Improvement of the access for finances for SMEs is particularly important to strengthen entrepreneurship, competitiveness, innovation and growth in economy.

Ljiljana Belada's recommendations, activities that should be undertaken, are:

- **Establishment of the Guarantee Fund**

The Guarantee Fund would represent a favourable option for financing, and would represent significant benefits in terms of easier access to credits, more favourable lending terms and conditions, reduction of risk of banks for fund recovery, reduce requirements for mortgages. The Fund would be a support for financing of the start up of the entrepreneurs and enterprises in the start up phase as well. The new Law on Banks is currently being developed, which will regulate the issuing of credit guarantees.

- **Establishment of public institutions for micro-lending**
The network of micro credit institutions would be established with the basic intent to provide interest for low interest loans and to provide micro credits and credits for small business to existing and start up enterprises as well as to individuals with low income which would like to start and expand the business.
- **Development of credit line to support entrepreneurship in rural areas, innovation projects, development of special credit lines**
Rural areas are particularly important for the establishment of sustainable development and could have a key role to reduce disparity among regions. Design integral approach for the development of rural areas by merging financial resources of local institutions, commercial banks and international donors and provide favourable loans. This form of financing would enhance economic development in rural areas, enable creation of sustainable small business in agriculture and tourism and increase employment.
The Fund for support of innovation projects would enable for favourable financial assets for development of research and innovation, cooperation of small and medium sized business with university with mutual project and would lead to creation of new projects and processes and introduction of new technologies.
 - **Development of special credit lines to support strategically important activities**
 - **Establishment of support for the special credit lines** for agriculture (viticulture), tourism (agro tourism and rural tourism), wood processing and other priority activities
 - **Diaspora Fund**
 - **Implementation of the credit line for the increase in energy efficiency of SME** The project should enable SMEs to identify, in relatively short timeframe, inefficient and ecologically damaging use of resources, undertake measures for the improvement of energy efficiency and introduction of renewable energy and to reduce cost of business in that way.

In April 2007, within the programme “Competition and export encouragement”², the Directorate for Development of Small and Medium-sized Enterprises (SMEDA) announced two credit lines, the one intended for competition encouragement, through product and service quality improvement and assortment widening and the other for export encouragement, with the aim of encouraging product and service positioning of Montenegrin enterprises in foreign markets. In addition, the Public Invitation „Grant schemes for expense reimbursement” intended for present and potential exporters to finance export marketing activities, has been announced. It is planned to finance these activities with the sum of EUR 4 million, 50% of which is provided by SMEDA and the other 50% is provided by commercial banks.

² <http://www.nasme.cg.yu/eng/infocus.php>

- **Development of untraditional financial instruments (venture capital, angel investor capital, franchising, leasing)**
Venture capital is provided with the aim to support entrepreneurship, financing development of start-ups.
- **Improve connections with pre-accession funds primarily with IPA** (Instrument for Pre-accession Assistance) through development of domestic capacities for management of EU funds. With the aim to support necessary reforms, which are required by the EU membership, EU financial support represents the part of pre-accession strategy.
- **Cooperate with foreign partners and international credit institutions** that have express intent to open new credit lines in Montenegro.
- **Facilitate access to finances for SMEs through legislative measures**
- **Financial support**
Financial support is planned through grant schemes for cost sharing and insurance of export loans in order to resolve the problem of lack of financing for export enterprises. Grant schemes for cost sharing will have as a basic goal developing incentives for competitiveness at the level of individual company and primarily will relate to the quality management and certification, improvement of productivity and development of products. Insurance of export loans relates to financial benefits for security/insurance of transactions. It will enable enterprises to have access to financing under attractive/ competitive terms (Belada 2007).

The **following programmes and projects** supporting SMEs and technology development are defined (in alphabetical order):

- Adriatic - Ionian Initiative (All)

The Adriatic-Ionian Initiative (All) was formally established as a political initiative at a conference held in Ancona, Italy in May 2000. Seven countries cooperate within the framework of All: Albania, Bosnia and Herzegovina, Croatia, Greece, Italy, Montenegro, Slovenia and Serbia. The aim of All is to link the coastal countries of the two seas for the purpose of cooperating in the development and safety of the whole area. The issue of environmental protection which is central for socio-economic development in the subregion is the high sensitivity of the maritime and coastal areas of the closed Adriatic Sea.

Within the All framework, an Adriatic-Ionian Council (AIC) was set up at the level of Ministers; without limiting the fields of cooperation, special attention was directed towards: economic and technical assistance and cooperation in traffic; environmental protection; SME cooperation and cooperation in the fields of culture, education and tourism; and cooperation in combating all forms of criminal.

The Adriatic-Ionian Initiative is presided on rotation basis between the seven countries members.

- Business Advisory Service (BAS) Programme

The Business Advisory Service (BAS) Programme is multi-donor programme managed by the TurnAround Management Group (TMG), hosted at the European Bank for Reconstruction and Development (EBRD). The Programme assists micro, small and medium sized enterprises to enhance their competitiveness, marketing and financial management, to implement quality management systems and strategic business planning.

In Montenegro, BAS Programme provides business consulting services to the enterprises which have undertaken the massive voucher privatization and which need to implement their respective restructuring programmes. The services are also available to all other private enterprises which are interested to apply.

In the period 2003 - September 2006, BAS Programme realized 119 projects and there is a plan to implement 65 projects (min of 55% will be in rural, less developed regions of Montenegro) for the period 2007 - 2008. It is planned, that the programme will also provide assistance for women-run micro enterprises and women-run start-ups, which includes only businesses that have operated successfully for at least six months and have clear potential for growth.

- Competitiveness and Innovation Framework Programme (CIP)

The EU's Competitiveness and Innovation Framework Programme (CIP) aims to encourage the competitiveness of European enterprises. With SMEs, as its main target, the programme will support innovation activities (including eco-innovation), provide better access to finance and deliver business support services in the regions. It will encourage a better take-up and use of information and communications technologies (ICT) and help to develop the information society. It will also promote the increased use of renewable energies and energy efficiency.

Montenegro joined the EU's Competitiveness and Innovation Programme (CIP) in March 2008.

- EU - PHARE / CARDS (Instrument for Pre-Accession Assistance - IPA)

The EU's financial assistance to Montenegro has until now been provided through the Community Assistance for Reconstruction, Development and Stabilisation ("CARDS") programme. In 2005-2006, Montenegro received a total CARDS assistance of EUR 46.5 million. The last CARDS programmes are ongoing and the assistance will continue being dispersed. It will then gradually be replaced by the new Instrument for Pre-Accession Assistance (IPA).

In the next three years, IPA assistance to Montenegro will reach EUR 97.3 million. Its main objective is to help the country to face the challenges of European integration, to implement the reforms needed to fulfil EU requirements and progress in the Stabilisation and Association Process as well as to lay the foundations for fulfilling the Copenhagen criteria for EU membership. Other financial assistance programmes exist; these include the 'Community programmes' managed by line DGs which are specific programmes destined to regional initiatives such as joint projects between two countries. Another type of assistance is the multi-beneficiary IPA which also concerns several countries working together for a joint programme thus improving regional cooperation.

- **IFC/PEP Southeast Europe** is part of IFC (International Finance Corporation), World Bank Group. The programme operates in Albania, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia, Serbia and Montenegro and was formally launched in July 2005. It was established for an initial period of five years.

The Private Enterprise Partnership for Southeast Europe (PEP-SE) is catalyzing private sector development from a platform of four operational programmes:

- Alternative Dispute Resolution;
- Corporate Governance;
- International Technical Standards and Regulations; and
- Recycling Linkages.

PEP-SE's private sector development programmes are co-financed by following countries: Austria, Canada, Netherlands, Norway, Slovenia, and Switzerland.

- **7th Framework Programme for Research and Technological Development (FP7)**

The Memorandum of Understanding (MoU) associating Montenegro to FP7 was signed on January 25, 2008 and the provisions of the above association instruments are applicable from January 1, 2008. This agreement allows Montenegrin scientists, universities and companies to create links with their counterparts across Europe and build up their scientific expertise, including in scientific fields crucial to implementing the body of EU legislation.

FP7 supports scientific research in the EU and the broader European Research Area over a time span of 7 years (2007 - 2013). It allows funding of collaborative research in strategic areas such as health; energy; information technologies, nanotechnology or transport. FP7 also stimulates the mobility of researchers through Marie-Curie grants and has special programmes to support capacity building such as research infrastructure, research for small and medium sized enterprises and Science in Society. The programme has provision for special calls for the Western Balkan Countries and international cooperation actions aiming at improving the dialogue among regional partners.

1.4 Financing

There is a number of international donors actively operating in the country: e.g. European Commission (EC), European Bank for Reconstruction and Development (EBRD), USAID, World Bank, European Agency for Reconstruction (EAR), European Fund for Southeast Europe (EFSE), Urban Institute, and the Centre for Entrepreneurship and Economic Development. Significant financial support is also coming from Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), Federal Ministry for Economic Cooperation and Development, Germany (BMZ), Government of the Netherlands (Ministry of Foreign Affairs of the Netherlands), Switzerland, Italy and Austria and many others.

2 Existing Innovation Structures in Montenegro

2.1 Key Government Players

Name:	Ministry of Economy Development
Contact:	Rimski trg 46, 81000 Podgorica, Montenegro
Email:	minprivrede@mn.yu
Website:	http://www.vlada.cg.yu/eng/minekon/

Name:	Ministry of Education and Science (MPIN)
Contact:	Rimski trg 46, 81000 Podgorica, Montenegro
Email:	mpin@cg.yu
Website:	http://www.mpin.cg.yu

The Ministry of Education and Science (MPIN) is the main research funding body in Montenegro. It follows the Republic of Montenegro's long-term requirements for development, transfer and application of scientific and technological achievements, especially from the point of view of greater valorisation of natural and man-made resources of the country.

MPIN creates the strategy for scientific and technological development, establishing a base for further development of knowledge and creativity. Furthermore, it takes account of the results and problems of science and technology application, the effects of public investments into scientific and technological development, and the quality and use of research infrastructure.

It closely monitors status, problems and trends in the development of the research system of the country, especially in the field of scientific research priorities (biotechnology, marine biology, tourism, energy efficiency, telecommunications, computerisation and research on environmental protection, materials-related technologies, health care etc.), as well as speed, range and depth of diffusion of new technologies to the national economy and the obstacles faced in the process.

2.2 Key Innovation Infrastructures

The following section gives an overview on the main existing innovation infrastructures in the Republic of Montenegro (clusters, technology and innovation centres, technological and science parks, Business-start-up centres/ Technology Incubators and some further related organisations).

A) Clusters

In Montenegro so far, only a detailed analysis of the **meat processing** sector has been carried out as a basis for developing a **cluster programme**. A development plan for activities is in place to achieve all the necessary reconditions for establishing clusters, with the objective of influencing stakeholders' level of confidence and better co-operation, presenting common problems, and improving overall competitiveness. The Chamber of Commerce of Montenegro is making an effort to establish clusters within certain industries. It has organised and carried out relevant training and education programmes for entrepreneurs (OECD and EC 2007).

According to the Business Policy - 2007 of the Development Fund, there are activities planned in order to involve the Development Fund in the process of forming the entrepreneurial incubators and clusters on the territory of Montenegro in cooperation with other relevant domestic and foreign institutions.

As stated by one of the key players in Montenegro, activities aiming to develop enterprise clusters and networks have been started. The intended clusters to be formatted will focus mainly on food processing industry (production of prosciutto) and wood industry.

According to the institute's website³, the Austrian Holzcluster Steiermark GmbH intends to support Montenegro in establishing a wood cluster. No more information available when compiling the thematic report.

Cluster experts from neighbouring countries strongly recommend establishing clusters in the country as soon as possible. For example, the Manager of Croatian ICT Cluster (Boris Krstanović) said that Montenegro should soon become a part of the global market, and its institutions should be influenced by the development of ICT, merging of companies and innovations in business. As stated in the article 'Clusters for development of Montenegrin economy' issued in April 2008⁴, Montenegrin companies dealing with industry and tourism have to accept the modern way of operating in clusters as they are stimulating the export, opening of new markets, support bigger and more complex software projects, develop joint products, offer funds of the World Bank and other institutions.

B) Technology/Innovation Centres

When compiling the initial thematic report (in October 2007), there were no Technology/Innovation Centres operating within the country. First activities related to establishment of the European Information and Innovation Centre Montenegro appeared in winter 2007 and the Centre should be open in upcoming period.

³ <http://holzcluster-steiermark.at/desktopdefault.aspx/tabid-985/>

⁴ <http://www.limun.hr/en/main.aspx?id=269291>

Name of initiative:	European Information and Innovation Centre Montenegro
Contact person:	Zarko Djuranović (EICC Montenegro Manager)
Email:	zarko.djuranovic@euroinfo.cg.yu
Website:	Not available

In November 2007, the Directorate for Development of SMEs (SMEDA) submitted to DG Enterprise and Industry Project Proposal “European Information and Innovation Centre Montenegro” (Call for Proposals - Services in Support of Business and Innovation). In April 2008, the project was officially approved for partial funding by DG Enterprise and Industry and the new center will begin its operation within SMEDA soon. The new Centre will be part of the newly established Enterprise Europe Network, which will replace Euro Info Center and Innovation Relay Center networks.

Partners in the consortium are: Faculty of Mechanical Engineering, University of Montenegro; Chamber of Economy of Montenegro and Business Start-up Center Bar.

Industry/Sector (technology area): Not available

International activities: Not available

C) Technological and Science Parks

No technology parks, science or business parks exist in Montenegro at present. Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) is working on a survey in order to identify the levels of knowledge among the SME stakeholders of technology parks and similar. A proper strategy covering this type of infrastructure is still lacking.

D) Business-start-up Centres/ Technology Incubators

As stated in the report on the implementation of the European Charter for Small Enterprises (OECD and EC 2007), in the remaining West Balkan economies, strategies for business incubators are still in their infancy. The need for more sophisticated business services is recognised by both public and private actors serving SMEs in Montenegro.

During 2006, the Development Fund of the Republic of Montenegro provided active support to incubator development in Montenegro. Implementation of the first business incubator was in its final phase and the first incubator was introducing as a new type of support for economic development on Montenegrin market in 2007.

It is expected, that the Fund will further support activities in the process of forming the entrepreneurial incubators and clusters on the territory of Montenegro in cooperation with other relevant domestic and foreign institutions.

Montenegro with its Business Start-Up Centre Bar (BSC Bar) actively participates in the **Southeast European Network of Business Start-up Centers and Incubators (SENSI)**. The Network was set up under the auspices of the SPARK in Tuzla (Bosnia and Herzegovina) on October 20, 2006, and is a regional network of business start-up centres and incubators with more than 20 members trough the whole region of Southeast region (from Slovenia to FYR of Macedonia).

By bringing together the different local backgrounds, shared experiences, forces and know-how of business starts-up centres and incubators in 8 countries (Slovenia, Croatia, FYR of Macedonia, Serbia, UNMIK/Kosovo, Montenegro, Bosnia and Herzegovina and the Netherlands), SENSI members aim to improve their support and business services to young entrepreneurs and start-ups.

In cooperation with universities from Southeast Europe, local governmental institutions and local business communities, SENSI enhances the capacity of entrepreneurship in Southeast Europe.

For more details concerning the S.E.N.S.I. Network, its members, and contact lists, please visit the web-site: <http://www.sensi.biz/>.

Name of initiative:	Business Start-Up Centre Bar (BSC Bar)
Contact person:	Ivana Tomašević (Director)
Email:	i.i.tomasevic@bscbar.org ; info@bscbar.org
Website:	http://www.bscbar.org

The Business Start-Up Centre Bar (created in spring 2007) supports students, young graduates and young potential entrepreneurs (up to the age of 35) in starting their own small and medium enterprises (SMEs) in Montenegro. The project is financed by the Ministry of Foreign Affairs of the Netherlands, and co-owned by local stakeholders represented in the Coordination Committee of the Centre.

The objectives of the BSC Bar are to:

- reduce poverty levels under youth, women and vulnerable groups in Bar by creating jobs at existing companies and through establishing new Small and Medium Enterprises (SMEs);
- contribute to the capacity building of Project Partners by the implementation of new ICT Systems and training of staff (based on needs assessment);
- remove bureaucratic & political obstacles in doing business that have been identified during the first two years of the project on regional, national and international level, and reduce the remaining obstacles or have them on the political agenda; and
- establish a regional BSC Network, together with BSCs throughout Montenegro, Serbia, Croatia, Slovenia, BiH and FYR of Macedonia.

Initially, the BSC Bar is a project of SPARK (formerly ATA - Academic Training Association) and following project partners: Bar Municipality, Faculty of Tourism Hotel management and Trade, Economic School, Montenegro Business Alliance, Association of Olive Producers, Cultural Center, Forum of Unemployed Women, Association of Entrepreneurs and Agricultural Association. All project partners have signed the Memorandum of Understanding.

The BSC Bar offers young entrepreneurs following services:

- Business Skills Training - 4/5 day training sessions on topics like marketing, financial management, management skills, legal and tax issues, exporting to the EU, product development and innovation etc.
- Business Plan Competition (BPC) - young potential entrepreneurs are supported to write a professional business plan in 2 phases (business concept, business plan)
- Business Support Services (BSS) - the best business plans/entrepreneurs resulting from the BPC are supported through personal coaching, consultancy, micro-loans, incubation space&services and free registration of their business training, consultancy, working space and access to micro-credit which will lead to the establishment of new and innovative small and medium enterprises.

The Netherland's Ministry of Foreign Affairs is the donor of this 4-year project (SPARK is the recipient), and it is expected, that the BSC Bar will be fully independent, locally owned organisation (a limit liability company or NGO) after 4 years of existence (in 2010).

Local partners contribute 'in kind' to the BSC Bar by offering office space, incubator space, training space and promotional/PR services (total value of in kind support is 50% of the total 4-year project budget). The Bar Municipality is the main partner and contributor.

Industry/Sector (technology area): It is mainly focusing on reducing poverty levels by creating SMEs (not technology specific).

International activities: BSC Bar is part of S.E.N.S.I. Network.

Name of initiative:	Business Incubator Podgorica
Contact person:	Velibor Bosković
Email:	velibor_boskovic@yahoo.com
Website:	Not available

As indicated in the presentation of A. Porter (March 2007), the Municipality of Podgorica is the major sponsor of newly created business incubator, which was scheduled to launch on April 24, 2007 jointly with the Business Incubator in Bar. The business incubator will play an important role in the process of founding companies, intensifying the transfer of know-how and creating highly qualified personnel.

Partners of the Directorate for Development of Small and Medium-sized Enterprises (SMEDA) in the project are: University and Municipality of Podgorica, with the assistance of the European Agency for Reconstruction, European Bank for Reconstruction and Development and TAM/BAS.

Entrepreneurs with feasible projects joining the incubator are offered specialized menu of support resources and services, e.g.:

- Physical space;
- Management coaching;
- Support in creating an effective business plan;
- Administrative services;
- Technical support;
- Business networking;
- Advice on intellectual property; and
- Sources of financing.

Industry/Sector (technology area): Not available

International activities: Not available

Name of initiative:	Network of Regional and Local Business Centres (BSCs)
Contact person:	Ljiljana Božović (Senior adviser for institutional support, SMEDA)
Email:	ljiljana.bozovic@nasme.cg.yu
Website:	http://www.nasme.cg.yu/eng/projects/isupport/is1.php

In Montenegro, a network of **regional and local business centres (BSCs)** has been developed (six regional centres and three local ones), providing a number of subsidised services for businesses. In partnership with donors (such as EAR and GTZ), SMEDA has created:

- 4 regional agencies/centres (Podgorica, Bar, Rozaje and Bijelo Polje);
- 7 local sub-centres; and
- 1 Euro Information Correspondence Centre.

More than 70% of the territory of Montenegro is now covered by these regional centres, which provide support to entrepreneurs during the various phases of their operation, expansion and development. The services include:

- Consulting;
- Business plan development;
- Internet support; and
- Marketing.

A number of other organisations are active in Montenegro, such as GTZ. In addition, private bookkeepers, lawyers and auditors have also become established in Montenegro. Most BSCs have developed on an ad hoc basis, with different donors

and international organisations typically taking the lead in developing their own models and approaches. None of them have achieved financial sustainability and are not likely to do so in the near future (OECD and EC 2007).

As indicated on the webpage of the Directorate for Development of Small and Medium-sized Enterprises⁵, establishment of regional and local business centres is one of the priorities of the Agency and is organising institutional support for their development local/regional level. The main project objective is SMEs development support through establishing institutional network at local/regional level and providing support for citizens. The sub-objective is to lighten regional differences through adequate SME development support at local and regional level, but also to get necessary information for better definition of the Government policy and strategy. The strategic development destination of this economic segment has been defined through this system, at all regional levels, which the commune covers. Therefore, it is needed to provide the development decentralization.

For the purpose of this thematic report focusing on research and innovation infrastructure, we are not concentrating on regional and local business centres (BSCs).

More information, materials and contact details to individual BSCs can be downloaded at: <http://www.nasme.cg.yu/eng/projects/isupport/is1.php>.

E) Others, related Organisations

Name:	Directorate for Development of Small and Medium-sized Enterprises (SMEDA)
Contact:	Novaka Miloševa br. 42, 81000 Podgorica, Montenegro
Email:	zarko.djuranovic@euroinfo.cg.yu
Website:	http://www.nasme.cg.yu

The Directorate for Development of Small and Medium-sized Enterprises (SMEDA) is agency responsible for SME policy elaboration, which was established by the Government of the Republic of Montenegro (GoM).

The Directorate fulfils following tasks:

- Defining the strategy for SMEs development;
- Preparing the implementation of SMEs support programs and projects;
- Coordinating the programs, measures and activities related to SMEs development;
- Observing realization of financial support programs for SMEs development including financial support from abroad;

⁵ <http://www.nasme.cg.yu>

- Providing and expert assistance and participating in definition of rules related to SMEs development, especially in purpose of realization of the aims prescribed by European Union for SMEs development;
- Examining the impact of legal and other acts on small and medium sized enterprises development;
- Preparing educational programs for entrepreneurs;
- Making projects and care about organisation of regional and local centres for SMEs development; and
- Proposing and providing realization of special programs for stimulation of SMEs development (franchising, leasing, venture capital, technological parks, incubators, etc.).

Institutional support to SMEs and entrepreneurship development; elaboration and improvement of systematic preconditions; creation of development and researching projects enabling recognition of further strategic directions for SMEs and entrepreneurship development; education and knowledge acquirement support and promotion of the importance of SME and entrepreneurship development represent the mission of SMEDA.

The Directorate for Development of Small and Medium-sized Enterprises (SMEDA) is currently implementing following Institutional support projects:

- Establishing local/regional business centres;
- Forming business incubators; and
- Forming cluster.

Unfortunately no further information when compiling (summer 2007) and actualising this thematic report (April 2008) was available.

In order to fulfil successfully all requirements from the Strategy on Incentive of Export Stimulation in the area, the implementation of which is assigned to the Directorate, the document "Competition and Export Encouragement - strategic and operational plan" has been prepared. The document includes measures and activities aimed to promoting and encouraging exports of Montenegrin enterprises. Within the project „Entrepreneurship encouragement”, which was carried out from February to December 2006, the Directorate in cooperation with commercial banks, approved 92 projects altogether, which amount to EUR 3,056,900.

Name:	Montenegrin Investment Promotion Agency (MIPA)
Contact:	Jovana Tomaševića bb, 81000 Podgorica, Montenegro
Email:	info@mipa.cg.yu
Website:	http://www.mipa.cg.yu

The Montenegrin Investment Promotion Agency (MIPA) is a national investment agency set up by the Government of Montenegro in order to promote foreign investments in Montenegro and to facilitate the economic development of Montenegro. The Agency was established in 2005.



The mission of MIPA is to partner with foreign and domestic investors, the public and private sector, and international groups and individuals to increase investments in Montenegro and help bring accelerated economic development, dynamic growth and prosperity for all Montenegrin citizens.

The Agency promotes specific projects to foreign investors and has a publicity function in bringing such projects to the attention of the international public. MIPA advances Montenegro as a competitive investment destination by actively facilitating investment projects in the country.

MIPA's activities offered to foreign investors are:

- Being a business partner and actively facilitating business needs;
- Providing with relevant information on the investment climate, institutional framework and related legal issues;
- Assisting in obtaining permits and licenses on national and local levels of authority;
- Developing specific strategies for concrete sectors and countries;
- Helping to locate green field and brown field site options according to specific requirements;
- Giving initiatives and supporting cooperation with domestic supplier companies and other local partners;
- Maintaining an investment database;
- Identifying eventual "red tape" obstacles to doing business in Montenegro and providing recommendations to the Government for its systematic removal; and
- Advertising projects with an aim to create a relationship between Montenegrin companies and people and foreign investors.

Name:	Agency of Montenegro for Economic Restructuring and Foreign Investments
Contact:	Jovana Tomaševića bb, 81000 Podgorica, Montenegro
Email:	gordab@mn.yu ; lidijaj@mn.yu
Website:	http://www.agencijacg.org

The Agency of Montenegro for Economic Restructuring and Foreign Investments was established by the Law on the Agency of Montenegro for Economic Restructuring and Foreign Investments, passed at the Assembly of the Republic of Montenegro, dated July 11, 1990.

The Agency was created in order to cope with the problems of economic transformation and privatization on one hand, and with the need to attract foreign investors on the other. The Agency activities related to foreign investment, principally concern legal and financial consultation and promotion. Since it was founded, all initiatives, contacts and foreign investment business operations in Montenegro, have been handled by the Agency.

The Agency of Montenegro for Economic Restructuring and Foreign Investments is organized in two centres:

- Transformation and Privatization Center; and
- Foreign Investment Center.

The Transformation and Privatization Center deals with enterprises transformation problems while the Foreign Investment Center is in charge of record keeping, financial, economic, legal consulting and promotion activities in the field of foreign investments.

Name:	Center for Entrepreneurship and Economic Development (CEED)
Contact:	Kralja Nikole 27a/4, Business Center "Čelebić", 81000 Podgorica, Montenegro
Email:	ceed@cg.yu
Website:	http://www.visit-ceed.org

The Center for Entrepreneurship and Economic Development (CEED) helps its clients to improve their business operations, further develop and perfect both their service and product, seize opportunities, and meet the need of their customers. CEED offers a wide range of consulting services focusing on business consulting, market research and training. With more than 200 clients in Montenegro and references with international organisations, CEED has developed an image as a reliable partner.

CEED activities are:

- Business consulting (CEED's core activity is ongoing consulting followed by reorganisation and company restructuring, financial analysis, due diligence, development of investment, marketing and business plans and ISO pre-certification. Gradually CEED is moving towards a regional market as a member of a regional network.);
- Service to foreign investors (CEED is offering representation to foreign investors and tailor-made cooperation based on specific demand as well as connections with domestic companies and institutions.);
- Market Researches (These services include market research, market analysis, feasibility studies and public opinion polls.);
- Policy analysis and Advocacy (CEED is constantly monitoring major business legislation and its implementation, and offers changes that aim to improve the business environment in Montenegro. CEED played an important role in drafting Company Law, Accounting Law, the Law on Participation of the Private Sector in Public Services, and reduction of the gray economy in Montenegro.); and
- Publication (CEED's regular publications are widely read by the Government, private sector and the donor community).

Name:	Agency for International Scientific, Educational, Cultural and Technical Co-operation of Montenegro
Contact person:	Dervis Selhanović (Director)
Email:	zamtes@mn.yu
Website:	http://www.vlada.cg.yu/eng/zamtes/

The Agency for International Scientific, Educational, Cultural and Technical Co-operation of Montenegro is an institution of the Government of Montenegro which was established some 30 years ago.

The Agency consists of the following organisational units:

- Department for International Scientific, Educational, Cultural and Technical Cooperation; and
- Department for General and Financial Issues.

The Department for International Scientific and Technical Co-operation performs the following duties:

- Preparation, co-ordination and implementation of the S&T programs and projects of scientific and technical nature;
- Initiation and co-ordination of the establishment of immediate collaboration between Montenegro and foreign institutions and industrial organisations;
- Participation in the preparation of multilateral and bilateral programs on the basis of which RTD projects in Montenegro are being realized; and
- Professional training abroad within multilateral and bilateral programs, organisation of international conferences, gatherings and seminars.

Name:	Montenegro Business Alliance (MBA)
Contact:	Kralja Nikole 27a/4, Poslovni centar "Čelebić", Sahat kula, Podgorica, Montenegro
Email:	mbapg@cg.yu
Website:	http://www.visit-mba.org/cg/index.php

The Montenegro Business Alliance (MBA) is a business association, informal group of owners and directors of some private companies. This group turned into an Initiative Board in May 2001. The Board accepted a document named "The Basis of Work of the Initiative Board for Forming Private Business Association", which was prepared by Petar Ivanović (Director of Centre for Entrepreneurship and Economical Development - CEED). After a few meetings held in different towns of Montenegro, Montenegro Business Alliance was established in Podgorica on September 17, 2001.

MBA is an association, which gathers entrepreneurs, local and foreign investors. It promotes development of a private sector and shows the problems in existent

legislative regulation in order to contribute removing the barriers and improving the business atmosphere in Montenegro. The Alliance brings together more than 500 most successful companies in Montenegro.

The mission of MBA is to give concrete proposals and through them to:

- improve conditions for making business in Montenegro;
- cooperate with public and private sector, international organisations and individual experts; and
- contribute to the development, investment growth and economical prosperity of Montenegro.

Name:	Development Fund of the Republic of Montenegro
Contact:	Bulevar revolucije 9, 81000 Podgorica, Montenegro
Email:	fzrcg@cg.yu
Website:	http://www.fzrcg.cg.yu/

The Development Fund of the Republic of Montenegro was founded in 1995 during the process of proprietary and managerial transformation of economy in Montenegro.

The Mission of the Fund is to foster economic growth of the Republic of Montenegro through the development of private businesses and promotion of entrepreneurship; ownership and management restructuring of enterprises and national economy in general; and the development of the capital market and corporate culture.

Generally, development funds such as the Development Fund of the Republic of Montenegro are common instrument of state support to entrepreneurship. Such funds may operate using the state budget funds, privatization proceeds, donations and foreign financial support. The Development Fund earns its income primarily by selling shares from its portfolio, collecting dividend from profitable companies and interest from loans approved to SMEs, which means that whole income is of non-budgetary type.

The basic goals of the Development Fund of the Republic of Montenegro are:

- Privatization of Montenegro's economy;
- Greater efficiency in companies' dealings;
- Creation of a favorable environment for investments of local and foreign partners;
- Integration in international economic and financial institutions; and
- Increased national income and enhanced living standard of Montenegro's citizens.

3 Conclusions / Recommendations

Even though the business environment in Montenegro has significantly improved over the past few years, the country is still behind the leading Western Balkan group (i.e. Croatia, Serbia and FYR of Macedonia), concerning the development of sophisticated business support systems (e.g. incubators, clusters, technology parks). No clusters, technology parks, and science or business parks are in operation yet. The establishment of a well-structured and well-funded SME agency (Directorate for Development of Small and Medium-sized Enterprises - SMEDA) and adoption of a new strategy for 2007 - 2010 can be seen as a very important step forward.

When finalizing report, there were no Technology/Innovation Centres operating within the country, but first activities related to establishment of the European Information and Innovation Centre Montenegro were taken. In November 2007, the Directorate for Development of SMEs (SMEDA) submitted to DG Enterprise and Industry Project Proposal "European Information and Innovation Centre Montenegro", which was officially approved for partial funding by DG Enterprise and Industry in April 2008. It is planned that the Center will begin its operation within SMEDA as soon as possible.

The Chamber of Commerce of Montenegro and also the Development Fund are developing further activities in order to strengthen the process of forming the entrepreneurial incubators and clusters in the country. Several analyses have been carried and the intended clusters to be established should focus mainly on food processing (production of prosciutto) and wood industry.

A proper strategy covering development of technology/innovation centres, technology parks, and science or business parks is lacking. There are no such initiatives in the country. Some of the international donors (e.g. Deutsche Gesellschaft für Technische Zusammenarbeit) are already working on a survey in order to identify the levels of knowledge among the SME stakeholders of technology parks.

The development of business incubators in Montenegro is in its initial phase with a support of the Development Fund of the Republic of Montenegro. It is expected, that the Fund will further support activities in the process of forming the entrepreneurial incubators and clusters in cooperation with other relevant domestic and foreign institutions. In spring 2007, the Business Start-Up Centre Bar was created with financial support of the Ministry of Foreign Affairs of the Netherlands. The Business Incubator Podgorica was established with support of the University and Municipality of Podgorica and international donors in April 2007.

The following recommendations can be given:

- **Consult policies** with business sector at all stages of the process;
- **Formulate** a proper **strategy covering** establishment of **technology/innovation centres, technology and science parks and business parks;**

- **Improve communication and information exchange** between the respective authorities (There is a lack of co-operation between institutions responsible for collecting SME data - Employment Fund, Pension Fund, Commercial Court and Public Revenue Office);
- **Prioritise capacity building and ensure institutional sustainability;**
- **Develop culture of entrepreneurship** through campaigns, education and vocational training at all levels (including schools, competitions, etc);
- **Facilitate access to finances** for SMEs through **legislative measures;**
- **Establish technology/innovation centres, technology and science parks and business parks** in the country;
- **Exchange of good practice** between Montenegro and other European countries in conducting the research policy with the aim to establish a knowledge-based society;
- **Strengthen linkages** between the **private industry and science communities;**
- **Enhance cooperation with foreign partners;**
- **Secure effectiveness and sustainability of the network of business support centres;**
- **Undertake necessary decisions and actions** (at the level of State and University) for efficient inter-institutional, international and inter-disciplinary use of infrastructure;
- **Improve support of the development of effective strategies** in relation to specific aspects of SME development such as: business incubators, technological parks, industrial zones, high-tech corridors, and clusters;
- **Consider using targeted incentives** for investments in new technologies;
- **Establish appropriate business statistical information and systematic data collection** (including data sharing between the relevant institutions);
- Significantly **improve the ICT usage** (the use of portals is very rare and only some specific information can be found);
- **Focus on financing of research of ICT** infrastructure;
- **Offer accurate and up to date information** about the operation of incubators, parks, centres (improved information dissemination on the internet).

4 References

Belada, L. (2007). Financing SMEs in Montenegro.

Clusters for development of Montenegrin economy (2008). Available from:
<http://www.limun.hr/en/main.aspx?id=269291>, accessed 11.04.2008.

Development Fund of the Republic of Montenegro (2007). Business Policy 2007.

Directorate for Development of Small and Medium-sized Enterprises. Available from:
<http://www.nasme.cg.yu/>, accessed 10.04.2008.

Enlargement Process in Montenegro: Available from:
http://ec.europa.eu/enlargement/questions_and_answers/montenegro_en.htm,
accessed 15.04.2008.

European Commission (2006). Report on the Implementation of the European Charter for Small Enterprises in Moldova and the Countries in the Western Balkans.

Holzcluster Steiermark GmbH. Available from: <http://holzcluster-steiermark.at/desktopdefault.aspx/tabid-985/>, accessed 12.04.2008.

OECD and EC (2007). Enterprise Policy Development in the Western Balkans: a Report on the Implementation of the European Charter for Small Enterprises.

Porter A. (2007). Business Incubators. A sustainable option for Start Ups utilising the TAM model and advisor skills.

5 Further Sources

ATA (2006). Project proposal. South East European Business Start Up Network From Idea to Business.

BAS Programme Montenegro. Available from: <http://www.bas-mn.com/>, accessed 22.04.2008.

CEE-Cluster network (Central and Eastern European Cluster and Network Area).

D'Aniello L., (2004). Policies for business in the Mediterranean Countries - SERBIA AND MONTENEGRO.

Directorate for Development of Small and Medium-sized Enterprises (2006), Montenegro - Investment Challenge.

Economic Policy of Montenegro for 2008. Available from: <http://www.vlada.cg.yu/eng/vijesti.php?akcija=vijesti&id=156483>, accessed 11.04.2008.

ERA Westbalkan. Available from: <http://www.bit.or.at/erawestbalkan/>, accessed 25.07.2007.

eSEE Secretariat, UNDP Country Office Bosnia and Herzegovina (2007). eSEE EUROPE Initiative@Newsletter No 12 – March 2007.

EUROCHAMBERS (2004). Competitiveness of Western Balkan Companies. Euro Info Centre Montenegro (2006). euroinfo, issue 10 - November 2006.

European Bank for Reconstruction and Development (EBRD). Available from: <http://www.ebrd.com/>, accessed 26.07.2007.

European Commission (2007). Multi-annual Indicative Planning Document (MIDP) 2007 - 2009 for Montenegro.

European Commission, DG Enterprise and Industry, (2006). Report on the implementation of the European Charter for Small Enterprises in Moldova and the countries in the western Balkans.

EU Support for enterprise development in Montenegro (2006). Speech by Rainer Freund, Head of the Agency's Operational Centre in Podgorica, September 2006. Available from: http://www.ear.europa.eu/publications/main/pub-speech_mon_20060918.htm, accessed 11.04.2008

Federal Ministry for Economic Cooperation and Development (BMZ), Germany.
Available from: <http://www.bmz.de/en/countries/partnercountries/serbia/index.html>,
accessed 26.07.2007.

Government of Montenegro (2003). Economic Reform Agenda for Montenegro.

Government of Montenegro, Economic Reform Agenda for Montenegro 2002 - 2007.

Government of Montenegro, Economic Reform Agenda for Montenegro 2007 - 2010.

ILO (2003). Business Centres for Small Enterprise Development, Experiences and Lessons from Eastern Europe.

Investment Compact. Available from: <http://www.investmentcompact.org/>, accessed 25.07.2007.

Kutlaca, D. (1998): The Science and Technology System in the Federal Republic of Yugoslavia. Available from:
<http://www.sussex.ac.uk/Units/spru/publications/imprint/steepdps/43/steep43.html>,
accessed 27.07.2007.

Ministry of Foreign Affairs and Integration (Ministarstvo inostranih poslova) (2006). Foreign Direct Investment Incentives Strategy of Montenegro.

MIPA (2007). Invest in Montenegro What Should You Know About Montenegro? 111 Frequently Asked Questions.

Montenegro joins EU competitiveness programme. Available from:
http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?item_id=1331,
accessed 17.04.2008

Pohl Consulting&Associates (2004). The SME Sector in the CARDS countries: A Panorama at Country and Regional Level.

Regional network of FICs (Business voice from foreign direct investors in SEE). Available from: <http://www.regionalfic.org/site/about.html>, accessed 27.07.2007.

Science and Technology Country Report Country – D9b Montenegro (see.science.eu).

Sievers M., Haftendorn K., Bessler A (2003). Business Centres for Small Enterprise Development. Experiences and Lessons from Eastern Europe.

SMEDA (Directorate for Development of Small and Medium-sized Enterprises) Establishing local /regional business center. Available from:
<http://www.nasme.cg.yu/eng/projects/isupport/is1.php>, accessed 20.04.2008.

Szabo A., (2003). The development of the SME sector in the various regions of the OSCE. Available from: <http://www.unece.org/indust/sme/osce-sme.html>, accessed 31.07.2007.

TEC-PARK.NET. Available from: <http://www.tec-park.net/>, accessed 25.07.2007.

Uvalić, M. Regional Bureau for Science in Europe (ROSTE) UNESCO Office in Venice (2005): Science, Technology and Economic Development in South Eastern Europe. Available from: UNESCO-ROSTE, Venice.

Uvalić, M. (2006). National Systems of Research and Development in the Western Balkan Countries.

Vukčević, Z. (2003). LIT online, Development of SMEs in Montenegro: Strategy, Institutional Support and Experience.

Vukčević M (2006). State of the Art and the Strategy of RD&I, Development in Montenegro.

Wood Cluster Styria (October 2006). Available from: <http://holzcluster-steiermark.at/desktopdefault.aspx/tabid-985/>, accessed 24.07.2007.

6 List of Acronyms/Definitions

AIC - Adriatic-Ionian Council
All - Adriatic - Ionian Initiative
BAS - Business Advisory Service Programme
BMZ - Federal Ministry for Economic Cooperation and Development, Germany
BPC - Business Plan Competition
BSC Bar - Business Start-Up Centre Bar
BSCs - Business Support Centers
BSS - Business Support Services
CARDS - Community Assistance Reconstruction Development Strategy
CEI - Central European Initiative
CIP - Competitiveness and Innovation Framework Programme
EAR - European Agency for Reconstruction
EBRD - European Bank for Reconstruction and Development
EC - European Commission
EFSE - European Fund for Southeast Europe
EIP - Entrepreneurship and Innovation Programme
ENA - National School for Public Administration
ERA - European Research Area
ETF - European Training Foundation
EU - European Union
EUR - Euro, currency
FDI - Foreign Direct Investment
FP7 - 7th Framework Programme for Research and Technological Development
FYR of Macedonia - Former Yugoslav Republic of Macedonia
GDP - Gross Domestic Product
GoM - Government of the Republic of Montenegro
GTZ - Deutsche Gesellschaft für Technische Zusammenarbeit
IBRD - International Bank for Reconstruction and Development
ICT - Information and Communications Technology
ICT PSP - Information Communication Technologies Policy support Programme
IEE - Intelligent Energy Europe
INA - Institute for Public Administration, Portugal
IPA - Instrument for Pre-Accession Assistance
I&S - Innovation and Technology
MBA - Montenegro Business Alliance
MED - Ministry of Economic Development
MIFF - Multi-annual Indicative Financial Framework
MIPA - Montenegrin Investment Promotion Agency
MIPD - Multi-annual Indicative Planning Document
MPIN - Ministry of Education and Science
NGO - Non-Governmental Organisation
NIS - National Innovation Strategies
OSCE - Organisation for European Security and Cooperation
OECD - Organisation for Economic Cooperation and Development



PEP-SE - Private Enterprise Partnership for Southeast Europe
PHARE - Poland Hungary Aid for the Reconstruction of the Economy
ReSPA - Regional School for Public Administration
RTD - Research and Technological Development
RTDI - Research, Technological Development and Innovation
R&D - Research and Development
SAA - Stabilisation and Association Agreement
SEE - South East Europe
S.E.N.S.I. Network - the Southeast European Network of Business Start-up Centers and Incubators
SMEDA - Directorate for Development of Small and Medium-sized Enterprises (formerly National Agency for Development of Small and Medium-sized Enterprises)
SMEs - Small and Medium Size Enterprises
SPARK - formerly ATA (the Academic Training Association)
SPICE Group - Science Parks and Innovation Center Experts Group
STI - Science, Technology and Innovation
S&T - Science and Technology
TMG -TurnAround Management Group
UN - United Nations
UNDP - United Nations Development Programme
UNECE - UN Economic Commission for Europe
UNIDO - United Nations Industrial Development Organisation
USAID - United States Agency for International Development
WB - World Bank

THEMATIC REPORT on Innovation Infrastructures in the Western Balkan Countries

Serbia, UNMIK/Kosovo

D10

**VERSION 2
April 2008**

Information compiled by:
Jana Macháčová
Elke Dall

With special thanks to:
Belma Bajrami-Kastrati
Gordana Danilović Grković
Branislav Dobrosavljević
Djuro Kutlača
Dragan Milutinović
Zoran Popović
Dejan Radulović
Marija Stanojević
Aleksandar Stojkov
Nebojša Šimić
Martin Wood
Jure Zrilič

Contents - Serbia

1	Introduction.....	5
1.1	General Environment for Setting Up Innovation Infrastructures.....	5
1.2	Strategic Documents	7
1.3	Specific Programmes and Instruments.....	10
1.4	Financing.....	15
2	Existing Innovation Infrastructures in Serbia.....	16
2.1	Key Government Players.....	16
	Ministry of Economy and Regional Development (MERD)	16
	Ministry of Science (MoS).....	17
	Ministry of Education, Science, and Technology (MEST).....	17
	Ministry of Trade and Industry of Kosova (MTI), Department of Private Sector Development (DPSD).....	18
2.2	Key Innovation Infrastructures	19
	Automotive Cluster of Serbia (KMU).....	20
	Plastic and Packaging Cluster - Cluster JATO	21
	Small Agricultural Machinery Cluster - BIPOM	22
	Sumadija Flower Cluster.....	23
	Serbian Software Cluster.....	23
	Construction Cluster “Dundjer”	24
	South Serbia Alco-Cluster	24
	“EKO Krug” - Waste Cluster	25
	Shoe Production Industry Cluster	25
	“Istar21” Tourist Cluster of Danube region and North Serbia.....	26
	“Pekos” - Bakery Cluster.....	26
	Cluster “Memos” - metal producers association for improvement of competitiveness.....	27
	Netwood Cluster - producers of furniture	27
	Tourist Cluster (Municipality of Kraljevo)	28
	“Agrobio Niš” - Cluster for organic production.....	28
	Livestock (Dairy-Beef-Poultry-Animal Feed) Cluster.....	29
	Fruits and Vegetable Cluster	29
	Construction Materials Cluster.....	30
	Technology Transfer Centre at the University of Novi Sad (TTC).....	30
	Innovation Centre (Faculty of Mechanical Engineering, Belgrade University)	32
	Novi Sad Innovation Centre (NOSIC)	32
	“Mihajlo Pupin” Institute - Science and Technology Park (STP MPI).....	35
	Science and Technology Park Niš.....	37
	Science and Technology Park Novi Sad (STPNS)	37
	Institute Vinča - Belgrade.....	38
	Technology Park Kraljevo.....	39
	Technological Park in the Region Podrinje-Kolubara	39
	Industrial Park in Drenas (IPD)	39
	Business Start-Up Centre Kragujevac (BSC Kragujevac).....	42
	Business Incubator Centre Niš (BIC Niš).....	43
	Business Incubator Knjaževac (BIC Knjaževac).....	44
	Business Incubator Zrenjanin (BIZ)	45



Business Incubator Subotica (BIS)	46
Business Incubator Bor.....	47
Business and Technology Incubator of Technical Faculties Belgrade	48
Business Incubator in Szenta	49
BIC Kikinda - Vojvodina	49
Business Incubator Novi Sad.....	50
Business Incubator Kruševac	50
Business Incubator Center Užice	51
Business Incubator Valjevo	51
Business Incubator Smederevska Palanka (Central Serbia)	52
Business Incubator in South Serbia (Vranje, Bujanovac and Medvedja).....	52
Business Start-Up Centre Kosovo (BSCK).....	52
Business Incubator Decan.....	54
Business Incubator Gjilan	54
Business Incubator Shtime	55
Business Incubator Mitrovica.....	55
Republic Agency for the Development Small and Medium-Sized Enterprises and Entrepreneurship (RASME)	56
Small and Medium Enterprises and Entrepreneurship Council (SMEE Council)	57
Business Incubator Support Centre (BISC)	58
Serbian Business Registers Agency (SBRA).....	59
Serbia Investment and Export Promotion Agency (SIEPA)	59
Serbian Development Fund	60
SME Support Agency of Kosova	61
Investment Promotion Agency of Kosova (IPAK)	61
3 Conclusions/Recommendations	63
4 References	66
5 Further Sources	68
6 List of Acronyms / Definitions	72

1 Introduction

This thematic report is produced by the “Information Office of the Steering Platform on Research for Western Balkan Countries” and reviews the situation of Innovation Infrastructures in Serbia. This report covers Serbia and also describes the situation in UNMIK/Kosovo.

The report is based upon desk research, interviews and questionnaires with main stakeholders.

The objective of this study is to enhance our understanding of the national innovation system in Serbia. An overview of the situation as regards “Innovation Infrastructures” such as clusters, technology and innovation centres, technological and science parks, business-start-up centres/ technology incubators and some further related organisations is given. The general environment is described as well as important strategic documents and the main programmes and instruments for support. The report concludes with a list and description of the main infrastructures.

The report was compiled in summer 2007, published in printed version in October 2007 and updated in April 2008.

1.1 General Environment for Setting Up Innovation Infrastructures

This first section deals with rules and regulations, describes the national framework and the specific funds available.

Serbian economy is slowly improving since the defeat of Slobodan Milosevic’s government in 2000, years of conflict, international sanctions and economic mismanagement. Inflation has decreased and the foreign exchange reserves of the central bank have increased. As well, significant progress has been made in the areas of fiscal and money policy. Privatization created many opportunities for development of small and medium enterprises.

Clearly, some countries or entities in the Western Balkans have generic local/regional support centres, but lack some of the more sophisticated support institutions. Serbia, as assessed in 2006 by EC/OECD, with a first incubator since 2005, three clusters in fairly traditional industrial fields and no business/technology parks despite long standing policy intentions to develop these, should also move ahead in a more determined way in this area (European Commission, 2006).

Over the past five years of extensive political and economic reforms, Serbia’s government is shaping an attractive environment for business activities, while legislative activities are intensely bringing the legal framework in line with the EU regulations. As a member of the International Monetary Fund, Serbia exercises a

sound and consistent economic policy resulting in economic growth, state budget surplus, and rapid export expansion. The country's progress is fully supported by leading international development institutions, such as the World Bank and the European Bank for Reconstruction and Development, while the processes of the European Union and the World Trade Organisation accession are under way.

In 2005, Serbia received international recognition for economic and legislative reforms and improvement of business climate. In 2006 the World Bank's guide Doing Business in 2006 named Serbia even the top global reformer and Serbia proclaimed as a winner by the OECD Investor of the Year award for the biggest foreign Greenfield investment in South East Europe in 2004 and 2005 (SIEPA, 2006).

Serbia has adopted a medium-term approach to SME development. It has established a solid policy framework and implemented reforms in the company registration and tax policy areas. Serbia systematically applies Regulatory Impact Analysis (RIA) to new legislation and regulations. It is developing a pro-active profile on innovation policy. With respect to the remaining dimensions, it is working steadily on the policy-building blocks.

The Government of Serbia has a policy targeted at removing barriers to foreign investment. It improves the overall business climate and benefits small businesses, but no particular policy attention is given to the needs of small businesses (OECD and EC, 2007).

The Law on Innovation Activity (Official Gazette of the Republic of Serbia, no. 110\05), which was adopted in December 2005, defines the business-technology incubators as a commercial company whose main activity is to provide and rent available office space, administrative, technical and other services to newly started commercial companies or innovation organisations. In Article 21, incubators are defined as organisations providing infrastructure support to the innovation activity.

Concerning innovation and technology (I&T) centres and co-operation - Serbia has established a policy framework and has active programmes to foster technological co-operation.

On the other hand, UNMIK/Kosovo has not yet developed significant initiatives to encourage technology transfer. In UNMIK/Kosovo the SME strategy is being drafted as part of a National Development Plan. The national development planning process is in the phase of identifying projects and budget resources. The strategy has not yet been approved. A short-term strategy compiled and approved by the Ministry of Economy in September 2005 has not yet reached the implementation stage due to budget limitations (OECD and EC, 2007).

As indicated in the 'Private Sector Development Strategy in Kosovo 2007', thanks to entrepreneurship energy and the investors' interests, which facilitate increase of employment and enhancement of productivity, the private sector is a dynamic sector in the market economy. The private sector in UNMIK/Kosovo, like in many other developed countries in transition, represents the main source for generation of new jobs and increase of income. Therefore, the private sector has gained affirmation as

a leading force for development and transformation of all trade economies in the countries of this region, too.

UNMIK/Kosovo is now passing through a period of so-called late transition, in which the development of the new private sector plays a decisive role in consolidation and development of its economy. This can be illustrated by the fact that the vast majority of private initiatives such as those of family businesses have experienced a rapid expansion in these transition years, in particular in the trade sector. This was neither a result of favourable conditions nor a result of a proper environment; instead it was rather a result of Kosovar entrepreneurs' action in the sector where even small investments can bring profit and due to the quick turnover of capital.

Development of the private Small and Medium Enterprises (SMEs) mainly in the sector of trade and services rather than other sectors of production and exports came as a consequence of unfavourable conditions as a result of macroeconomic policies (taxes, credit market and public services), which were adverse for the new industries and emerging SMEs.

Currently, only a limited number of institutions and financial instruments exist in Kosovo. In spite of the great efforts, the system for financing SMEs is still in the initial stage; therefore, the need to finance these SMEs remains a permanent demand. At the moment, six commercial banks have been licensed and perform their activities in UNMIK/Kosovo. Nevertheless, conditions for financing of SMEs and the private sector in general are being improved very slowly due to the lack of competition in the sector of commercial banks. Acceleration of the privatization process and establishment of a fair and transparent system of fiscal policies in one hand and creation of a more stable environment for the domestic economy in the other is a necessary prerequisite for the development of the private sector.

UNMIK/Kosovo lacks the experience of application and implementation of various financial mechanisms and instruments. Apart from the informal sources, the single mechanisms enabling access to the finances for the SMEs, are the micro-financial institutions and credits provided by the commercial banks that remain even nowadays to be very expensive and bureaucratic quite often. In spite of the fact that fulfillment of the need for credit for the sector of the SMEs by the side of the commercial banks is improving, this fulfillment is still too little compared to other countries, making thus very high the cost of a business credit in Kosovo (Government of Kosovo, 2007).

1.2 Strategic Documents

Strategic documents reflecting National Innovation Strategies (NIS) have been already highlighted in Science and Technology Country Report - D9a Serbia (see.science.eu)¹. In the following, further key documents, which have been formulated in order to set up the framework for innovation and technology development are highlighted:

¹ E.g. Serbian Higher Education Reform, National Innovation Strategy, etc.

- 'National Strategy for the Economic Development of Serbia, 2006 - 2012'

The Government of Serbia adopted the National Strategy in November 2006, and this Programme relies on the economic analyses and recommendations presented in the document.

This Strategy is the first document which sets out consistently and comprehensively the country's basic development priorities. The Strategy links up the many development-oriented documents which were adopted by the Serbian Government following the democratic changes, including everything from the 2001 Republic of Serbia Programme of Reforms to the Serbian Strategy for Association with the European Union, 2005, which contains more than twenty sectoral strategies.

- 'Strategy for the Development of Small and Medium-sized Enterprises and Entrepreneurship 2003 - 2008'

The priority objective of the Strategy for the Development of Small and Medium-sized Enterprises and Entrepreneurship in the Republic of Serbia is to create a framework for the development of a sustainable, internationally competitive and export oriented SME sector in the following five years and subsequently to secure economic and social growth in the Republic of Serbia, which will be reflected in:

- Increase in the standard of living and a reduction in the gap between average incomes in Serbia and EU member states;
- Significant employment increase;
- Stronger and steadier regional development;
- Strengthening of international trading links, especially with EU member states; and
- Increase in available resources for other sectors, such as education, health and pension funds.

- 'Plan of the Government of the Republic of Serbia for Stimulating Small and Medium-sized Enterprises and Entrepreneurship Development, 2005 - 2007'

The Programme defines necessary steps to improve the favourable SMEE (Small and Medium Size Enterprises and Entrepreneurship) environment that relates to:

- Creation of an institutional and legal environment that will support entrepreneurs' interests;
- Raising the level of knowledge and skills within the entrepreneurship sector in order to support new educational profiles with larger mobility and flexibility in overcoming different requirements of the labour force market;
- Building institutions for non-financial support to the SMEE sector, as well as development of non-financial services through providing information, consultancy services, mentoring and training in different business areas;
- Financing and financial measures to support the SMEE;
- Innovations and modern technology application to support the SMEE; and
- Donors and development assistance.

- 'National Programme for Business Incubators and Clusters Development in the Republic of Serbia 2007- 2010'

The objective of the Programme is to generate new jobs, new enterprises and increase competitiveness through development of entrepreneurs, enterprises and institutions for support to the sector of small and medium-sized enterprises in the Republic of Serbia. The Programme was adopted by the Council for Small and

Medium-sized Enterprises and Entrepreneurship in December 2006 and implements the 'Strategy for the Development of Small and Medium-sized Enterprises and Entrepreneurship 2003-2008' and the 'Plan of the Government of the Republic of Serbia for Stimulating Small and Medium-sized Enterprises and Entrepreneurship Development, 2005-2007'. The Programme has been jointly prepared by the Ministry of Economy, Serbian Agency for the Development of Small and Medium-sized Enterprises and Entrepreneurship (RASME) and the ENTRANSE\SINTEF Project Team with financial support from the Serbian and Norwegian governments.

The Government of the Republic of Serbia anticipates establishment of the permanent small and medium-sized enterprises and entrepreneurial infrastructure, by strengthening institutions on the local and regional levels, establishing business incubators and parks, promoting business-to-business networking, clusters and other innovation activities. Financial resources provided from the State Budget within above mentioned programme, demonstrate the willingness of the Government of Serbia to support small and medium-sized enterprises and entrepreneurship infrastructure development.

The Programme defines the following specific objectives for the period of 2007 - 2010:

- Strengthened public-private partnership;
- Minimum 15 business incubators established and operational;
- Minimum one park established;
- Serbian Association of Business Incubators established;
- Innovation Relay Centre established;
- Minimum 10 operative clusters established; and
- Business activities increased.

- 'National Development Plan of UNMIK/Kosovo'

At the time of writing the thematic report, the National Development Plan was not available. According to several internet resources, which are not operating anymore (<http://www.unmikonline.org/pub/focuskos/aug04/focuskeco3.htm>), a 'Kosovo Development Plan' would have to consist of the following three stages:

- (i) A full and realistic assessment of the strategic development requirements of an economy moving towards EU integration;
- (ii) Design and costing of detailed and coherent ministerial strategies to remove barriers to faster growth, focused on investment needs in the key areas of human resources, physical infrastructure, and carefully targeted aid to stimulate the productive sectors of the economy;
- (iii) Rigorous ex-ante assessments of the likely consequences of such a development programme in terms of generating sustainable accelerated growth and convergence towards EU standards of living.

As stated in the ESPIG Policy Paper issued in 2004 – '*Towards a Kosovo Development Plan. The state of the economy Kosovo and possible ways forward*', the implementation of the National Development Plan takes place at ministerial level. It should be vital to regard the drawing up of all the different ministerial strategy documents as a series of closely interconnected and interrelated processes. It was one of the most urgent tasks of any future government to establish a robust system of

inter-ministerial co-ordination for the coming years if the ambitious goal of drawing up a National Development Plan is to be achieved.

The development of economic strategies for the key sectoral “engines of growth” requires close co-ordination between the Ministries of Agriculture, Forestry and Rural Development and the Ministry of Trade and Industry. The other ministerial strategies must be viewed as supporting the goal of industrial and rural development by providing inputs that are absolutely vital to success. Ensuring that Kosovo’s future work force has the educational qualifications to be able to compete in the emerging European and global economy will be central and will almost certainly require significantly more resources to be allocated to this sector than is happening at present.

- ‘Private Sector Development Strategy in Kosovo’

The Private Sector Development Strategy in UNMIK/Kosovo was adopted by Government in 2007 with following vision for the period 2007 - 2013: *‘By the year 2007-2013 Kosovo shall have a sustainable private sector, which shall be competitive to the regional economy with performance of a dynamic development in a business friendly environment, which shall stimulate development of entrepreneurship and SMEs and at the same time it shall encourage both the local and foreign investors. The private sector, thus, shall become a generator of an economic growth and employment.’*

1.3 Specific Programmes and Instruments

Following programmes and activities supporting technology development are defined (in alphabetical order):

- Adriatic - Ionian Initiative (All);
- Business Advisory Service (BAS) Programme;
- ENTRANSE Project;
- IFC/PEP Southeast Europe;
- Instrument for Pre-Accession Assistance (IPA);
- Vojvodina Investment Promotion Fund (Joint Fund for Building Business Incubators in Vojvodina – BBI and Supportive Infrastructure Fund - SIF);
- USAID/MEGA (Municipal Economic Growth Activity);
- USAID/MEGA Foreign and Domestic Investment Promotion (FDI); and
- USAID Kosovo Cluster & Business Support Project;
- 7th Framework Programme for Research and Technological Development (FP7).

- Adriatic - Ionian Initiative (All)

The Adriatic-Ionian Initiative (All) was formally established as a political initiative at a conference held in Ancona, Italy in May 2000. Seven countries cooperate within the framework of All: Albania, Bosnia and Herzegovina, Croatia, Greece, Italy, Montenegro, Slovenia and Serbia. The aim of All is to link the coastal countries of the two seas for the purpose of cooperating in the development and safety of the whole area. The issue of environmental protection which is central for socio-economic

development in the subregion is the high sensitivity of the maritime and coastal areas of the closed Adriatic Sea.

Within the All framework, an Adriatic-Ionian Council (AIC) was set up at the level of Ministers; without limiting the fields of cooperation, special attention was directed towards: economic and technical assistance and cooperation in traffic; environmental protection; SME cooperation and cooperation in the fields of culture, education and tourism; and cooperation in combating all forms of criminal.

The Adriatic-Ionian Initiative is presided on rotation basis between the seven countries members.

- Business Advisory Service (BAS) Programme

The Business Advisory Service (BAS) Programme works with micro, small and medium sized enterprises to define their business needs and to identify services to be provided by local consultants. The BAS Serbia Programme offers grant of up to 50% of the total net cost of a project to a maximum of EUR 10.000 and provides cooperation in selecting the most suitable local consultants to solve specific business problems and to carry out particular consulting assignments. Where the local expertise is not available to meet the particular needs of an enterprise, outside consultants are brought in to work and share their skills with the local consultants.

The objectives of the BAS Programme are:

- Assisting the growth and competitiveness of SMEs by financially supporting business advice and consulting activities to benefit from the best local consultants; and
- Developing and strengthening the skills and quality of local consultant's capacity to serve enterprise needs.

The BAS Programme is managed by team at the European Bank for Reconstruction and Development (EBRD) London Headquarters.

- ENTRANSE Project

The main goal of ENTRANSE Project is to generate new jobs and new enterprises through development of entrepreneurs, enterprises and SME institutions in the Republic of Serbia. ENTRANSE project target groups are institutions for SME development, entrepreneurs with sound business ideas and SMEs. Specific Project goals are providing the infrastructure for support to SMEs and entrepreneurs, as well as providing knowledge transfer, monitoring and evaluation of Project activities. Basic Project component is establishment and development of pilot Business Incubator Centre Nis and transfer of the experience gained to national level and other incubators in Republic of Serbia.

The ENTRANSE Project has been approved by the Norwegian Ministry of Foreign Affairs (NMFA) in December 2004 and soon after, its implementation started. ENTRANSE Project is a part of general Memorandum of Understanding (MoU), signed between Government of Kingdom of Norway and Government of Republic of Serbia. It is funded by the Government of Kingdom of Norway. Ministry of Economy and Regional Development is the National Lead Partner and the project owner. SINTEF Technology and Society, a non-profit foundation with the seat in Trondheim, Norway was assigned by the NMFA to be the International Lead Partner.

The Project is primarily oriented towards entrepreneurial business start-ups with a growth potential in the selected region. Stay in the incubator is available to companies in an early stage of their establishment regardless of the source of their ideas (research institutes, industrial sectors, service industry or individual initiatives). The second targets are institutions which deal with SMEs. Institutional building for Ministry of Economy and Agency for SMEE, both on strategic and implementation level is directly secured.

The 'ENTRANSE 2007' Project defines the following objectives:

- Support to business incubators;
- Institutional building of institutions responsible for SME development;
- Support business and innovation networking activities (Clusters, IRC); and
- Ensure knowledge transfer, monitoring and evaluation.

Within the programme, following results have been achieved: BIC Niš, Business Incubator Zrenjanin, Business Incubator Subotica were created in partnership with AP Vojvodina Council; the field market research 'Entranse on Tour' was compiled; the Entranse training package prepared; procedures and tools developed (e.g. legal tools, contracting system, criteria and procedures for selection the potential tenants, etc) and the National Programme concept developed and approved.

- IFC/PEP Southeast Europe

The IFC/PEP Southeast Europe is part of IFC (International Finance Corporation), World Bank Group. The programme operates in Albania, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia, Serbia and Montenegro and was formally launched in July 2005. It has been established for an initial period of five years.

The Private Enterprise Partnership for Southeast Europe (PEP-SE) is catalyzing private sector development from a platform of four operational programmes:

- Alternative Dispute Resolution;
- Corporate Governance;
- International Technical Standards and Regulations; and
- Recycling Linkages.

PEP-SE's private sector development programmes are co-financed by following countries: Austria, Canada, Netherlands, Norway, Slovenia, and Switzerland.

- Instrument for Pre-Accession Assistance (IPA)

The Instrument for Pre-Accession Assistance (IPA) is the key tool of the European Commission's pre-accession assistance strategy. This Instrument is replacing the former pre-accession instruments: PHARE, ISPA, SAPARD and CARDS.

IPA will help transition countries meet the Accession Criteria (fulfill the political, economic and acquis-related criteria for membership, building up their administrative and judicial capacity) and prepare for the programmemeing, management and implementation of EU Cohesion, Structural and Rural development Funds after accession. IPA is designed with five components to provide for targeted and effective assistance for each country according to its needs and evolution. These five components are: transition assistance and institution building; cross-border



cooperation; regional development; human resources development; and rural development.

As stated in the article 'European Commission and Serbia to sign Agreement worth €165 million'², the IPA's Financing Agreement was signed in Belgrade on April 4, 2008. The funds, which will deliver EUR 165 million of non-refundable assistance to Serbia, will be used for reforms in the health sector, reduction of pollution from the Nikola Tesla power plant, measures to improve the safety of traffic on the Danube, strengthening of municipal administrations, balanced regional development, support to internally displaced persons and refugees, the establishment of the Ombudsman office and other projects.

- Vojvodina Investment Promotion Fund (VIP Fund)

The Vojvodina Investment Promotion Fund was founded by the Parliament of the Autonomous Province of Vojvodina, as an official regional investment promotion agency with a mandate to provide support to foreign investors and facilitate their business in Vojvodina. The VIP Fund became fully operational in December, 2004.

The specific goal of the VIP Fund is to facilitate FDI inflow into the region through activities such as location marketing, investment climate benchmarking, provision of assistance to potential investors with concrete investment projects and co-operation with institutions specialized in the FDI promotion world-wide. VIP services to potential and existing investors are free of charge. The VIP comprises two operational units: the Vojvodina Investment Promotion Agency (VIP) and the Supportive Infrastructure Fund (SIF).

Activities of the VIP Agency include:

- Advisory services assisting foreign investors in analyzing investment decisions and establishing a business;
- 'Aftercare' services for existing investors;
- Location marketing; and
- Policy advocacy to improve FDI regulatory framework.

Supportive Infrastructure Fund (SIF):

- Inward investment cost-sharing scheme (Infrastructure incentive scheme); and
- Development of business incubators and technology parks (inclusive of business centres for foreign investors)

The project of establishment of three business incubators in AP Vojvodina was initiated by the Executive Council of the AP Vojvodina, and the Vojvodina Investment Promotion Fund is in charge of the project implementation. The goal of creating business incubators in AP Vojvodina is development of small and medium enterprises, which will improve competitiveness of local start-up companies, strengthen cooperation among entrepreneurs and science/research institutions, and create local capacities oriented toward more practical and innovative business models. Certainly, the plans include development of self-employment through development of business incubators, with support from institutions which will give necessary expertise.

² <http://www.europa.org.yu/code/navigate.php?Id=451>

As part of the **Integrated Regional Development Plan (IRDP)**, the **BBI project (Building Business Incubators)** was created to establish and manage business incubators in the region of Vojvodina with an aim to significantly support the socio-economic development process in the region, considering the development of new businesses as a key factor for future economic growth in the region.

The BBI project is supported by the Serbian Agency for the Development of SMEs and Entrepreneurship and therefore in line with the Serbian Government's policy on SMEs development and promotes following policy measures under the IRDP:

- Development of SMEs; and
- Enhancing the R&D and business co-operation.

- USAID/MEGA (Municipal Economic Growth Activity) Project and USAID/MEGA Foreign and Domestic Investment Promotion (FDI)

The Municipal Economic Growth Activity (MEGA) is a local economic development project funded by the American people through the United States Agency for International Development (USAID), which started in October 2005 and is implemented by the Urban Institute (UI). The purpose of the project is to develop the skills of local governments and local business groups to foster economic growth and job creation, assist them to put these concepts and skills into practice, and to create a business friendly environment where the local private sector might flourish. The goal of the MEGA programme is to help local governments:

- Create new jobs;
- Establish new businesses;
- Attract investments; and
- Establish Private-Public Partnerships.

MEGA builds on the success of the USAID Serbia Local Government Reform Programme (SLGRP) which began in 2001 and ended in September 2006. In contrast to SLGRP, MEGA focuses specifically on local economic growth. It targets municipal economic centers throughout the country and will operate in up to two phases. A prime consideration in the selection of participating municipalities is their ability to influence their regions' economic development.

The overall aim of MEGA is increased connection and information-sharing between the public and private sectors, with the end goal of speeding local economic development and job creation. The project will reach this goal through work in four main areas: policy reform, local government capacity-building, business association development, and training/technical support for municipal borrowing to support infrastructure investments. Practical project results will include stronger advocacy for local economic reforms, comprehensive local municipal development plans, the establishment of fully trained municipal offices for economic development, and more of the highly successful Citizen Assistance Centers (CACs) and One-Stop Permitting Centers.

In February 2007, MEGA Foreign and Domestic Investment Promotion (FDI) project was launched and includes additional Serbian municipalities with which the programme will only work on the establishment of offices for local economic development and on increasing their capacities to attract investors.

- USAID Kosovo Cluster & Business Support Programme (KCBS)

The goal of the KCBS Programme, supported by USAID, is to stimulate economic growth and to improve employment opportunities for Kosovar citizens. Tangible results sought under the Programme contribute to new employment opportunities by removing many of the administrative barriers to investment and job creation. Turning the governing authorities into competent supporters of business growth, and increasing and improving the overall economic performance of enterprises and industries in at least three identified business clusters are the objectives of the Programme.

- 7th Framework Programme for Research and Technological Development (FP7)

The Memorandum of Understanding (MoU) associating Serbia to FP7 was signed on June 13, 2007 and the provisions of the above association instruments are applicable from January 1, 2007.

Serbia can participate in all calls for proposals and compete on an equal footing with the EU Member States for research co-operation and support actions funded by FP7. As such, this agreement is an important part of the process of applying to join the EU, allowing scientists, universities and companies to create links with their counterparts across Europe and build up their scientific expertise, including in scientific fields crucial to implementing the body of EU legislation.

On March 4, 2008, the Ministry of Science opened an office for supporting FP7 proposal preparation. The office will inform institutions about details of different calls and deadlines and advice and guidance to individual Serbian scientists will be provided on regular basis. Training workshops on good proposal preparation will be organized, together with occasional courses on other relevant topics to meet the specific needs of scientists.

1.4 Financing

The vast majority of programmes and projects supporting development of innovation infrastructure are financed by: European Commission (EC), World Bank (WB), United States Agency for International Development (USAID), European Investment Bank (EIB), European Fund for South East Europe (EFSE), European Bank for Reconstruction and Development (EBRD), GTZ (Germany), SPARK, Ministry of Foreign Affairs of the Netherlands, Swedish International Development Cooperation Agency (SIDA), SINTEF (Norway), ADA (Austria) and Swiss Development Corporation (Switzerland). UN agencies, such as UNESCO, UNIDO, UNDP and UNECE are also very active.

The major donors of the SME development and entrepreneurial support in UNMIK/Kosovo are: European Agency for Reconstruction (EAR), USAID, UNDP, EBRD, GTZ (Germany), European Fund for South East Europe (EFSE), SOROS, SPARK (formerly ATA), Association of Experts in the Fields of Migration and Development Cooperation (AGEF), Department for International Development (DFID - United Kingdom), and Organisation for Security and Co-operation in Europe (OSCE).



2 Existing Innovation Infrastructures in Serbia

2.1 Key Government Players

2.1.1. Key Government Players in Serbia

Name:	Ministry of Economy and Regional Development (MERD)
Contact:	Bulevar Kralja Aleksandra 15, 11000 Belgrade, Serbia
Email:	Not available
Website:	http://www.merr.sr.gov.yu/

The Ministry of Economy and Regional Development (MERD) has a leading role in SMEs and entrepreneurship.

According to the 'Enterprise Policy Development in the Western Balkans: a report on the implementation of the European Charter for Small Enterprises (2007)', the SME Department within the Ministry of Economy has a clear co-ordination structure and an inter-ministerial SME-Council was recently established. Nevertheless, there is relatively limited co-ordination between the Ministry of Economy and the Government's SME implementing entity, the Republic Agency for the Development Small and Medium-Sized Enterprises and Entrepreneurship (RASME).

As indicated in the National Programme for Business Incubators and Clusters Development in the Republic of Serbia 2007 - 2010, the specific objectives are:

- Strengthened public-private partnership;
- Minimum 15 business incubators established and operational;
- Minimum one park established;
- Serbian Association of Business Incubators established;
- Innovation Relay Centre established; and
- Minimum 10 operative clusters established.

Bearing in mind the comprehensiveness of the Programme, which includes activities of forming infrastructure, strengthening national and local institutions, as well as development of business activities, the estimated total investment for the full Programme implementation is EUR 23 million (Ministry of Economy, 2006).

Name:	Ministry of Science (MoS)
Contact:	22 - 26 Nemanjina Str., 11000 Belgrade, Serbia
Email:	info@nauka.sr.gov.yu
Website:	http://www.mntr.sr.gov.yu/

The major ambition of the Ministry of Science (MoS) is to enable science to fully realize its potential in driving the economy and society forward. By setting high standards on project selection, strengthening international collaboration and increasing government spending on science, the Ministry wants to create a modern society in which innovation; originality and knowledge are key factors in development.

The MoS has four departments:

- Department for Basic Research;
- Department for Technological Development, Transfer of Technologies and Innovation System;
- Department for International Science and Technological Cooperation; and
- Department for Human Resources Development in Science.

The Ministry of Science opened a bureau aiming at supporting FP7 proposal's preparation.

The major tasks of the office are:

- Information service (details about calls and deadlines);
- Advice and guidance to individual Serbian scientists (opportunities within FP7, project ideas, finding partners, proposal preparation);
- Regular training workshops;
- Revision of the first drafts of proposals; and
- Consultations.

2.1.2. Key Government Players in UNMIK/Kosovo as defined by UNSC Resolution 1244 of 10 June 1999

Name:	Ministry of Education, Science, and Technology (MEST)
Contact:	Loc. Dardania Building - III, St. Musine Kokollari No. 18, 10 000 Prishtina, UNMIK/Kosovo
Email:	masht@ks-gov.net
Website:	http://www.ks-gov.net/masht

In UNMIK/Kosovo, the Ministry of Education, Science and Technology in Prishtina supposedly develops both scientific research and the higher education system, as well as promoting a market for innovation and technological development, although no research fund exists (Dall, 2006).

The Ministry is also responsible for the formulation of an overall strategy for the development of education, science and technology in Kosovo and the promotion of a single, unified, non-discriminatory and inclusive education system (MEST Kosovo, 2002).

Name:	Ministry of Trade and Industry of Kosova (MTI), Department of Private Sector Development (DPSD)
Contact:	Ul.«Agim Ramadani» b.b., Nova zgrada Ekonomskog fakulteta, UNMIK/Kosovo
Email:	Not available
Website:	http://www.mti-ks.org/?cid=2,1

The Department of Private Sector Development (DPSD) within Ministry of Trade and Industry of Kosova (MTI) and the Government are the only mechanisms which institutionally support:

- Promoting a friendly environment and effective system in supporting SME-s in UNMIK/Kosovo;
- Harmonization of politics (legislation and regulations) with those of the EU;
- Long-term growth and stabile SME development from the aspect of their contribution towards the national gross production and creation of new jobs;
- Establishment of dialogue-cooperation between all governmental and institutional sectors which directly or indirectly deal with SME;
- SME Advisory organ;
- Research for SME sector;
- SME strategies and action plan;
- Programmes database for SME support;
- SME's observation points (providing annual observatory reports);
- Drafting of new schemes for SME support;
- Communication campaign for SME issues;
- Environmental physical regulation for SME support;
- Development of training capacities for business advisors; and
- Service providing for SME support.

Domestic-local partners of the Ministry are: SME' s supporters network in UNMIK/Kosovo, different sectors within the Kosovo Government structure, especially Department of Labour in the Ministry of Labour and Social Welfare (MPMS) and Education Department of the Adults in Ministry of Education, Science and Technology (MEST), Enterprises Regional Agencies (ARN), Economic Chamber of Kosovo (OEK), Union of Independent Kosovo Syndicates (BSPK), Euro-Info Kosovo Center (EICC), Kosovo Women Network in Business, Group of New Economists (GER), RINVEST, as well as different business associations.

Foreign Partners are represented by: Albanian SME' s Agency, Tetova Regional Agency, ARBD (Agency for Development of Brčko's District), SBDC-Slovenian

Center for Small Businesses Development, Directorate for Small and Medium Enterprises Development of Montenegro, and NEPA of FYR of Macedonia.

Pillars of institutional support for private sector development in Kosovo cover the following:

- Legal issues;
- SME's stable financing;
- Coherent education and training along with philosophy of market driven economy; and
- Business authentic physical Infrastructure.

Under the fourth pillar the Programme development of working spaces covers creation of Business incubators; Business parks; Industrial zones; Industrial lands; Export processing zones; and Special economic zones etc.

2.2 Key Innovation Infrastructures

The following section gives an overview on the main existing innovation infrastructures in Serbia and UNMIK/Kosovo (clusters, technology and innovation centres, technological and science parks, Business-start-up centres/Technology Incubators and some further related organisations).

A1) Clusters in Serbia

As indicated in 'National Programme for Business Incubators and Clusters Development in the Republic of Serbia 2007 - 2010', through its Department for Competitiveness and Quality Infrastructure with international Institutions, the Ministry of Economy and Regional Development supported establishment of the following clusters through the pilot project financed from the National Budget of the Republic of Serbia in 2005:

- Automotive Cluster;
- Rubber and Plastic Cluster;
- Wood Processing; and
- Small Agricultural Machinery Cluster.

All four clusters have now their own permanent offices, internal organisation, formal and legal cluster bodies and Cluster Advisory Board. Cluster offices are based in Belgrade, except for the rubber and plastic cluster, which established an office in Subotica. Furthermore, there are initiatives for establishing textile clusters in Bor, Niš and the Zaječar district, a software cluster in Belgrade (companies from Belgrade, Novi Sad and Niš) and a construction cluster in Niš (Ministry of Economy, 2006).

Serbia has made the most progress in implementing pilot projects, relying mostly on donor support. The Serbian Government has approved funds under the National Investment Plan to support cluster development. However, the cluster policy is insufficiently developed, extending to only three clusters which could be considered

as pilot programmes. In December 2006, after the cut-off date for assessments in the current report, the Government adopted the Programme for Business Incubators and Clusters in the Republic of Serbia 2007 - 2010 which, with the financial and technical assistance of the Foundation for Scientific and Industrial Research at the Norwegian Institute of Technology (SINTEF), envisages a fully fledged programme to support a national network of both clusters and business incubators. In the near future, therefore, Serbia can expect to score higher for this indicator.(OECD and EC, 2007).

The Ministry of Economy and Regional Development has launched the project “Cluster Development Support Project in 2007”. The Project is a part of the Serbian Programme for Business Incubators and Cluster Development in Republic of Serbia, 2007 - 2010. The “Cluster Development Support Project in 2007” was a follow-up (Phase 2) of the Pilot Project for Cluster Development 2005/2006 (Phase 1).

The Project was additionally supported by the Government of Kingdom of Norway. Department for Competitiveness and Quality Infrastructure within the Ministry of Economy and Regional Development was the Lead National and Implementing Partner. The International Lead Partner was SINTEF, Technology and Society assigned with the task to mentor, monitor and evaluate Project activities.

16 cluster initiatives were in operation under the Project at the end of 2007 as follows:

- Serbian Automotive Cluster;
- Rubber and Plastic Cluster - JATO;
- Wood Processing;
- Balkan Small Agricultural Machinery Cluster - BIPOM;
- Sumadija Flower Industry -“Sumadijski cvet”;
- Serbian Software Cluster;
- Shoe Production Industry Cluster, Knjaževac;
- “Eko krug” Waste Cluster;
- “Istar21” Touristic Cluster of Danube region and North Serbia;
- “Pekos” - Bakery Cluster;
- Touristic Cluster (Municipality of Kraljevo);
- Cluster “Memos” - metal producers association for improvement of competitiveness;
- Agrobio Niš Cluster, Cluster for organic production;
- South Serbia Alco Cluster;
- Netwood Cluster - producers of furniture; and
- Construction Cluster Dundjer.

Name of initiative:	Automotive Cluster of Serbia (KMU)
Contact person:	Tomislav Knežević
Email:	office@acserbia.org.yu
Website:	http://www.acserbia.org.yu

The Automotive Cluster consists of 15 members (12 companies and 3 R&D organisations). Companies are located in Becej, Novi Sad, Belgrade, Kragujevac and Surdulica. This cluster offers training service for its members and works on introduction of business standards.

The cluster offers to his members: qualification - cares for its member's information, training and qualification in view of technical, organisational and management skills, which are necessary for a modern automotive supplier, especially in the quality field; information and communication - developing and running a close information exchange between network management and members, partner networks, customers, state organizations, financing organizations and between the members itself; keeping contacts in national and international frame; marketing - advertising and image building of network and region, presentation of the network and its members at trade fairs and meetings, presentation of its members to the potential customers; looking for the financing possibilities and representing the members' interests local and abroad; cooperation- defining and seeking of cooperation projects within the network or with national or international companies, especially in the field of innovation; project managing of cooperation projects; cooperation with networks - national and international.

Industry/Sector (technology area): Automotive industry

International activities: Cooperation with automotive clusters in Slovenia and Bosnia & Herzegovina has been established. The Cluster is participating in the project 'SENAI – South-East European Network of Automotive Industry' managed by ACStyria Autocluster GmbH funded through the Austrian CIR-CE programme.

Name of initiative:	Plastic and Packaging Cluster - Cluster JATO
Contact:	Trg Cara Jovana Nenada 15/IV, 24000 Subotica, Serbia
Email:	office@jato.org.yu
Website:	http://www.jato.org.yu

The first plastic and packaging cluster JATO is non-profit business association of producers and entrepreneurs, whose common aim is to offer to the market a better quality and competitive products.

The Cluster with its office in Subotica consists also of 26 Members (21 companies, 5 R&D organisations). Companies are mainly located in Vojvodina. This Cluster is working on waste management and development of special software tools, which will be available to all members.

Industry/Sector (technology area): Waste management

International activities: Cooperation with wood cluster in Hungary

Name of initiative:	Agency for Wood - Woodindustry Cluster of Serbia
Contact person:	Zdravko Popović
Email:	office@agencijazadrvo.co.yu
Website:	http://www.agencijazadrvo.co.yu

The wood processing cluster has been established as a limited company for the purpose of promoting common interest of its members (by autumn 2007 more than 90 companies).

Members include not only wood suppliers and producers, but also a small number of construction companies and print producers and importers of machine tools, thus covering longer value chains.

Industry/Sector (technology area): Forest industry, Wood processing
International activities: Memorandum of international cooperation between Wood Industry Cluster of FYR of Macedonia and the Agency for wood was signed.

Name of initiative:	Small Agricultural Machinery Cluster - BIPOM
Contact person:	Milivoj Stojanović
Email:	bipom_scg@yahoo.com
Website:	http://www.bipom-scg.com

The Small Agricultural Machinery Cluster - BIPOM has 16 Members (11 companies and 5 R&D organizations and develops joint market support aimed at export into Russia.

BIPOM has the intention to establish a network of Balkan enterprises capable of providing services to local customers and to face the role of a significant supplier of equipment in targeted segment markets of Russia, Ukraine, Maghreb (Northern Africa) and other Balkan countries - regions, covering population of over 400 million in total.

Industry/Sector (technology area): Agriculture
International activities: Intensive cooperation with Russian market, and Italian partners.

Name of initiative:	Sumadija Flower Cluster
Contact person:	Simon Zecević, Nenad Popović
Email:	sumadijskicvet@gmail.com
Website:	http://www.sumadijskicvet.com

The Sumadija Flower Cluster consists of 40 members (35 companies and 5 R&D organisations). The overall goal of the flower producers' association is to enable an improved market position and increased competitiveness of its members based on a broad product range and unique style through the value added to the product.

Two parallel main strategies are emerging: joint efforts to improved market presence and visibility and the provision through various channels of updated knowledge in practices of production, management and business.

Industry/Sector (technology area): Agriculture

International activities: Not available

Name of initiative:	Serbian Software Cluster
Contact person:	Vita Latinović
Email:	fond@ssc.org
Website:	Not available

The Serbian Software Cluster consists of 12 members (9 companies and 3 R&D organisations).

Overall goals of the cluster are to:

- help members access new markets;
- contribute to continuous improvement of quality systems and implementation of new technologies;
- establish links to domestic and foreign R&D institutions;
- provide an efficient information exchange among members and provide an updated promotional membership database;
- establish links to similar initiatives; and
- promote and provide training on relevant topics through many different channels.

Professional services and trust between members are emphasized assets.

Industry/Sector (technology area): IT

International activities: Not available

Name of initiative:	Construction Cluster “Dundjer”
Contact person:	Biljana Avramović
Email:	Klaster_DUNDJER@yahoo.com
Website:	http://www.dundjer.co.rs

The Construction Cluster “Dundjer” consists of 12 members (9 companies and 3 R&D organisations). The cluster was created in Niš in 2007.

The overall goal of the cluster is to improve company’s competitiveness in construction field in Niš and to provide its members information access in order to improve their business.

Major activities of the project are: preparation activities for forming Cluster Dundjer; founding and constituting cluster; marketing activities; data base and web site creation.

Industry/Sector (technology area): Construction industry

International activities: Not available

Name of initiative:	South Serbia Alco-Cluster
Contact person:	Vladimir Bojović
Email:	vladimir.bojovic@komora.net
Website:	Not available

The South Serbia Alco-Cluster was established in June 2006. The Project "Formation and Development of South Serbia Alco-Cluster in the Function of regional Economic Development Strengthening” is financed by the European Union (EU) and realized by the European Agency for Reconstruction (EAR).

The project goal is strengthening regional economic development through strengthening the developmental position of small and medium-sized companies, cooperatives associations and individual producers in the field of production, processing and marketing of alcoholic drinks. The user of the grant is Cooperatives Association Union of Jablanica and Pčinj County, and the partners are Regional Economic Chamber (REC) - Leskovac and the South Serbia Consumers' Association (SSCA) - Niš.

Major activities of the project are:

- Preparation activities for forming Alco-Clusters;
- Founding and constituting clusters;
- Educating personnel for cluster association and business operations;
- Innovation of technology for producing raw materials and final products;

- Marketing activities; and
- Final summit of the project.

Industry/Sector (technology area): Beverage

International activities: Not available

Name of initiative:	"EKO Krug" - Waste Cluster
Contact person:	Sandra Kamberović
Email:	office@ekokrug.org.yu ; direktorkasandra@ekokrug.org.yu
Website:	http://www.ekokrug.org.yu

The "EKO Krug" - Waste Cluster consists of 13 members (9 companies and 4 R&D organisations), dealing with electronic, electric and industrial waste management. The companies are mainly located in Belgrade. The main goals are: securing systematic electronic and electric waste management, raising awareness about necessity of properly waste treatment, development and adoption a new waste treatment technologies and their placement at domestic industry and environmental pollution prevention.

Industry/Sector (technology area): Recycling industry

International activities: Not available

Name of initiative:	Shoe Production Industry Cluster
Contact person:	Jovan Isakov
Email:	oupknjazevac@bankerinter.net
Website:	http://www.klasterobucara.com

The Shoe Production Industry Cluster consists of 17 members (13 private shoemaker companies and 4 R&D organisations). Cluster was founded in 2007 and companies are mainly located in Knjaževac (town situated in the eastern part of Serbia).

The cluster goals are: improvement of company's competitiveness, advertising and image building of network and region, presentation of the network and its members at trade fairs and meetings, presentation of its members to the potential customers, implementation of new technologies and raw materials in order to improve innovation skills.

Industry/Sector (technology area): Leather products and footwear industry

International activities: Not available



Name of initiative:	“Istar21” Tourist Cluster of Danube region and North Serbia
Contact person:	Gordana Kovjanić
Email:	neleiogi@hotmail.com , direktor@vojvodinatourism.org.yu
Website:	Not available

The “Istar21” Tourist Cluster of Danube region and North Serbia was founded in 2008. The cluster consists of 17 members: 12 members represent Tourism and Hotel Industry Department (catering companies, granges, restaurants, wine-cellars, beekeeping, transport agency, spa etc), 1 R&D organization and 4 tourist agencies of Vojvodina, Sremski Karlovci, Apatin and Odzaci.

The main cluster goal is creation of autentic regional touristic product which will attract domestic and foreign clients.

Industry/Sector (technology area): Tourism

International activities: Established transfer knowledge cooperation with region Emilia - Romania (Italy).

Name of initiative:	“Pekos” - Bakery Cluster
Contact person:	Veljko Andjelić
Email:	zandomns@eunet.yu
Website:	Not available

“Pekos” - Bakery Cluster was founded at the end of 2007. The cluster consists of 19 members (14 companies and 5 R&D organisations), mainly located in Vojvodina - Novi Sad.

The cluster is local and cluster members are primarily small bakery producers, agency for introducing quality system, associations of bakeries and millers, R&D institute and non-governmental organization.

The main cluster goals are development of new health- secure products and improved production process in order to improve export and market recognition.

Industry/Sector (technology area): Bakery industry

International activities: Not indicated

Name of initiative:	Cluster “Memos” – metal producers association for improvement of competitiveness
Contact person:	Mirjana Radenović (Director)
Email:	mirjana@klaster-memos.org ; office@klaster-memos.org
Website:	http://www.klaster-memos.org

The Cluster “Memos” brings together producers with good business reputation in the municipality of Indjija and Srem region, which have up to 50 employees and annual turnover of EUR 6.6 million. The Cluster “Memos” consists of 12 members (9 companies and 3 R&D organisations).

The cluster goal is to improve competitiveness of all members by joint efforts and performances in the target markets. The specific cluster activities are: complete varied supplies of goods, technologies, knowledge and services of cluster members; productive engagement of all available resources in the Municipality of Indjija and Srem region; developing new and improving the existing production and service activities within the cluster by engaging scientific institute’s members of the cluster.

Industry/Sector (technology area): Metal industry

International activities: Not available

Name of initiative:	Netwood Cluster - producers of furniture
Contact person:	Nenad Popović
Email:	sme@redasp.co.yu ; office@netwoodcluster.net
Website:	http://www.netwoodcluster.net

The Netwood cluster was created in 2007 in Sumadija and Pomoravlje district in Central Serbia. The cluster consists of 13 members (8 companies from furniture industry and Civil and Architectural Engineering Department, and 4 R&D organisations).

The cluster has potential to establish connection with existing wood processing cluster. The main competitive advantages of cluster are: geographic concentration of cluster members and flexibility of existing production capacities. The furniture industry in Sumadija and Pomoravlje district is one of the most propulsive industries and represents the generator of new working place and potential for export growth. The cluster can have a great impact on economic development of a region.

Industry/Sector (technology area): Furniture industry

International activities: Not available

Name of initiative:	Tourist Cluster (Municipality of Kraljevo)
Contact person:	Aleksandar Pantelić
Email:	tvnavigator@gmail.com
Website:	Not available

The Tourist Cluster (Municipality of Kraljevo) was created in 2007. The cluster consists of 15 members (12 companies and 3 R&D organisations).

The cluster goal is to consolidate tourist offer of the region and to become the backbone for tourism development. Creation of the innovative tourist product (e.g. paragliding, rafting, hiking, cycling etc.) can attract a new clients and potential investors. Cultural and historical monuments (monasteries Zica, Studenica and Voljavaca and spas) offer an opportunity for diver's tourist offer.

Industry/Sector (technology area): Tourism

International activities: Not available

Name of initiative:	“Agrobio Niš” - Cluster for organic production
Contact person:	Bratislav Djordjevic
Email:	klasteragrobio@gmail.com
Website:	http://www.klasteragrobio.com

The cluster “Agrobio Niš” was created in 2006 and consists of 15 members (12 companies and 3 R&D organisations). The key cluster competences are natural resources, experience in production organic food and ecological manure.

Industry/Sector (technology area): Organic production

International activities: Not available

A2) Clusters in UNMIK/Kosovo as defined by UNSC Resolution 1244 of 10 June 1999

When writing the thematic report, no government policy on clusters has been adopted, and there is no structured involvement by the Government in this issue at the moment.

As stated in the Report on the Implementation of the European Charter for Small Enterprises in the Western Balkans (OECD and EC, 2007) and also according to the

internet source³, a USAID initiative in UNMIK/Kosovo promotes clusters development within its Kosovo Cluster & Business Support Programme (KCBS).

The objectives of cluster development in UNMIK/Kosovo are to promote the development of a vibrant economy leading to an increase in the standards of living of Kosovars and one that provides additional employment opportunities. Planned results are:

- New markets will be identified and access to old markets improved;
- Selected cluster skills will be enhanced; and
- Cluster competitiveness and accelerated growth will be obtained through use of working cluster groups.

Clusters identified and supported within this programme are:

- Livestock (Dairy-Beef-Poultry-Animal Feed) Cluster;
- Fruits and Vegetable Cluster; and
- Construction Materials Cluster.

Quarterly reports providing detailed information about the Kosovo Cluster and Business Support project, its achieved results and plans are available at [http://dec.usaid.gov/.](http://dec.usaid.gov/)

Name of initiative:	Livestock (Dairy-Beef-Poultry-Animal Feed) Cluster
Contact person:	Not available
Email:	mwood@usaidkcbs.com
Website:	http://usaidkcbs.com/KCBS_clusters.htm

Industry/Sector (technology area): Food processing

International activities: Not available

Name of initiative:	Fruits and Vegetable Cluster
Contact person:	Not available
Email:	mwood@usaidkcbs.com
Website:	http://usaidkcbs.com/KCBS_clusters.htm

Industry/Sector (technology area): Food processing, Agriculture

International activities: Not available

³ http://usaidkcbs.com/KCBS_clusters.htm

Name of initiative:	Construction Materials Cluster
Contact person:	Not available
Email:	mwood@usaidkcbs.com
Website:	http://usaidkcbs.com/KCBS_clusters.htm

Industry/Sector (technology area): Construction

International activities: Not available

B1) Technology/Innovation Centres in Serbia

Name of initiative:	Technology Transfer Centre at the University of Novi Sad (TTC)
Contact person:	Boris Antić (head of the TTC staff)
Email:	antic@uns.ns.ac.yu
Website:	http://www.nosic.ns.ac.yu/TTC.html

The Technology Transfer Centre (TTC) is located at the University of Novi Sad (at the Faculty of Engineering) and was established as a result of the Tempus project UM_JEP-16090-2001 USP. The specific objective of the project was to develop legislative and organisational framework for the University Science Parks in former Yugoslavia and to establish pilot university unit - Technology Transfer Centre (TTC) - at the University of Novi Sad in order to develop strategies and tools aiming at the intensification of cooperation of Yugoslav partner universities with external bodies, especially with enterprises, chambers of commerce, regional development institutions and local authorities.

Strategic aims of the planned Technology Transfer Centre at the University of Novi Sad are:

- Initiating innovative forms of collaboration between universities and external bodies;
- Strengthening collaborative links and increasing efficiency of this collaboration;
- Harmonization of tasks and duties of university units supporting collaboration with external bodies; and
- Promoting international collaboration in the field of entrepreneurship.

The TTC interfaces the University and their immediate environment, represented by various economic and social partners. Its main responsibilities should be in maintaining a complex communication process between two profoundly different worlds: university and industry. These two worlds have different systems of codified objectives and rationality as well as different management approaches, values and

interests. The solution will not be to make one system to adopt the rules and rationality of the other but to organise appropriate communication and interaction processes, which ensure that advantages of the different rationalities are utilised to achieve commonly agreed objectives of mutual benefit.

Products, activities and services provided by TTC:

- Analyses of internal and external university environment and systematic insight into R&D activities;
- Identification of Serbian about potential partners and collecting data about them;
- Developing contacts with external bodies and collecting information about national and international educational and research programme;
- Assisting in partner search for new projects and project partners for the University;
- Supporting dissemination of research results and transfer of new technologies applicable in number of fields of engineering science etc;
- Preparation of strategic technology assessments - interactive, expert oriented technology assessments in fields of emerging importance; carried out in co-operation with other research institutions, enterprises, with local, regional and national authorities;
- Supporting university units/institutes in preparation of project applications and project management; and organisation of a variety of meetings and events.

The main benefits for the universities resulting from the TTC include mainly increased number of research and educational projects; improved level of education and research at universities resulting from the continuous exchange of latest know-how and experience with external partners and improved financial situation of the universities resulting from grants awarded for projects and other donations.

The synergy between University's units created for enhancement of collaboration with external bodies is enhanced, redundancy in research topics at the University is reduced and there is increased interest of postgraduates in entrepreneurship. On the other side, the exploitation of the research potential of the universities results in implementation of advanced technologies in the enterprises and in their increased competitiveness on the market.

There are several resourced used for financing the operation of the TTC: contribution of the University budget (premises, electricity, phone, internet etc.); grants (financial support from the State Fund of Science and Education, Chamber of Commerce of Voivodina and others) (staff costs, administrative costs, purchase of equipment, travel expenses); and contribution from R&D projects performed by universities' researchers (promoting materials, printing, additional staff costs, travel expenses, maintenance).

Industry/Sector (technology area): Technology transfer

International activities: Cooperation with University of Belgrade, University of Banja Luka (Bosnia and Herzegovina), Chamber of Commerce, Autonomous Province of Voivodina. Several EU partners took a part in the project and were covering following countries: Austria, Sweden, Netherlands, United Kingdom, Greece, Germany and Portugal.



Name of initiative:	Innovation Centre (Faculty of Mechanical Engineering, Belgrade University)
Contact person:	Aleksandar Sedmak (General Manager)
Email:	asedmak@mas.bg.ac.yu
Website:	http://www.inovacionicentar.com ; http://www.icmf.co.yu/

The Innovation Centre is located in the building of Faculty of Mechanical Engineering (16 Kraljice Marije st., 5th floor, Belgrade).

The major target of the Innovation centre of Mechanical Faculty Belgrade is application of scientific, technical and technological knowledge and invention in order to create and release new and improved products, processes or services. Due modern demands, the Centre provides cutting edge equipment, laboratories and other means for their experts and specialists to use.

The activities include realisation of various projects, as well as consulting related to quality control, expertise, certification of products etc. In the future, The Innovation Centre reckon upon constant training and specialisation of teams, acquisition of new equipment allowing further development of laboratory centers, extension of all aspects of cooperation and participation in national projects and programmes of international cooperation. The plan also includes faster training of scientists, which will be able to participate in scientific and development research. The knowledge base has been continually improved, focusing on acquire and use of the latest scientific results and technologies. Realisation of research in the Innovation Center will allow direct influence of knowledge in faster industry development and creation of innovative and attractive products, leading to improvement of quality and competitiveness of domestic products and services on the international market, as well as development of infrastructural systems in Serbia.

Industry/Sector (technology area): Mechanical industry and software design; Materials and chemical technologies; IT; Biotechnology and Energetic.

International activities: Not available

Name of initiative:	Novi Sad Innovation Centre (NOSIC)
Contact person:	Vojin Senk (Tempus project coordinator)
Email:	ram_senk@uns.ns.ac.yu
Website:	http://www.nosic.ns.ac.yu/

The Novi Sad Innovation Centre (NOSIC) was established as the seed of a future Science & Technology Park, and a joint venture of Vojvodina Investment Promotion Fund (VIP Fund - a regional investment promotion agency), the University of Novi

Sad (comprised of 13 faculties); the Novi Sad Free Zone, by the decision of the City Authorities and Alma Mons Regional Agency for SME Development Ltd. The Innovation Centre was established in 1986 at the University level with the aid of the former Ministry of Science, Technology and Development.

One of the first aims of NOSIC was the establishment of the entrepreneurial culture i.e. an infrastructure aimed at facilitating entrepreneurship and a pool of people possessing an enterprising mentality as opposed to an "employee" mentality.

The task of the NOSIC project, which was funded by GTZ, was to establish a project team/small incubator with one entrepreneurial professor, one established entrepreneur with scientific/engineering background and a group of project assistants.

The team was to support:

- Faculty of Engineering (FTN) institutes to develop a SWOT analysis of Core Competences and to start incubation projects;
- Existing old spin-offs around Faculty of Engineering to develop business cooperation as well as to develop management and planning documents (strategic plan, action plan) and business support tools (e. g. web based cooperation platform).

Industry/Sector (technology area): Variety of technology areas covered.

International activities: Cooperation with Timisoara University (Romania).

B2) Technology/Innovation Centres in UNMIK/Kosovo as defined by UNSC Resolution 1244 of 10 June 1999

According to information gathered for this report, there are no technology/innovation centres operating in UNMIK/Kosovo at the moment.

C1) Technological and Science Parks in Serbia

The Law on Innovation Activity defines a science and technology park as *commercial company, which, within designated space, provides infrastructural and professional services to higher education, innovation organisations, as well as to high- and medium-technology commercial companies in a particular scientific, research and development or production grouping for the purpose of connecting them in order to apply more rapidly new technologies, create and market new products and services.* (Article 23).

Parks are defined as organisations providing infrastructure support to the innovation activity.

As highlighted at the 1st IT STAR Workshop on R&D in ICT, which was held in November 11, 2006 (Bratislava, Slovak Republic), there are several techno-parks as well as innovation centres, which are only in a setting-up procedure (feasibility

studies, expression of interests etc.) and only some of them have started to operate recently. Most of them are still not in the operation.

Recognized, planned, sites are (JISA, 2006):

- Belgrade - Mihajlo Pupin Institute;
- Belgrade - Institute Vinča;
- Belgrade - University of Belgrade -Technical faculties;
- Belgrade - Institute for Chemistry, Technology and Metallurgy;
- Novi Sad - Technical University;
- Niš - University of Niš;
- Kraljevo; and
- Technological Park in the Region Podrinje-Kolubara.

According to the internet source⁴, the final presentation of the project "Feasibility Study for foundation of Science & Technology Parks in Serbia" was held in "Mihajlo Pupin" Institute in March 2008.

The work completed by the consortium consisting of 20 faculties and institutes from Serbia engaged in this project, was financed by former Ministry of Science and Environmental Protection during the period 2005 - 2007.

The task of this consortium was to evaluate the innovative potential of research, inventive and entrepreneur sector in Serbia, and to generate several feasibility studies for S&T Parks and/or technological incubators. Besides that, the aim of this project was to promote the entrepreneurship in innovative sphere. This task was accomplished by organising the competition for the best business idea on a team and company level and by supporting the existence of the new companies founded according to the business plan including new products, services and processes generated by technological incubators and S&T parks.

Finally, the project was intended to enable the gathering of high technology companies (with investments in R&D over 8%) in clusters, which would be organisationally and later physically positioned in newly founded S&T parks in the environments which would be able to organise them.

Following results were presented:

Three competitions for the best technological innovation were organised. It resulted in the promotion of an innovative culture, linking the scientific research sector with industry and founding a few enterprises; feasibility studies were made and according to them the S&T parks of Institute "Mihajlo Pupin", Novi Sad and Niš were founded; Business Technology Incubator of Technical Faculties Belgrade was established and the research of the innovative capacities in the Serbian ICT sector was done.

⁴ http://www.imp.bg.ac.yu/News/080327_zavrсна_prezENG.html

Name of initiative:	“Mihajlo Pupin” Institute - Science and Technology Park (STP MPI)
Contact:	Volgina 15, 11060 Belgrade, Serbia
Email:	info@institutepupin.com
Website:	http://www.institutepupin.com

The “Mihajlo Pupin” Institute is a leading Serbian R&D institution in ICT. Since its foundation in 1946, the Institute has been engaged in application-orientated research on behalf of key utility and transportation companies, public safety and finance, and various vertical industry sectors. The Institute presently has approximately 500 employees.

The “Mihajlo Pupin” Institute - Science and Technology Park (STP MPI) was established as part of transformation process of one state-owned R&D institute into a network of new dynamic, highly profitable, efficient and highly qualified companies, integrated within STP MPI. These companies are a source of new small and medium sized incubating spin-of companies in the field of ICT.

The STP MPI was established December 20, 2006 and covers the City of Belgrade.

STP MPI, after the ongoing transformation of the MPI, will provide member companies, in economic terms, strengthening of entrepreneurial activities as well as enhancing the synergy between enterprise – university – research – governments.

Specific policy issues:

- Promotion of innovation policy: innovation activities and innovation culture;
- Promotion of development of ICT;
- Small business infrastructure development,
- Enterprise creation and new well-paid jobs, increment value of GDP;
- Support to existing companies (outreach services) within MPI;
- Taxes for the state,
- Improved productivity, quality and exports by diversification of technology-based products and services.

The long term objectives of STP MPI are to:

- create a powerful scientific, professional and business center within STP MPI;
- provide conditions for continuous, intensive professional advancement of all employees in their fields of interest;
- provide EUR 100.000 annual income per employee in the basic areas of work;
- create a respectable R&D institute in dedicated ICT areas;
- form a high-education ICT center on STP MPI premises;
- ensure an annual total income growth rate of no less than 15%, preferably 30%;
- reach the overall STP MPI’s 50% share of product and service exports in the total income;
- form joint venture R&D centers with national and foreign R&D institutions;
- form companies with national and foreign companies; and

- form incubator to provide all required support to the establishment, development and marketing of SMEs .

The “Mihailo Pupin” Institute (MPI) is a public, 100% state owned company. Daughter companies are 100% owned by the “Mihailo Pupin” Institute, the mother company. Top governing body of “Mihailo Pupin” Institute is the Managing Board, appointed by the Government of Serbia - Ministry of Science, where 50% of the Board members are appointed from the Institute employees - members of the Scientific Board with PhD degrees. This Ministry is the founder of STP MPI.

The project of forming the Mihajlo Pupin Science and Technology Park will be financed as follows: 20% of the total investment will be provided by the Ministry of Science; 40% of the total investment will be financed by the Serbia’s Development Fund through a credit (5% annual interest rate, 5-year repayment period, one-year grace period); and 40% of the total investment will be financed by commercial bank credit (6.5 annual interest rate, 5-year repayment period).

It is planned, that the STP MPI provides the following services to “hosted” companies:

- Infrastructure (Shared reception desk, Conference hall, Presentation equipment and space, Laboratories, Library, Photocopying, Maintenance and security, Ambulance, High-capacity Internet and Intranet, Parking and Restaurant);
- Consultancy (Marketing services and support to market research, Contacts with potential service/product buyers);
- Administrative-bookkeeping services (Legal services and advising on company establishment and management, Legal advice in project contracting, patenting and intellectual property rights protection, Creation of business plans and investment studies);
- Accounting and financial services (Financial analysis - internal and external, Financial planning, Financial auditing, Organisation of finance function);
- Support to the introduction of quality management system and implementation of product quality instruments and standards (ISO standards);
- Translation services;
- Cooperation with banks and other financial institutions;
- Information required to apply for national and international research project competitions; Information on tendering procedures;
- Support to the preparation of applications and to finding partners for joint work and support to equipment and software purchase;
- Educational services (Cooperation with universities and technology parks worldwide through knowledge and innovation exchange and technology transfer; Postgraduate and specialist courses; Organisation of professional training and seminars; e-learning).

Industry/Sector (technology area): ICT

International activities: Leading world companies such as BASF, Raytheon, NCR and Philips had benefited from Pupin’s solutions and services. Therefore, the Institute uses all possible benefits due to competence and international linkages established within STP MPI activities.

Name of initiative:	Science and Technology Park Niš
Contact person:	Not available
Email:	Not available
Website:	http://ntpark.elfak.ni.ac.yu/ntpark/

The Science and Technology Park Niš is located in the area, which was converted from the existing army base into the S&T Park. The pre-feasibility study has already been completed in 1999/2000 by the Municipal Directorate for the Reconstruction of Niš. The Mission of the Science and Technology Park Niš is to create stimulating environment for development of high-tech high-accumulative businesses and markets in the region by providing support for creation and development of high-tech companies capable to operate on the global market.

The Mission of the Park is addressed through the following goals:

- Providing environment that would attract big international high-tech companies to locate their R&D, education and business centres in the park.
- Creation of entrepreneurial spirit and successful high-tech start-ups within a new-economy business incubator, and
- Providing necessary infrastructure and services for all companies located in the park.

The Park will provide following functions: Facilitator of start-up of small to medium companies; focus for regional R&D institutes, centres of excellence and design offices; location of new light, high-tech manufacturing enterprises; centre for software development and services; facilitates easy access to the university; provision of affordable local residential area (384 apartments).

Industry/Sector (technology area): ICT, Software development and Outsourcing, Hardware development and Design, System Integration, Informatics for Bio, Chemical and Medical applications, Internet technologies and applications, Robotics and Mechatronics.

International activities: Not available

Name of initiative:	Science and Technology Park Novi Sad (STPNS)
Contact person:	Vojin Senk (Tempus project coordinator)
Email:	ram_senk@uns.ns.ac.yu
Website:	http://www.nosic.ns.ac.yu/

According to the webpage (<http://www.nosic.ns.ac.yu/incubationCentre.html>), there is a project already implemented regarding the creation of the Science and Technology Park Novi Sad. It is supported by an EU Tempus grant, entitled "University Science

Parks - Organisational Framework", which aims at defining the legal and organisational framework of the future park, as well as at establishing services of a sustainable Technology Transfer Centre, understood as a consultancy for researchers engaged in technology oriented projects willing to investigate market potentials of the developed products, intellectual property management etc.

To gather more details about the STPNS, please consult: <http://www.nosic.ns.ac.yu/>.

Industry/Sector (technology area): Not available

International activities: Not available

Name of initiative:	Institute Vinča - Belgrade
Contact:	"VINČA" Institute of Nuclear Sciences, P.O. Box 522, 11001 Belgrade, Serbia
Email:	office@vin.bg.ac.yu
Website:	http://www.vin.bg.ac.yu/en/about/

The Vinča Institute of Nuclear Sciences is the largest scientific institute in the Republic of Serbia. It is located 15 km from the centre of Belgrade. The Institute incorporates two nuclear reactors, one accelerator installation, one industrial scale irradiation unit, sixteen research laboratories, two research centres, a library, administration, and all the necessary technical services.

Founded in January, 1948 as the Institute for Physics it quickly attracted the attention of young talented university graduates of almost all fields of the natural and engineering sciences. As it grew, its research activities diversified, and by 1953 it had already become a recognized nuclear sciences research centre. Its name underwent changes from: the Institute for Physics, to the Institute for the Investigation of the Structure of Matter (1950), to the "Boris Kidrič" Institute of Nuclear Sciences (1953), to arrive to its present name in January, 1992.

The foundation of the Institute was a reflection of the understanding that science is far too significant for a small developing country to be left to the care of universities alone. Consequently, with generous help from the Government, the growth of the Institute continued until the early sixties. By then, two research reactors, several well-equipped laboratories, and a rich library were put in operation.

Industry/Sector (technology area): Energy, Nuclear engineering, Radiation, Physics, Atomic and Molecular physics, Chemistry, Biology, Electronics, and Materials.

International activities: Not available

Name of initiative:	Technology Park Kraljevo
Contact person:	Not available
Email:	Not available
Website:	Not available

Industry/Sector (technology area): Not available

International activities: Not available

Name of initiative:	Technological Park in the Region Podrinje-Kolubara
Contact person:	Not available
Email:	Not available
Website:	Not available

Industry/Sector (technology area): Not available

International activities: Not available

C2) Technological and Science Parks in UNMIK/Kosovo as defined by UNSC Resolution 1244 of 10 June 1999

According to the Private Sector Development Strategy in Kosovo (Government of Kosovo, 2007), there is a programme focusing on business and industrial parks adopted. (Objective 3: Growth of Export and Promotion of Investments, Programme 3.4.2. Business and industrial parks). By an industrial park it is meant equipping a certain business with convenient premises (places or facilities with sustainable infrastructure) in a controlled environment with a reasonable price, in a proper location, which is a very important element for development and growth of the enterprises.

No more information available when compiling the thematic report.

Name of initiative:	Industrial Park in Drenas (IPD)
Contact person:	Not available
Email:	Not available
Website:	http://www.sme-ks.org/?cid=2,196

The Industrial Park in Drenas (IPD) is a programme component of the working spaces, which means ensuring a physical infrastructure for business. IPD includes an area of 24 ha and is divided in 76 units. The production and services businesses will be located there. The IPD started to be built in 2005 and up to the time of writing the report approximately 30% of the Park is built.

The major purpose of the Park establishment is:

- Creation of a physical and business environment, in which both the existing businesses and new micro, small and medium ones can be developed and prosper;
- Attraction of new investments (domestic and foreign);
- Gathering of businesses in a suitable place outside of urban zone; and
- Extension of the existing industry.

The Industrial Park is mainly based on the services internally provided to enterprises, e.g. foreign enterprises located in the Park:

- Legal support for company registration;
- Comprehensive assistance during company start-up phase;
- Contractual issues on purchasing of the workspace;
- Support services for permission and planning;
- Support during construction and establishment of the workspace;
- Research and selection of local partners;
- Selection and recruitment of local workforce;
- Assistance to resolve transport, customs, accounting, fiscal, juridical and technical issues;
- Access to local language and culture; and
- Preferential access local distribution, processed products, and raw materials.

Industry/Sector (technology area): Not available

International activities: Not available

D1) Business-start-up Centres/ Technology Incubators in Serbia

As world economies shift, the reliance on technological innovation to drive growth becomes more and more important. Development models suggest that one of the most effective methods of capturing and nurturing innovation into practical technologies is through the use of business and technology incubators. Incubators are often connected to research universities and are the natural link between academic research and its application in small and medium sized businesses.

Business incubators are especially attractive for the countries in transition because they diminish problems to businesses by associating know-how and reducing expenses. Business Incubators became important instruments for development (primarily regional development) in the European Union in the 90s. There are over 900 Business Incubators in EU now. In the countries in transition there are about 250 Business Incubators. The first Business Incubators were established in Europe at the beginning of the 80s in England and Germany (Business Technology Incubator of Technical Faculties Belgrade, 2007).

Serbian business incubators have proven themselves as an effective and efficient mechanism to SME development and a tool of local and regional economic diversification. The national business incubation programme has started in Serbia in 2005. The legal framework for establishing and running the incubator and incubator companies (tenants) and technology and science parks has been developed during the establishment and development of the Pilot Business Incubator in Niš.

As stated in the 'National Programme for Business Incubators and Clusters Development in the Republic of Serbia 2007 - 2010', which was adopted in December 2006 by the Council for SMEs and Entrepreneurship, in 2010 there should be 15 incubators established and operating. The establishment of the Serbian Association of Business Incubators (December 2006) is of crucial importance for mutual development and indicates extreme commitment of the Serbian Government to further development of innovation infrastructure in the country.

Business incubation is based on international experience, best practice examples, as well as the experience acquired during establishment and development of business incubators in Niš, Knjaževac, Bor and Zrenjanin within the period 2004-2006. The process that starts with recruitment of entrepreneurs with the most competitive business idea and their further development to economically sustainable entities is often termed as the incubation process.

The Programme component 'Business Incubation' consists of the following sub-components:

- Business incubator establishment and development;
- Legal framework for establishing and running the business incubator;
- Training for entrepreneurs and SMEs; and
- Industrial and science parks establishment and development.

Business incubators enable a business environment for new and young developing businesses by providing premises, infrastructure and a comprehensive range of services and convenience that can improve their ability to run their operation during the early developmental period. The companies remain in the business incubator 2.5 - 3 years in average and pass through the following phases (Ministry of Economy, 2006):

- Pre-incubation period for company registration and establishment;
- Period for incubation development and growth inside the incubator; and
- Post-incubation period for follow-up and support to companies that left the incubator.

Serbia and UNMIK/Kosovo with its Business Start-Up Centre Kragujevac (BSC Kragujevac) and Business Start-Up Centre Kosovo (BSC Kosovo) actively participate in the **Southeast European Network of Business Start-up Centers and Incubators (SENSI)**. The Network was set up under the auspices of the SPARK in Tuzla (Bosnia and Herzegovina) on October 20, 2006, and is a regional network of business start-up centres and incubators with more than 20 members through the whole region of Southeast region (from Slovenia to FYR of Macedonia).

By bringing together the different local backgrounds, shared experiences, forces and know-how of business start-up centres and incubators in 8 countries (Slovenia, Croatia, FYR of Macedonia, Serbia, UNMIK/Kosovo, Montenegro, Bosnia & Herzegovina and the Netherlands), SENSI members aim to improve their support and business services to young entrepreneurs and start-ups.

In cooperation with universities from SouthEast Europe, local governmental institutions and local business communities, SENSI enhances the capacity of entrepreneurship in SouthEast Europe.

For more details concerning the SENSI network, its members, and contact lists, please visit the web-site: <http://www.sensi.biz/>

Name of initiative:	Business Start-Up Centre Kragujevac (BSC Kragujevac)
Contact person:	Nebojša Šimić (Project Coordinator)
Email:	n.simic@bsckragujevac.org
Website:	http://www.bsckragujevac.org/

The BSC Kragujevac as a part of a wider regional network of Business Start-up Centers and Incubators in South Eastern Europe (BSC Network) was established on May 1, 2007. The Centre is supported by SPARK (formerly ATA - The Academic Training Association) through a grant of the Dutch Government as well as in kind contributions by all project's partners. There is a Coordination Committee represented by all partners and a project manager responsible for overall management of the Centre.

The Business Start-Up Centre (BSC) Kragujevac supports young people (up to 35 years) to establish their own SMEs. In order to create 10 new SMEs, the BSC organizes Business Plan Competitions and training sessions for actual and potential entrepreneurs. Each year, BSC-Kragujevac offers individual consultancy, free registration, micro credit and Business Incubation space and services to newly established companies from the Business Plan competition.

The BSC Kragujevac enhances capacity of the local partner institutions by supporting them to develop and introduce new and innovative management and IT solutions and by supporting the University of Kragujevac to adjust its curricula to European standards to promote entrepreneurial spirit in society. Together with other BSCs from the region, the BSC Kragujevac also organises conferences and debates, in the Netherlands and other EU countries. These events target the business community, as well as government officials and NGOs, and aim to increase their awareness of issues and policies that influence the creation of start-ups and the development of the SMEs in Southeast Europe. The Centre also co-organizes regional conferences in SEE in order to share experiences between Business Start-Up Centers and Incubators (SENSI) to address policy issues to government officials from the

countries in the region, as well as to donors and representatives of international organisations.

The Business Start-Up Centre Kragujevac is a project of 6 local partners: Municipality of Kragujevac; Regional Economic Development Agency for Sumadija and Pomoravlje region (REDASP); University of Kragujevac; Sumadita; SLOGA; and Chamber of Commerce and Industry Kragujevac.

Industry/Sector (technology area): All technology sectors, special emphasis on young population 18-35 of age, and innovative businesses.

International activities: As a part of the BSC Network cooperating with the Former Yugoslav Republic of Macedonia, Montenegro, UNMIK/Kosovo, Bosnia and Herzegovina.

Name of initiative:	Business Incubator Centre Niš (BIC Niš)
Contact:	Šumadijska 1, 18000 Niš, Serbia
Email:	info@bicnis.co.yu
Website:	http://www.bicnis.co.yu/

The Business Incubator Centre Niš (BIC Niš) was officially opened on September 30, 2005 as a business incubator with support of the Norwegian Government and ENTRANSE project. BIC Niš is primarily targeted at business start-ups with a growth potential in the Niš region. The owners are the City of Niš (51%) and the Regional Center for Development of SMEs in Niš (49%). It is located in premises of Mechanical Industry Niš.

The mission of the Incubator is economic development and increase of employment rate in Niš region. The goal of the BIC Niš is to support small and medium sized enterprises development by providing them with office space and production facilities and other business-related services in the most critical development phases.

BIC Niš is available to companies in an early stage of their establishment which are in production or production-related services businesses. These businesses need to show the growth potential and prospects for new employment in the near future. BIC Niš offers space facility, office services, production equipment, and soft services, i.e. training programme, business idea analysis, market potential and access to financial resources. In the first year, BIC Niš is supporting tenants free of charge. As of second year the services are provided under non-commercial conditions.

During the year 2007, ENTRANSE Project supported commercialisation phase of this pilot business Incubator (BIC Niš) and matchmaking activities between the tenant companies of the BIC Niš and the Norwegian companies started.

Industry/Sector (technology area): Specialized business incubator oriented for certain businesses.

International activities: Cooperation with Norwegian companies and with neighbouring countries.

Name of initiative:	Business Incubator Knjaževac (BIC Knjaževac)
Contact person:	Dragan Milutinović (President of Advisory Board)
Email:	bicknjazevac@ptt.yu
Website:	Not available

The Knjaževac Business Incubator Centre (BIC Knjaževac) was established in May 19, 2005 as the first Business Incubator in Serbia with initial funding coming via the ENTRANSE project and OSCE. The Incubator assists the creation and development of the SME sector in the municipality of Knjaževac. It is a non-profit initiative launched by the Knjaževac, based at NGO Timok Klub.

The objectives of the BIC Knjaževac are to:

- create new jobs and promote coalitions among business organisations, local governments and civil society;
- educate and support existing SMEs, create enterprise orientated environment and reduce business failure;
- support in general the development of the municipality and diversify the local economy;
- generate individual and local wealth and develop local business communities;
- support reforms and democratization of Serbia;
- assure the sustainable development and advance financial stability;
- create infrastructure for supporting self-employment;
- assure the competitiveness of the region;
- facilitate introduction of new technology and retraining of workers in entrepreneurial skills; and
- offer ongoing adult learning in business management.

The BIC Knjaževac is self-sustainable and all activities are financed from own incomes. The organisational structure consists of the Advisory board (9 representatives of stakeholders and founders); the director and the Mentorship Team (9 volunteers, managers of big companies and successful entrepreneurs who assist to BIC members in their operations).

The services offered by the Centre covers the following:

- Assigned mentor to each new start-up for a period of 12 months;
- Pre-incubation and development advice for business planning;
- Providing the business space with all the necessary conditions for work, under favourable conditions on market;
- Possibility of using space for meetings and presentations with all the equipment;
- Possibility of using computers and other office materials;
- Seminars on business management skills, business functions, procuring raw materials and exporting finished goods and seminars on setting up and managing an office plus internet access & training;

- Assistance with bookkeeping (3 months free), personnel selection, training and development;
- Assistance with engineering, modernization of technical equipment and marketing;
- Consultant services for making a business plan;
- Office leading, internet use, keeping and modernization of IT equipment seminars; and
- Help in conducting marketing and public relations.

During the realization of the project, good relations with Knjaževac municipality, Belgrade's municipalities Palilula, New Belgrade and City of Niš were established. Good cooperation with Regional Chamber of Commerce was built and a Memorandum of Understanding (MoU) with the Entrepreneur's Association from Knjaževac was signed. The Incubator is assisted in establishment of several business incubators in Serbia (Valjevo, Vranje, Medvedja, Bor, Prokuplje) and is now wide recognized as a model, not only for support to entrepreneurs, but also as a national model for business incubation.

Industry/Sector (technology area): Light industry (shoes, textiles, paper production etc.)

International activities: The BIC Knjaževac is a member of SENSI and cooperates in various fields with international institutions and organisations (USAID, OSCE, ENTRANSE, CIDA, Hamilton Incubation of Technology - Canada, Business Incubator Vidin - Bulgaria etc).

Name of initiative:	Business Incubator Zrenjanin (BIZ)
Contact person:	Bojan Ljutić (BIZ Manager)
Email:	inkubator@biz-zr.co.yu
Website:	http://www.biz-zr.co.yu/indexeng.html

The first business incubator in the Province of Vojvodina (unique in Serbia due to its conception directed solely towards information technologies) has been officially opened in December 2006. The Business Incubator in Zrenjanin (BIZ) aims to assist entrepreneurs with enterprise start-ups and business development in the field of new software development in the city of Zrenjanin (Banat region) in Vojvodina. The target group for the business incubator is the software development professionals in Zrenjanin - a town with more than a hundred unemployed IT professionals, as well as approximately 100 IT graduates every year ("Mihajlo Pupin" Faculty), mostly without job opportunities.

The BIZ is owned by the municipality of Zrenjanin and Vojvodina Investment Promotion Fund and supported under the project: 'Building Business Incubators' as part of the Integrated Regional Development Plan of the Autonomous Province of Vojvodina by German Organisation for Technical Co-operation (GTZ), ENTRANSE,

OSCE, Serbian Agency for SMEs Development, IT Faculty in Zrenjanin, Regional Chamber of Commerce, Regional Development Agency – Banat, etc.

The incubation period is three years and linkages between the industry and academia are encouraged by the initiative.

The objectives of the BIZ are common also for the Business Incubator Subotica (BIS):

- Stimulate SMEs development process;
- Improve competitiveness of regional start-up businesses;
- Encourage industry-science links; and
- Create practical and business oriented local support capacities.

The Memorandum of Understanding (MoU) was signed between Vojvodina Investment Promotion (VIP) and the local government of Zrenjanin, which allowed the establishment of the BIZ Ltd. (Limited Liability Company). The funding is provided mostly by the Regional Government of Vojvodina and the local governments of Zrenjanin. In addition, a number of donors are supporting the initiative both through financial and non-financial assistance.

Industry/Sector (technology area): ICT

International activities: Cooperation with GTZ, Norwegian government and OSCE.

Name of initiative:	Business Incubator Subotica (BIS)
Contact:	Ildiko Zedi (BIS Manager)
Email:	office@bis-su.co.yu
Website:	Not available

The Business Incubator in Subotica (BIS) was officially opened in December 2006 as the second business incubator in AP Vojvodina. The Incubator is supported under the project: 'Building Business Incubators' as part of the Integrated Regional Development Plan of the Autonomous Province of Vojvodina.

The BIS assists entrepreneurs with enterprise start-ups and support start ups to help establishment of sustainable businesses in the region. The business incubator in Subotica represents a separate legal entity managing the business incubator (limited liability company organizing activities, taking care of assets, trainings and advising, negotiating and contracting with stakeholders, suppliers, clients, etc).

The Incubator founders signed Ltd incorporation agreement and established the BIS Ltd.: local self-government of Subotica, Executive Council of AP Vojvodina, Subotica Technical Vocational High School, ATB Sever (foreign investor company), Subotica Regional SMEs Development Agency and the Serbian Agency for Development of SME and Entrepreneurship. This project is also supported by three international institutions: GTZ, ENTRANSE and USAID/MEGA.

Services provided to the tenant-companies are similar to the services of the Business Incubator Zrenjanin (BIZ):

- Quality office space;
- Small non-refundable grants for equipment;
- Entrepreneurial training;
- Business development advisory services (legal, marketing, finance, business planning, etc.); and
- Technical support (utilities, ICT infrastructure).

Industry/Sector (technology area): Multi-sector (manufacturing, services, textile, food production)

International activities: Cooperation with GTZ, Norwegian government; Business incubator BIOS Osijek (Croatia)

Name of initiative:	Business Incubator Bor
Contact person:	Suzana Kiridžić (Project Manager BIC Bor)
Email:	bicbor@yahoo.com
Website:	Not available

The Business Incubator Centre Bor is not-for-profit organisation promoting economic development of our community, which was established in autumn 2006. The Centre Bor supports new and developing enterprises, providing wide spectre of business trainings, supporting programmes, flexible loans and office supplies rent.

The Mission of Business Incubator Centre Bor is to produce successful and sustainable enterprises after leaving the programme.

The formation of the business incubators is defined through Strategic Action Plan of Municipality of Bor as an instrument of local development support. Municipality of Bor has managed to come to an agreement on financing the realization of the project by the Municipal Support Programme Eastern Serbia (European Agency for Reconstruction) and USAID Programme. Municipality of Bor has also provided office space for Business Incubator Centre and has closed a Contract on lease for 10 years with private company "Industrosirovina" Knjaževac.

The Business Incubator Centre Bor provides following services:

- Tutorial monitoring for every new enterprise lasting for 12 months;
- Pre-incubation support, developing consult and assistance in creating business plan;
- Seminars on business managing techniques, accountancy, marketing and finances;

- Seminars on procurement techniques and finding market for goods, business operations, computers;
- Credit support and procurement on leasing, accountancy;
- Flexible facilities for manufacturing and offices and “all included” membership;
- Joint meeting hall for conferences and meetings; and
- Possibility of renting office supplies and joint postal service, shipping space, kitchen.

Industry/Sector (technology area): Manufacturing-serviced or mixed (advantages are ecological clean manufactures) without innovations.

International activities: Not available

Name of initiative:	Business and Technology Incubator of Technical Faculties Belgrade
Contact person:	Gordana Danilović Grković (Project Manager)
Email:	danilovic@ikomline.net ; danilovi@EUnet.yu ; office@bitf.co.yu
Website:	http://www.bitf.co.yu/

The Business and Technology Incubator has been established as a partnership between the four technical faculties of the University of Belgrade (Civil Engineering, Mechanical, Electrical and Technological/Metallurgical), the Municipality of Palilula and the Democratic Transition Initiative. The project has also received support from the Organisation for Security and Cooperation in Europe (OSCE).

According to the internet source⁵, the ceremonial opening and promotion of the Business and Technology Incubator of Technical Faculties Belgrade was held on December 14th, 2007. The Incubator was officially opened by Ambassador of the OSCE Mission to Serbia (Hans Ola Urstad) in the presence of more than 100 guests - ambassadors, representatives of the ministries, the City of Belgrade and many municipalities in Serbia, university professors and successful entrepreneurs.

The establishment of the Incubator is based on international experiences and best practices. It has the following goals:

- To encourage and support students in starting up their own businesses and keep student in Serbia;
- To develop a pool of young and well trained entrepreneurs who will in the future create a new business core of the city; and
- To create the conditions for practical application of the results obtained through science and research activities of university professors and their associates, by spinning-off private enterprises and transfer of knowledge and technologies.

⁵ <http://www.entranse.org/News.aspx?ac=homepage>

The aim of the incubator is to give support in the early stages of business development in the form of subsidized overhead (office and research space and technological and telecommunication infrastructure), administrative assistance (legal, accounting, etc.), as well as business counselling (planning, management, marketing, etc.).

Industry/Sector (technology area): ITC

International activities: Supported by Organisation for Security and Cooperation in Europe (OSCE) and Israeli Government.

Name of initiative:	Business Incubator in Szent
Contact person:	Vladimir Nikolić (Manager)
Email:	Not available
Website:	Not available

The Vojvodina Investment Promotion Fund (VIP) has recently expanded its activities related to development of business incubators and established (in February 2008) jointly with the Szent Municipality another legal entity (limited liability company), which will manage and operate the business incubator in Szent.

Construction works are underway to refurbish existing facilities and it is expected that the incubator facilities will be ready for tenants the end of summer 2008. In the meantime, the manager of the incubator is working with potential tenants and the incubator should be fully operational during the second half of 2008.

The incubator will host tenant companies across sectors, though I expect manufacturing sector to dominate among tenants.

Industry/Sector (technology area): Plan to host companies across sectors (dominating manufacturing sector)

International activities: Not available

Name of initiative:	BIC Kikinda - Vojvodina
Contact person:	Not available
Email:	Not available
Website:	Not available

Industry/Sector (technology area): Not available

International activities: Not available

Name of initiative:	Business Incubator Novi Sad
Contact person:	Not available
Email:	Not available
Website:	http://www.nosic.ns.ac.yu/incubationCentre.html

The objectives of incubation in Novi Sad are to provide all the resources that the technology or other entrepreneur needs to build a successful business. A total of 4.000 m² should be developed, with a tenant focus on high-tech companies but flexibly accepting other similar companies on a temporary basis if space is available.

The Novi Sad Incubation Centre will provide:

- Quality equipped building - new or an adapted one provided by the municipality of Novi Sad;
- Shared use of specialized scientific and business equipment and common building spaces;
- On-site staff and consultant management assistance in budgeting and cost control, personnel management, purchasing and marketing;
- Networking opportunities that will encourage the entrepreneur to interact with other companies inside and outside the incubator for experience sharing and problem solving;
- Assistance in obtaining financing for equipment and operations through preparation of business plans and linkages to seed and start-up venture funds, as well as to support from regional, state and European development funds.

Having Novi Sad Incubation Centre space and supporting services in the future will dramatically increase the yield and make business start-ups an important part of the future Science and Technology Park.

To gather more details about the STPNS, please consult: <http://www.nosic.ns.ac.yu/>.

Industry/Sector (technology area): High-tech sector

International activities: Cross-border co-operation with Hungarian partners established.

Name of initiative:	Business Incubator Kruševac
Contact person:	Not available
Email:	Not available
Website:	Not available

Industry/Sector (technology area): Not available

International activities: Not available



Name of initiative:	Business Incubator Center Užice
Contact person:	Not available
Email:	Not available
Website:	Not available

The Regional Center for Development of Small and Medium Sized Enterprises and Entrepreneurship „Zlatibor“, initiated the start-up of the Business Incubator Center, one of priority programmes of the Local Economic Development Strategy for Užice Municipality in the period 2005 - 2010. The first phase of this activity was creation of a Virtual Business Incubator, which serves as an intermediate step toward establishing a business incubator to support business start-ups in Užice.

The project is supported through the USAID, who allocated USD 15.000 for purchasing of the equipment. The Regional Center invested USD 5.000.

The project is a part of the Community Revitalization through Democratic Action - Economic (CRDA-E) Programme, which is implemented in Western Serbia by International Relief and Development (IRD).

The services provided cover mainly assistance to businesses and entrepreneurs, legal and administrative support, technical assistance, mentoring, training seminars, and participation at promotion actions.

Industry/Sector (technology area): Not available

International activities: Not available

Name of initiative:	Business Incubator Valjevo
Contact person:	Not available
Email:	Not available
Website:	Not available

The Business Incubator Centre acts as an incubator for the Roma Community.

Industry/Sector (technology area): Not available

International activities: Not available

Name of initiative:	Business Incubator Smederevska Palanka (Central Serbia)
Contact person:	Not available
Email:	Not available
Website:	Not available

Industry/Sector (technology area): Not available

International activities: Not available

Name of initiative:	Business Incubator in South Serbia (Vranje, Bujanovac and Medvedja)
Contact person:	Not available
Email:	Not available
Website:	Not available

Industry/Sector (technology area): Not available

International activities: Not available

D2) Business-start-up Centres/ Technology Incubators in UNMIK/Kosovo as defined by UNSC Resolution 1244 of 10 June 1999

According to the Private Sector Development Strategy in UNMIK/Kosovo (Government of Kosovo, 2007), there is a programme focusing on incubators adopted. (Objective 3: Growth of Export and Promotion of Investments, Programme 3.4.1. Incubators). Building incubators for business affairs would be in the light of supporting those businesses, which have just begun and this would support their growth, by providing sufficient space to them with reasonable price, trainings and consultations on business affairs.

No more information available when compiling the thematic report.

Name of initiative:	Business Start-Up Centre Kosovo (BSCK)
Contact person:	Belma Bajrami-Kastrati (Director)
Email:	b.bajrami@bsckosovo.org
Website:	http://www.bsckosovo.org/

The Business Start-Up Centre Kosovo (BSCK) was successfully launched in 2006 as one of the first BSCs financed under a four-year grant of the Dutch Government. The Business Start-Up Centre Kosovo (BSCK) assists graduate students and young graduates of all faculties of all universities in UNMIK/Kosovo in establishing SMEs. It offers practical training courses and consultancy as well as accessible micro-credits for the most promising business ideas.

Strategic project goals are to:

- bring together the Higher Education sector and the Business sector in Kosovo in order to better meet the needs of the labour market
- contribute to the economic development in UNMIK/ Kosovo; and
- improve the regional trade and investment climate to accelerate European economic integration.

The partners of the Business Start-Up Centre Kosovo are:

- University of Prishtina (UP);
- Kosovo Chamber of Commerce (KCC);
- Ministry of Education, Science, and Technology (MEST);
- Ministry of Trade and Industry (MTI);
- Ministry of Youth, Sports and Culture; and
- Riinvest Institution.

The Center provides practical business training to young people throughout Kosovo on how to establish Micro, Small and Medium Sized Enterprises (MSME) and also assists them through technical (free business consulting hours) and financial assistance (micro-credit) in starting up MSMEs. The ultimate goal of BSCK is to establish 30 new MSMEs in UNMIK/ Kosovo over the period of two years in order to give Kosovo youth necessary skills to be self-employed as well as create new jobs, stimulating local economies, providing an expanded local tax base, which in return contributes to the economical development of the region.

The newly created Centre works closely with university and faculties to improve their curricula to better meet the demands of the local labour market and provide students with practical business skills.

Industry/Sector (technology area): All technology sectors, special emphasis on young population 18-35 of age, and innovative businesses.

International activities: As a part of the BSC Network cooperating with member of SENSI Network.

According to the internet source⁶, the EU, through the European Agency for Reconstruction (EAR), provided EUR 400,000 for the refurbishment of buildings and technical assistance for business incubators in three Kosovo municipalities: Gjilan, Shtime and Decan.

⁶ http://www.ear.eu.int/publications/main/pub-press_release_kos_20070906.htm

The services, which are offered by business incubators, are:

- Low cost, centrally located and tenant-ready accommodation, with flexible rental periods - short and medium term (up to 3 years); Sliding scale rents; Easy access and parking facilities; Full security; Telephone and internet access; Direct utility charges.
- Logistics and support, including Marketing and Publicity about the BI and its Tenants; Provision of a communal meeting room and communications facility with computer, printer, and fax machine; Central administration and secretarial services (if required); Linkages to Municipal and other relevant business service providers.
- Management Services and training in Start up and growth strategies for business; Accounting, business planning, tax advice, and accessing finance; Marketing and PR, and developing business networks; Management and Human resources; Business registration and on-going legal advice; Maximising the use of IT.

At the moment, there are four business incubators in operation: Mitrovica, Gjilan, Shtime and Decan.

Name of initiative:	Business Incubator Decan
Contact person:	Not available
Email:	Not available
Website:	Not available

The Business Incubator Decan was the first incubator opened in May 2007 with financial support of the European Agency for Reconstruction (EAR).

Industry/Sector (technology area): Not available

International activities: Not available

Name of initiative:	Business Incubator Gjilan
Contact person:	Not available
Email:	Not available
Website:	Not available

The Business Incubator Gjilan was officially opened on September 6, 2007. The Business Incubator is an important part of the municipality's local economic development strategy that is designed to encourage economic activity and stimulate job creation, and to improve awareness of the region's investment opportunities.

The aim of the Business Incubator Gjilan is to promote job creation and entrepreneurship by providing incubator tenants with low cost space and support services. The Incubator provides accommodation and support for up to 18 businesses.

The BSC is itself supported by the Government of the Netherlands and is working closely with the Ministry of Trade and Industry and the EAR programme of institutional support to the Ministry.

Industry/Sector (technology area): New and young businesses ranging from jewellery production to accountancy, from audio and video design services to medical diagnostics.

International activities: Not available

Name of initiative:	Business Incubator Shtime
Contact person:	Not available
Email:	Not available
Website:	Not available

The Business Incubator Shtime is financially supported by the European Agency for Reconstruction (EAR).

Industry/Sector (technology area): Not available

International activities: Not available

Name of initiative:	Business Incubator Mitrovica
Contact person:	Not available
Email:	Not available
Website:	Not available

Industry/Sector (technology area): Not available

International activities: Not available

E) Others, related Organisations

Name:	Republic Agency for the Development Small and Medium-Sized Enterprises and Entrepreneurship (RASME)
Contact:	Topličin venac br. 19, Belgrade, Serbia
Email:	office@sme.sr.gov.yu
Website:	http://www.sme.sr.gov.yu/

The Republic Agency for the Development Small and Medium-Sized Enterprises and Entrepreneurship (RASME) was founded by the Law on Agency for a Development of Small and Medium-Sized Companies (Službeni glasnik RS, n. 65, from November 11, 2001). The Agency is divided into three key sectors: International Co-operation; Support to SMEs; and Common Affairs.

The basic aim of the RASME is to support (aid, advise, assist, and protect) the development and interests of the SMEs, in:

- Invigoration of the regional economic development and change of the economic structure;
- Solving unemployment problems more efficiently;
- Substitution of import and intensifying SMEs competitiveness;
- Stimulating various forms of cooperation with big enterprises;
- Introducing modern technologies and enhancing innovations (entrepreneurs' incubators, innovative centres, etc);
- Utilizing business premises and equipment more economically; and
- Quality upgrading; automation and computerization etc.

RASME has predominantly been active in providing legal and financial consulting, as well as training in co-operation with the National Employment Service. The Agency helps SMEs in adapting new technologies in the form of advisory support to their innovative activity.

Main activity of RASME in 2007 was launching new programme, defined as support for start-up of new companies. In total 2507 applications were filled and 1507 start-up loans were approved. RASME continues with similar programmes also in 2008.

The **Republic Network for Technical Support to the Development of Small and Medium-sized Enterprises and Entrepreneurship** was established with the goal to contribute to the creation of better conditions for SME development in Serbia, as well as strengthening of the Network members.

The Republic Network was established in May 2003, initiated by the Republic Agency for the Development Small and Medium-Sized Enterprises and Entrepreneurship (RASME) in order to gather and link all Regional Agencies/Centres in the country. The Network is not a legal entity, and its members retained their independence and legal entity rights. The Network is open for new members which contribute to the development of entrepreneurship in Serbia.

RASME coordinates the Republic Network consisting of 14 regional agencies and centres for SME development, which cover 85% of the Republic of Serbia (Kosovo and Metohija excluded), i.e. the territory of the City of Belgrade and 19 counties with 130 municipalities in total. Ten regional agencies and centres were established in the period December 2001 - December 2002, supported by the donors: EAR (Kragujevac, Niš, Kruševac, Zaječar, Zrenjanin, Užice and Belgrade), GTZ (Novi Sad and Subotica) and Swiss Development Cooperation SDC (Novi Pazar), as limited liability companies, in accordance with the Company Law ("FRY Official Gazette" no. 29/96, 36/02), whose founders are relevant stakeholders from the regions they cover (local authorities, regional chambers of commerce, associations of entrepreneurs, business associations, banks, institutes, faculties and others). Co-founder in seven regional centres (Zaječar, Zrenjanin, Užice, Belgrade, Kragujevac, Niš and Subotica) is also the Government of the Republic of Serbia. In 2003, a new Agency was established, Regional Agency "Sombor" (covering the region of Zapadno-Bački County), by the Decision of the Government of the Republic of Serbia ("RS Official Gazette" no. 92/03, 105/03). In 2004, two more regional agencies were established with support from the International Labour Organisation ILO (Vranje and Leskovac), as limited liability companies, in accordance with the Company Law ("FRY Official Gazette" no. 29/96, 36/02) whose founders are relevant stakeholders from the regions they cover (as stated above these are local authorities, regional chambers of commerce, associations of entrepreneurs, business associations, banks, institutes, faculties and others). Regional Centre for the development of Small and Medium-sized Enterprises and Entrepreneurship Šabac Ltd. was established by the local authorities of Mačvanski and Kolubarski Districts, with the aim to develop the sector of small and medium-sized enterprises and entrepreneurship. The Centre started working on July 2, 2007 with four employees.

Websites of regional and local agencies of RASME: Belgrade: <http://www.mspsbg.co.yu>; Kragujevac: <http://www.smerakg.co.yu>; Kruševac: <http://www.mspsks.co.yu>; Niš: <http://www.ranmsp.co.yu>; Zrenjanin: <http://www.rcrbanat.co.yu>; Zaječar: <http://www.msp-timok.co.yu>; Novi Sad: <http://www.almamons.co.yu>; Novi Pazar: <http://www.seda.org.yu>; Subotica: <http://www.smer.subotica.info>; Užice: <http://www.mspsue.co.yu>; Sombor: <http://www.sora.co.yu>; Leskovac: not available; Vranje: <http://www.aimcentar.com>; Šabac: <http://www.centarsabac.co.yu>.

Name:	Small and Medium Enterprises and Entrepreneurship Council (SMEE Council)
Contact:	Bulevar kralja Aleksandra 15, 11000 Belgrade, Serbia
Email:	jovanka.jovanovic@mpriv.sr.gov.yu
Website:	http://smsp.mntr.sr.gov.yu/

The Small and Medium Enterprises and Entrepreneurship Council (SMEE Council) was formed by a government decision on August 17, 2006 with the aim of discussing, monitoring and analyzing the state of the SMEE sector, offer proposals, state

opinions, initiatives and expert explanations regarding the creation and implementation of SMEE development support policy. It also observes and initiates activities related to the cooperation between ministries and between ministries and other organisations and institutions.

Members of SMEE Council are nominated representatives from the Ministry of Economy, Ministry of Science, Ministry of Labour, Employment and Social Policy, Ministry of Finance, Ministry of Trade, Tourism and Services, Ministry of Education and Sport, Ministry of Agriculture, Forestry and Water Management, as well as members from Serbian Chamber of Commerce and Union of Employers of Serbia.

The EU funded "Support to Enterprise Development and Entrepreneurship Programme", which is managed by the European Agency for Reconstruction, provides technical assistance to the Council.

Name:	Business Incubator Support Centre (BISC)
Contact:	Not available
Email:	Not available
Website:	http://www.sme.sr.gov.yu/

According to the internet source⁷, the Agreement on Business Incubator Support Centre (BISC) was signed between the new leadership of Serbian Agency for SMEE Development and SINTEF on October 2, 2007.

The Business Incubator Support Centre is a project unit established within RASME (Republic Agency for the Development of SMEs and Entrepreneurship). The BISC will consist of the team leader and two advisors engaged on full time basis, two of which will be the employees of the Agency. SINTEF project team will be available for advising to the BISC team members. In addition, the knowledge, experiences, tools and mechanisms developed during the ENTRANSE project will be fully transferred to the BISC.

The Centre has the aim to support the infrastructure for entrepreneurship (establishing business incubators and parks, developing training concept), training programme development and implementation through all phases of the business incubation, provide direct technical and consultation support to the entrepreneurs, conduct activities on innovation centre and technology transfer, develop cooperation with the local business environment of the districts in Serbia, etc. Establishing and strengthening of Business Incubator Support Centre is envisaged by the Programme for Business Incubators and Clusters Development in the Republic of Serbia, 2007-2010 and approved by its Steering Committee.

⁷ <http://www.entranse.org/News.aspx?ac=homepage>

Name:	Serbian Business Registers Agency (SBRA)
Contact person:	Nikola Pasic sqr, 5/4, 11000 Belgrade, Serbia
Email:	bdobrosavljevic@apr.sr.gov.yu
Website:	http://www2.apr.sr.gov.yu/

The Serbian Business Registers Agency (SBRA) was established by the Business Registers Agency Law to define its status, headquarters, activities, the means for the SBRA's foundation and work as well as its organs.

The Agency was established as the single institution in charge of coordinating business registers of importance for Serbia's overall economy. Running the registers as public electronic databases has paved the way to greater legal protection, increased investments and the creation of a more favourable business environment in Serbia.

SBRA was founded with the aim of reducing administrative barriers to starting a business. This goal has been achieved rather efficiently through a quick and simple registration procedure, reduced costs and shorter company registration procedures. Regulatory reforms have enabled SBRA to assist business entities in minimizing costs and administrative formalities in dissolution, liquidation or bankruptcy procedures. Beside, running business registers as public databases has created the conditions to increase business investments - through loan models such as financial leasing and pledges on movable property and rights. Banks too now enjoy far greater legal protection than they did before the reforms.

The main goals of the Agency are to:

- reduce administrative obstacles for starting up a business;
- cut costs and the amount of time needed to close down a business; and
- improve the legal safety in the areas of banking, financial leasing and pledges over movable properties and rights.

The Serbian Business Registers Agency (SBRA) was established with the support of the Swedish Government (Swedish International Development Cooperation Agency), the World Bank, Microsoft - Serbia and Montenegro and USAID.

Name:	Serbia Investment and Export Promotion Agency (SIEPA)
Contact:	Vlajkovićeve 3/V, 11000 Belgrade, Serbia
Email:	office@siepa.sr.gov.yu
Website:	http://www.siepa.sr.gov.yu/site/en/home/

The Serbia Investment and Export Promotion Agency (SIEPA) is a government organisation dedicated to effectively helping foreign investors and buyers, while

raising Serbia's profile in the minds of international business decision-makers. Created five years ago by the Government of the Republic of Serbia, SIEPA's mission is to support foreign companies seeking to set up or expand in Serbia and Serbian companies when doing business worldwide.

Created as a one-stop-information-shop, SIEPA acts as a partner for international companies throughout the investment project to ensure its best results. Key SIEPA services offered to prospective and existing investors are:

Pre-investment services:

- Information on FDI-related legislation;
- Macroeconomic data and profiles of specific industries;
- Operation costs analyses;
- Other information requested; and
- Business opportunities presentations.

Investment set-up services:

- Assistance with company establishment (registration, work permits, office space etc.);
- Identifying locations for Greenfield projects;
- Finding existing facilities for Brownfield investment;
- Organising site visit and matchmaking with Joint Venture partners; and
- Facilitating contacts with national and local authorities.

Post-investment services:

- Assistance in dealing with bureaucracy at both national and local levels;
- Advise on business service providers (banks, leasing companies, consulting firms, law offices, real estate agencies etc.); and
- Linking with local suppliers.

Name:	Serbian Development Fund
Contact:	Knez Mihailova 14, 11000 Belgrade, Serbia
Email:	frrs@eunet.yu ; office@fondzarazvoj.co.yu
Website:	http://www.fondzarazvoj.sr.gov.yu

As indicated in the article by E. Dejan published in the ERENET Profile, Issue Vol.II, No.2 in May 2007, Serbian Development Fund is also very important institution offering a number of services related to financial support to SME sector development. One may primarily, through the Fund, provide very favourable loans and start-up business loans. Conditions are quite favourable, usually with 3-4 years provided for debt servicing and a year of grace period and significantly lower interest rate than the one for commercial bank loans.

Name:	SME Support Agency of Kosova
Contact:	Not available
Email:	Not available
Website:	http://www.sme-ks.org/?cid=2,1

The SME Support Agency in Kosovo/UNMIK was established as an Executive Agency under administration of Ministry of Trade and Industry, regulated by the Law on SME Support No. 02/L-5, article 8 in December 2006.

The Agency aspires to become an intelligence-gathering and co-ordinating hub in the multi-stakeholder environment of SME policy, to be a leading and dynamic National Agency that supports and further develops a vibrant, competitive and growing Small and Medium Enterprise sector in UNMIK/Kosovo. Its mission is to contribute to the further realization of a market economy in Kosovo by helping to build an enterprise society in which SMEs thrive and achieve their potential, with an increase in the number of people considering going into business, an improvement in the overall productivity and competitiveness of SMEs, more enterprises in disadvantaged communities and under-represented groups and by becoming a key mechanism for ensuring stronger and more effective SME representation.

The overall objectives of the Agency is to oversee the implementation of the SME Development Strategy, with Government mandate to substantially increase the contribution of SMEs to GDP and GDP growth; and to substantially contribute to reduce unemployment.

Name:	Investment Promotion Agency of Kosova (IPAK)
Contact:	Perandori Justinian No.3+5, Qyteza Pejton, Prishtina, UNMIK/Kosovo
Email:	info@invest-ks.org
Website:	http://www.invest-ks.org/

The Investment Promotion Agency in UNMIK/Kosovo (IPAK) was established as an Executive Agency under administration of Ministry of Trade and Industry, regulated by the Law on Foreign Investments no 02/L-33, article 19 on July 15, 2005.

The IPAK's vision is the economic development of UNMIK/Kosovo through foreign direct investment which will have direct impact in reducing unemployment and increasing the social welfare of our citizens.

The mission of the Agency is to improve the image of Kosovo and to attract foreign investors to look at Kosovo as the final destination for their investments through an aggressive and proactive marketing campaign, thorough increasing FDI inflows

whether Brownfield or new Greenfield investments targeting numerous investments opportunities in UNMIK/Kosovo.

Services provided by IPAK:

One-stop shop for all investors: collection and dissemination of information and assistance during all phases of investments: pre-investments, investments and after care:

- Provision of information on general business environment and specific industries;
- Provision of information on Taxation, Employment, Customs, Real Estate and other relevant laws and regulations;
- Advice on business service providers: financial, consulting;
- Assistance with registration, licensing, work permits, and other documentation;
- Linking potential investors to Brownfield, Greenfield;
- Provide offers for specific projects and locations; and
- Assistance in dealing with administration on all levels.

3 Conclusions/Recommendations

Serbia established a solid policy framework for the development of SMEs and implemented reforms. The overall business climate is improved due to the policy targeted at removing barriers to foreign investment, but no particular policy attention is given to the needs of small businesses. The 'National Strategy for the Economic Development of Serbia 2006 - 2012' and the 'National Programme for Business Incubators and Clusters Development in the Republic of Serbia 2007 - 2010' was approved at the end of 2006 and both documents demonstrate the interest of the Serbian Government to improve the entrepreneurial and innovation infrastructure. Financial resources provided from the State Budget indicate the willingness of the Government to support small and medium-sized enterprises and entrepreneurship infrastructure development.

A policy framework for innovation and technology centres and co-operation was established and active programmes to foster technological co-operation launched.

The framework for establishment of clusters is indicated in the 'National Programme for Business Incubators and Clusters Development in the Republic of Serbia 2007-2010'. The Ministry of Economy and Regional Development launched the project "Cluster Development Support Project in 2007", which was a follow-up (Phase 2) of the Pilot Project for Cluster Development 2005/2006 (Phase 1). There were numerous cluster initiatives supported via this project and there were 16 cluster initiatives operating at the beginning of 2008.

There are several technology and science and innovation centres (e.g. Technology Transfer Centre at the University of Novi Sad, Innovation Centre of Mechanical Faculty Belgrade and Novi Sad Innovation Centre), which have started to operate recently or are in a setting-up procedure (feasibility studies, expression of interests). The final presentation of the project "Feasibility Study for foundation of Science & Technology Parks in Serbia" was held in "Mihajlo Pupin" Institute in March 2008 and several results of the project were presented: e.g. feasibility studies were made and according to them the S&T parks of Institute "Mihajlo Pupin", Novi Sad and Niš were founded; Business Technology Incubator of Technical Faculties Belgrade was established and the research of the innovative capacities in the Serbian ICT sector was done.

The legal framework for establishing and running incubators was developed and the national business incubation programme has started in 2005. There is a plan to establish and have 15 incubators in operation till 2010. The establishment of the Serbian Association of Business Incubators (December 2006) is of crucial importance for mutual development and indicates strong commitment of the Serbian Government to further development of innovation infrastructure in the country.

In UNMIK/Kosovo, the SME strategy is being drafted as part of a National Development Plan. The national development planning process is in the phase of identifying projects and budget resources. Unfortunately no information about the



Strategy is available. Significant initiatives to encourage technology transfer were not yet developed.

No government policy on clusters has been adopted in UNMIK/Kosovo, and there is no structured involvement by the Government in this issue. An USAID initiative in UNMIK/Kosovo promotes clusters development within its Kosovo Cluster & Business Support Programme (KCBS). Three clusters have been identified recently for targeting within this programme: Livestock (Dairy-Beef-Poultry-Animal Feed) Cluster, Fruits and Vegetable Cluster; and Construction Materials Cluster.

Currently, no technology/innovation centres are operating in UNMIK/Kosovo, and first Industrial Park in Drenas (IPD) started to be built in 2005 (approximately one third of the Park is finished).

There are four business incubators in operation (Mitrovica, Gjilan, Shtime and Decan) supported by the Ministry of Trade and Industry and by the European Agency for Reconstruction (EAR) and one Business Start-Up Centre Kosovo financed by Dutch Government.

The following recommendations can be given:

- **Enhance competences and abilities** of the Government and its institutions to precisely define the requirements and priorities in the development of the entrepreneur and SME sector;
- **Improve connection of the entire system of support** (non-financial and financial), there is a strong need for synoptic donor coordination and further harmonisation;
- **Develop innovation support services, capacity building** and consultants' **training programmes** for innovation support organisations: innovation centres and agencies, incubators, R&D organisations, science and technology parks;
- **Allocate more financial resources** to the infrastructure (sustainability of the structures and their projects);
- **Fund R&D commercialisation units and technology transfer centres** in universities and research institutes;
- **Create interactions and linkages** between different kinds of knowledge: science, technology, production;
- **Provide effective transfer of good and bad practices;**
- **Improve understanding of innovation process** by key players, policy makers;

- **Support capacity building** (e.g. compulsory training programmes for employees of government administration, public services and inspection authorities);
- **Offer better coordination and implementation of the entrepreneurial training** to incubated companies;
- **Establish and assure** implementation of **control systems**;
- **Provide accurate and up-to-date information** about the operation of incubators, parks and innovation centres; and
- **Monitor and evaluate the performance and impact** on SMEs development on time.

4 References

Business incubator inaugurated in Gjilan/Gnjilane. Available from:
http://www.ear.eu.int/publications/main/pub-press_release_kos_20070906.htm,
accessed 24.04.2008.

Business Incubator Support Centre (BISC). Available from:
<http://www.entranse.org/News.aspx?ac=homepage>, accessed 24. 04.2008.

Business Technology Incubator of Technical Faculties Belgrade (2007): Business incubators worldwide. Available from: <http://www.bitf.co.yu/worldwide.jsp>, accessed 30.07.2007.

Business Incubator Palilula. Available from:
<http://www.entranse.org/News.aspx?ac=homepage>, accessed 21.04.2008.

Dall, E. (2006): National R&D Strategies of the Various Countries in Focus. In: Research and Development in South East Europe. Gesellschaft zur Förderung der Forschung.

Dejan, E. (2007). ERENET Profile, Issue Vol.II, No.2, May 2007.

ENTRANSE Project. Available from: <http://www.entranse.org/>, accessed 21.04.2008.

ESPIG Policy Paper (2004). 'Towards a Kosovo Development Plan. The state of the economy Kosovo and possible ways forward'.

European Commission (2006). Report on the implementation of the European Charter for Small Enterprises in Moldova and the Countries in the Western Balkans.

European Commission and Serbia to sign Agreement worth €165 million. Available from: <http://www.europa.org.yu/code/navigate.php?ld=451>, accessed 21.04.2008.

Final presentation of the project "Feasibility Study for foundation of Science & Technology Parks in Serbia", March 2008. Available from:
http://www.imp.bg.ac.yu/News/080327_zavrsna_prezENG.html, accessed 24.04.2008.

Government of Kosovo (2007). Private Sector Development Strategy in Kosovo 2007, Prishtina.

JISA (2006): Country Report - Serbia. Available from: http://www.scholze-simmel.at/starbus/r_d_ws1/serbia.pdf, accessed 20.07.2007.

Kosovo Cluster & Business Support Programme. Available from:
<http://usaidkcbs.com/index.htm>, http://usaidkcbs.com/KCBS_clusters.htm, accessed 23.04.2008.



MEST Kosovo (2002): Role of the Ministry. Available from:
www.esiweb.org/pdf/bridges/kosovo/6/2.pdf, accessed 17.10.2006.

Ministry of Economy (2006): National Programme for Business Incubators and Clusters Development in the Republic of Serbia 2007 - 2010.

NOSIC. Available from: <http://www.nosic.ns.ac.yu/incubationCentre.html>, accessed 30.08.2007.

OECD and EC (2007): Enterprise Policy Development in the Western Balkans: a report on the implementation of the European Charter for Small Enterprises.

OECD and EC (2007): SME Policy Index 2007 - Report on the Implementation of the European Charter for Small Enterprises in the Western Balkans.

Office for Supporting FP7 proposal preparation. Available from:
http://www.mntr.sr.gov.yu/eng/index.php?option=com_content&task=view&id=238&Itemid=45, accessed 21.04.2008.

SIEPA (2006): Doing Business in Serbia 06. Available from:
http://www.siepa.sr.gov.yu/attach/Doing_Business_in_Serbia_06.pdf, accessed 20.07.2007.

SME Agency of Kosova. Available from: <http://www.sme-ks.org/?cid=2,194>, accessed 30.08.2007.

Small and Medium Enterprises and Entrepreneurship Council (SMEE Council). Available from:
http://smsp.mntr.sr.gov.yu/eng/index.php?option=com_frontpage&Itemid=1, accessed 22.04.2008.

5 Further Sources

AGEF Prishtina. Available from:

http://217.160.190.96/AGEF_NETWORK/AGEF_PRISHTINA/index.php?lang=EN,
accessed 23.04.2008.

Kosovo development plan. Available from:

<http://www.unmikonline.org/pub/focuskos/aug04/focuskeco3.htm>, accessed
06.08.2007.

Antić Boris (2003). University of Novi Sad, S&M TTC at the University of Novi Sad -
Climbing the First Spoke of the Ladder.

BAS Programme. Available from: <http://en.bas-serbia.org/>, accessed 22.04.2008.

Business Incubator Center Užice. Available from:

<http://www.sada.usaid.org.yu/en/successStoryView.cfm?id=39075>, accessed
03.08.2007.

Competitiveness Institute. Available from: <http://www.competitiveness.org/>, accessed
25.07.2007.

EC (2003). The Report on the Republic of Serbia on Small enterprises - according to
EU Commission Questionnaire 2003.

EC (2007). EAR News June 2007.

Economic Development Strategy of Serbia, 2006 - 2012. Available from:

<http://www.yusurvey.co.yu/products/ys/showSummaryArticle.php?prodId=2583&groupId=8525&PHPSESSID=e8c2872be03d7712bd11c174ce581398>, accessed
21.04.2008.

ECORYS (2006). Innovation Audit. Survey of Innovation Performance in Serbia 2005
- 2006.

ENTRANSE. Business Incubators (BIC), Legal Aspects, BIC Niš.

ENTRANSE (2006). Regional Economic Analysis of the Republic of Serbia.

ERA Westbalkan. Available from: <http://www.bit.or.at/erawestbalkan/>, accessed
25.07.2007.

eSEE Secretariat, UNDP Country Office Bosnia and Herzegovina (2007).

eSEE EUROPE Initiative@Newsletter No 12 - March 2007.



European Bank for Reconstruction and Development (EBRD): Available from: <http://www.ebrd.com/>, accessed 30.08.2007.

European Stability Initiative (ESI). Available from: <http://www.esiweb.org/index.php?lang=en&id=146>, accessed 03.08.2007.

European Commission, DG Enterprise and Industry, (2006). Report on the implementation of the European Charter for Small Enterprises in Moldova and the countries in the Western Balkans.

Denda A. (2004). Small and medium-sized enterprises development Serbia and Montenegro.

Department of Private Sector Development Policy (2005). Progress Report on the implementation of the European Charter for Small Enterprises in Kosovo, Prishtina

Government of Serbia (2003). A Strategy for the Development of Small and Medium sized Enterprises and Entrepreneurship in the Republic of Serbia 2003 - 2008.

Government of Serbia (2006). Development strategy of small and medium enterprises in the Republika Srpska for the period 2006 - 2010.

Institute Vinča - Belgrade Available from: <http://www.vin.bg.ac.yu/en/about/>, accessed 02.08.2007.

Investment Compact. Available from: <http://www.investmentcompact.org/>, accessed 25.07.2007.

Investment Promotion Agency of Kosova (IPAK). Available from: <http://www.invest-ks.org/>, accessed 24.04.2008.

Knežević Tijana (2006). 2nd Edition of Master CESPEM, Master in Creation and Development of Small and Medium-sized Enterprises in Transition Countries A.A. 2006 – 2007.

Kutlača D. (2005). Restructuring of R&D sectors in CEE countries as process of building national innovation infrastructure: Case study of Serbia: capacities, readiness, threats and obstacles.

Marić Z. (2007). Cluster Development Support Serbian Experiences, Opatija April 20, 2007.

Ministry of Economy, Republic Development Bureau, Republic Agency for the Development of SMEs and Entrepreneurship, (2005). A Report on Small and Medium-sized Enterprises and Entrepreneurship in 2004.

Ministry of Economy, Republic Development Bureau, Republic Agency for the Development of SMEs and Entrepreneurship (2006). A Report on Small and Medium-sized Enterprises and Entrepreneurship in 2005.

OECD (2006). Progress in Investment Reform, Investment Reform Index (IRI).

OSCE (2005). Business Incubators in Serbia and Montenegro.

Penezić, D.N. (2002). Programme of support for SMEs and Entrepreneurship in Serbia.

Pohl Consulting&Associates (2004). The SME Sector in the CARDS countries: A Panorama at Country and Regional Level.

Presentations from the conference 'Clusters – Connecting Possibilities in South East Europe, Opatija 20-21 April 2007. Available from: <http://www.mingorp.hr/cacheeng.aspx?pg=defaulteng.asp&cache=1&id=1052&glink>, accessed 25.07.2007.

Radošević and Kutlača (2001). S&T programmes.

Reid A. (2006). Science & Innovation in the 21st Century: lessons for European core and peripheral economies, Conference: Why Invest in Science in South-Eastern Europe? Ljubljana.

Regional network of FICs. Business voice from foreign direct investors in SEE, available from: <http://www.regionalfic.org/site/about.html>, accessed 25.07.2007.

Regional review of SMEs policy in the Western Balkans countries (2004).

SBRA (2006). The Database of Your Business.

SEETV (2006). Interview with Simeon Djankov, World Bank analyst, 26 September 2006. DOING BUSINESS report). Available from: <http://www.seetv-exchanges.com/code/navigate.php?Id=251>, accessed 25.07.2007.

seeurope.net – News coverage on South East Europe

Serbian Agency for the Development of Small and Medium-sized Enterprises and Entrepreneurship, Belgrade (2005). Annual Report, 2004, Republic of Serbia.

Serbia to access EU FP7 for research, technological development. Available from: http://www.mntr.sr.gov.yu/eng/index.php?option=com_content&task=view&id=200&Itemid=55, accessed 21.04.2008.

Serbian Agency for the Development of Small and Medium-sized Enterprises and Entrepreneurship, Belgrade, February (2006). Annual Report, 2005, Republic of Serbia.

SME Support Agency in Kosovo. Industrial Park in Drenas as an investment Opportunity in Kosovo.

SPICE Group - Science Park and Innovation Center Experts. Available from:
<http://www.spice-group.de/>, accessed 25.07.2007.

SPICE Group, UPDATE No. 73, April 2007.

Stevanović B. (2007). Serbian Business Incubators Support Center.

Stojkov A. Development of Business and Innovation Infrastructure in the Autonomous Province of Vojvodina.

UMNIK (2005). Progress Report on the implementation of the European Charter for Small Enterprises in Kosovo.

UNMIK (2007). Economic News - 07 September 2007.

UNDP Practice Areas and Programme Clusters in Serbia. Available from:
<http://www.undp.org.yu/>, accessed 01.08.2007.

United Nations (2001). Best Practise in Business Incubation.

USAID/MEGA (2007). Municipal Economic Growth Activity.

USAID (2008). Kosovo Cluster and Business Support project: "Quarterly Report for Quarter Ending 31 December 2007".

USAID (2007). Kosovo Cluster and Business Support project: "Quarterly Report for Quarter Ending 30 September 2007".

Uvalić, M. (2006). National Systems of Research and Development in the Western Balkan Countries.

Vojvodina Investment Promotion (VIP), Business Incubator Subotica (BIS). Available from :
<http://www.vip.org.yu/DesktopModules/NewsComplete.aspx?ItemID=139&mid=46>,
accessed 01.08.2007.

Vojvodina Investment Promotion Fund (VIP Fund). Available from:
<http://www.vip.org.yu/index.aspx>, accessed on 16.04.2008.

World Bank, International Finance Corporation (2006). Doing Business 2007: How to Reform.

World Bank, International Finance Corporation (2007). Doing business 2008 Serbia

Žegarac Ana (2007). Business Incubators in Serbia. Programme to support the growth and job creation by supporting SME and entrepreneurship development in the Republic of Serbia.

6 List of Acronyms / Definitions

ADA - Austrian Development Agency
AER - European Agency for Reconstruction
AGEF - Association of Experts in the Fields of Migration and Development Cooperation
All - Adriatic - Ionian Initiative
ARBD - Agency for Development of Brčko's District, Croatia
ARN - Enterprises Regional Agencies
ATA - Academic Training Association
BAS - Business Advisory Service Programme
BBI - Building Business Incubators
BI - Business Incubator
BIC Knjaževac - Business Incubator Centre Knjaževac
BIC Niš - Business Incubator Centre Niš
BIP - Business Innovation Programmes
BIS - Business Incubator Subotica
BISC - Business Incubator Support Centre
BIZ - Business Incubator Zrenjanin
BSC Kragujevac - Business Start-Up Centre Kragujevac
BSCK - Business Start-Up Centre Kosovo
BSC Network - Network of Business Start-Up Centres in BiH, Macedonia, Montenegro, Serbia and UNMIK//Kosovo
BSCs - Business start-up centres
BSPK - Union of Independent Kosovo Syndicates
CACs - Citizen Assistance Centers
CARDS - Community Assistance for Reconstruction, Development and Stabilisation Programme
CEI - Central European Initiative
CRDA-E - Community Revitalization through Democratic Action – Economic Programme
DFID - Department for International Development
DPSD - Department of Private Sector Development
DTI - Department of Trade and Industry
EAR - European Agency for Reconstruction
EBRD - European Bank for Reconstruction and Development
EC - European Commission
EDEP - Enterprise Development and Entrepreneurship Programme
EFSE - European Fund for South East Europe
EICC - Euro-Info Kosovo Center
ERA - European Research Area
EU - European Union
EUR - Euro, currency
FDI - Foreign Direct Investment
FP7 - 7th Framework Programme for Research and Technological Development
FTN - Faculty of Engineering
GDP - Gross Domestic Product
GER - Group of New Economists
GoS - Government of Serbia



GTZ - Deutsche Gesellschaft für Technische Zusammenarbeit
IBRD - International Bank for Reconstruction and Development
ICT - Information and Communications Technology
IFC - International Finance Corporation
IPA - Instrument for Pre-Accession Assistance
IPAK - Investment Promotion Agency of Kosovo
IPD - Industrial Park in Drenas – UNMIK/Kosovo
IRD - International Relief and Development
IRDP - Integrated Regional Development Plan
KCBS - Kosovo Cluster & Business Support Programme
KCC - Kosovo Chamber of Commerce
KMU - Automotive Cluster of Serbia
MASHT - Education Department of the Adults in Ministry of Education, Science and Technology
MEGA - Municipal Economic Growth Activity
MERD - Ministry of Economy and Regional Development
MEST - Ministry of Education, Science, and Technology - UNMIK/Kosovo
MFA - Ministry of Foreign Affairs, Norway
MoE - Ministry of Economy
MoS - Ministry of Science
MoU - Memorandum of Understanding
MPI - “Mihajlo Pupin” Institute
MPMS - Department of Labor in Ministry of Labor and Social Welfare
MSME - Small and Medium Sized Enterprise
MTI - Ministry of Trade and Industry (UNMIK/Kosovo)
NGO - Non Governmental Organisation
NIS - National Innovation Strategies
NMFA - Norwegian Ministry of Foreign Affairs
NOSIC - Novi Sad Innovation Centre
OECD - Organisation for Economic Cooperation and Development
OEK - Economic Chamber of Kosovo
OSCE - Organisation for Security and Co-operation in Europe
PHARE - Poland Hungary Aid for the Reconstruction of the Economy
PISG - Provisional Institutions of Self-Government of Kosova
RASME - Republic Agency for the Development of SMEs and Entrepreneurship
REC - Regional Economic Chamber - Leskovac
RIA - Regulatory Impact Analysis
RTD - Research and Technological Development
RTDI - Research, Technological Development and Innovation
R&D - Research and Development
SAA - Stabilisation and Association Agreement
SBDC - Slovenian Center for Small Businesses Development
SBRA - Serbian Business Register Agency
SDC - Swiss Development Cooperation
SE - Social Enterprises
SEE - South East Europe
SEED - Southeast Europe Enterprise Development
SEDP - Serbian Enterprise Development Project programme
SENAI - South-East European Network of Automotive Industry



S.E.N.S.I. Network - the Southeast European Network of Business Start-up Centers and Incubators
SIDA - Swedish international Development Cooperation Agency
SIEPA - Serbia Investment and Export Promotion Agency
SIF - Supportive Infrastructure Fund
SINTEF - Foundation for Scientific and Industrial Research at the Norwegian Institute of Technology
SLGRP - Serbia Local Government Reform Programme
SMEs - Small and Medium Size Enterprises
SMEE - Small and Medium Size Enterprises and Entrepreneurship
SPARK (formerly ATA - The Academic Training Association)
SPICE Group - Science Parks and Innovation Centers Experts Group
SSCA - South Serbia Consumers' Association - Niš
STI - Science, Technology and Innovation
STP MPI - "Mihajlo Pupin" Institute - Science and Technology Park
STPNS - Science&Technology Park Novi Sad
S&T - Science and Technology
TTC - Technology Transfer Centre at the University of Novi Sad
UI - Urban Institute
UNDP - United Nations Development Programme
UNECE - United Nations Economic Commission for Europe
UNESCO - United Nations Educational, Scientific and Cultural Organisation
UNIDO - United Nations Industrial Development Organisation
UNS - University of Novi Sad
UP - University of Prishtina
USAID - United States Agency for International Development
VIP - Vojvodina Investment Promotion
VIP Fund - Vojvodina Investment Promotion Fund
WB - Western Balkans

Innovation Infrastructures in Western Balkan Countries - Overview

April 2008

ALBANIA	BOSNIA and HERZEGOVINA	CROATIA	FYR of MACEDONIA	MONTENEGRO	SERBIA
CLUSTERS					
Meat Processing Cluster	Automotive Cluster Bosnia and Hercegovina	Cro.ICT - Croatian ICT Cluster Initiative with 6 smaller ICT clusters	IT Cluster (Digital Technology Cluster - Sub-group of IT Cluster)	No clusters operating in the country.	Serbian Automotive Cluster
Medicinal and Aromatic Herbs Cluster	Wood Processing and Forestry Cluster	BIOS Printing and Publishing Cluster	Wine Cluster	Plans to create two clusters in wood and food proceeding (prucsuito) industry.	Rubber and Plastic Cluster - JATO
Specialty Tourism Cluster	Tourism cluster 'Institute for Collaboration' with 3 regional tourism clusters in Sarajevo, Krajina and Hercegovina	Biotech Cluster	Tourism Cluster		Wood Processing
Leather Goods/Shoe Production Industry Cluster	Plans to establish metal processing cluster (Central BiH region) and knitwear cluster (Srbac).	Wood Cluster of Western Croatia (Lika and Gorski kotar)	Lamb and Cheese Cluster		Balkan Small Agricultural Machinery Cluster - BIPOM
		Northwest Croatian Wood Industry Cluster	Apparel Cluster		Sumadija Flower Industry "Sumadijski cvet"
			Further clusters are planned to be established: fruit and vegetable processing, automotive industry and construction. Intention to establish Agro-cluster and HOME cluster (for construction materials and equipment).		
		Croatian Textile Industry Cluster			Serbian Software Cluster
		Croatian Shoe Cluster			Shoe Production Industry Cluster, Knjaževac
		Metallurgic Cluster			"Eko krug" Waste Cluster
		EU-vita Cluster			"Istar21" Turistic Cluster of Danube region and North Serbia
		Shipbuilding Cluster			"Pekos" - Bakery Cluster
		Automobile Cluster			Turistic Cluster (Municipality of Kraljevo)
		Several clusters will be financially supported by the Government, namely: Croatian Furniture Cluster, Croatian Agriculture Equipment Cluster, Croatian Yachting Cluster and Croatian Machine Tools Cluster. Istra province plans for cluster focusing on production of olives and olive oil.			Cluster "Memos" - metal producers association for improvement of competitiveness
					Agrobio Niš Cluster, Cluster for organic production
					South Serbia Alco Cluster
					Construction Cluster Dundjer
					Netwood Cluster - producers of furniture
					UNMIK/Kosovo: USAID initiative promotes following clusters: Livestock (Dairy-Beef-Poultry-Animal Feed), Fruits and Vegetable, Construction Materials
INNOVATION CENTRES					
No innovation centres in operation at the moment.	Research Innovative Technology Center	Centre for Technology Transfer, Zagreb	Centre for Research, Development and Continuing Education, Faculty of Mechanical Engineering, Skopje	No innovation centres operating in the country.	Technology Transfer Centre at the University of Novi Sad
	Entrepreneurship and Innovation Centre at the University of Zenica	Technology Innovation Centre Rijeka Ltd.	Technology Transfer Centre, Faculty of Electrical Engineering and Information Technologies	European Information and Innovation Centre Montenegro will be open in spring 2008.	Innovation Centre of Mechanical Faculty Belgrade
	Innovation Center Banja Luka will be open at the end of 2008.	Technology Centre Split	Centre for Applied Research and Continuing Education, Faculty of Agriculture		Novi Sad Innovation Centre
		Technology Development Centre Osijek Ltd.	Euro-Regional Technological Centre, Faculty of Technical Studies, Bitola		UNMIK/Kosovo: No technology/innovation centres operating in the country at the moment.
		Research and Development Centre for Mariculture, University of Dubrovnik	Technology Transfer Centre for Chemical and Textile Engineering, Faculty of Technology and Metallurgy, Skopje		
			European Information and Innovation Centre in Macedonia		
TECHNOLOGY AND SCIENCE PARKS					
No technology and science parks existing at the moment.	No technology and science parks existing at the moment.	Technology Park Zagreb	No technology and science parks existing at the moment.	No technology and science parks existing at the moment.	"Mihajlo Pupin" Institute - Science and Technology Park
	Plan to establish Science and Technology Park in Zenica.	Tehnoloski Park-impulsni centar Varazdin	Feasibility study of the Bitola Technology Park was already concluded.		Institute Vinča - Belgrade
		Technology Park Kutina - Impulsni Centar			Technological Park in the Region Podrinje-Kolubara
					Technology Park Kraljevo
					Science&Technology Park Novi Sad and Science & Technology Park Niš in preparation stage.
					UNMIK/Kosovo: Industrial Park in Drenas started in 2005, 30% of the Park finalised.
BUSINESS-START-UP CENTERS, BUSINESS/TECHNOLOGY INCUBATORS					
No business-start-up centres, business/technology incubators in operation at the moment.	Business Start-Up Centre Zenica	Business Incubator PINS Skrad Ltd.	Business Start-Up Centre Bitola	Business Start-Up Centre Bar	Business Start-Up Centre Kragujevac
	Business Start-Up University of Centre Zenica	PINHK d.o.o. - Entrepreneurial Incubator, Hrvatska Kostajnica	Ss. Cyril and Methodius University Business Start-Up Centre	Business incubator Podgorica	Business Incubator Centre Niš
	Business Innovation and Technology Centre Tuzia	Business Incubator BIOS Ltd, Osijek	DENI INCUBATOR Veleš		Business Incubator Knjaževac
	NBR Business Incubator	Entrepreneurship Incubator "Challenge"	GICA Incubator Ohrid		Business Incubator Zrenjanin
	Business and Entrepreneurial Centre - Incubator "Lipnica" Tuzia	PORIN d.o.o. Rijeka - "Rijeka Entrepreneurial Incubator"	YES Incubator		Business Incubator Subotica
	NGO Krajina - Business Incubator Banja Luka	Business Incubator Zadar	Bijana Incubator Prilep		Business Incubator Bor
	Business Incubator in Brčko	Entrepreneurship Incubator OSVIT - Donji Miholjac	Incubator Delčevo		Business & Technology Incubator of Technical Faculties Belgrade
	Business Incubator Mostar	Entrepreneurship Incubator SENJAK Knin	Turtel Incubator Štip		BIC Kikinda - Vojvodina
	Business Incubator Prijedor	Entrepreneurship Incubator BRODIN	Incubator Saša Makedonska Kamenica		Business Incubator Kruševac
	Business Incubator Sarajevo	Entrepreneurial Incubator Labin	inkubator Strumica		Business Incubator Valjevo
	Business Incubator Zenica				Business Incubator Smederevska Palanka
	Business Incubator Žepče				Business Incubator Center Užice
	BOSPER (Bosnian Perspective in Agriculture)				Business Incubator in South Serbia
					Business Incubator Szenta will be open in autumn 2008.
					Business Incubator Novi Sad in preparation.
					UNMIK/Kosovo: Business incubators operating in Decan, Gjilan, Shtime and Mitrovica
					Business Start-Up Centre Kosovo