



Editorial

Dear readers,

The 7th edition of the WBC-INCO.NET Journal is published on the occasion of the 10th Meeting of the Steering Platform on Research for the Western Balkan countries, taking place in Ohrid, FYR of Macedonia on May 26, 2011. One of the key issues to be discussed by the Steering Platform is the state of preparation of the Common Strategic Framework for Research and Innovation as well as the related Enlargement Countries' Position Paper, compiled in the frame of the Regional Dialogue initiated by WBC-INCO.NET.

This time, the main focus of our journal lies on Clusters. In this context, we would also like to inform you of the **South East Europe Transnational Cooperation Programme's third call**, which is open for expressions of interest until June 17. "**Policy Learning Mechanisms in Support of Cluster Development**" are among the call priorities. Strategic projects will be funded to improve regional public administration ability and capacity to enhance, develop and implement effective regional cluster policy. The SEE Programme Area comprises 16 countries, including all WBCs. For further information, please go to: <http://www.wbc-inco.net/call/110315.html>.

In the upcoming months, WBC-INCO.NET will put special emphasis on the field of **Social Sciences and Humanities (SSH)**, with a consultation session taking place in Vienna, Austria from September 19 to 21 back-to-back with the Conference "Challenge Social Innovation" (see: <http://www.wbc-inco.net/object/calendar/112258.html>). Further activities in the field of **energy research** are planned for the year 2012. Our team is also planning to visit some EU conferences. We therefore invite you to **send us your dissemination material** (brochures, etc.) so that we can share it at suitable occasions. As always, we are also happy to receive information about your planned events and other activities to be published on our website www.wbc-inco.net and in our eJournal. For this purpose, and for any other inquiries, please **contact us at office@wbc-inco.net**.

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P.S.: WBC-INCO.NET also publishes a **bi-weekly eJournal** including all recent updates on its web portal. To register, please go to ■ <http://www.wbc-inco.net/ejournal/list>.

Imprint

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9th Meeting of the Steering Platform, Bečići, Montenegro.

9th Steering Platform Meeting: Conclusions

The Steering Platform on Research for the Western Balkan Countries met in Bečići, Montenegro on November 11, 2010. The meeting was co-chaired by the Belgian Presidency of the Council of the European Union, Montenegro on behalf of the Western Balkan countries – which hosted the event – and the European Commission.

The Steering Platform heard the introductory statements from Montenegro, the Belgian Presidency and the European Commission, highlighting the recent policy actions taken at EU and regional level and notably on the proposed Innovation Union and the impact this will have on future activities in research cooperation already now in the upcoming FP7 calls and certainly in FP8. Platform members asked how actions in support of facilitating integration in the European Research Area and in particular on research capacity building, such as the Research Potential programme, will be addressed in the future. In this context, it was recalled how important it is for the scientific community and innovation actors from the Balkan region to have specific actions in the Research Potential programme within FP7. The Platform took note of this request. As to FP8, the WBCs announced a contribution to the FP8 consultation process which is to be welcomed. The Steering Platform welcomed the progress noted on the research chapter in the "enlargement package" adopted by the Commission. The package also showed the overall progress made towards future integration into the EU.

The presentations of the Progress reports showed that both the Balkan countries and the other Platform members were actively promoting research cooperation under FP7, which is very much to be welcomed, and indeed necessary in order to increase participation and strengthen research capacity. Several actions had also been taken to facilitate future integration in the European Research Area. This was also demonstrated by the activities of COST and EUREKA. With respect to regional cooperation, the Platform took note of the further progress announced by the RCC on the *Continued on page 2*

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support under IPA for the development of a regional R&D Strategy for Innovation. The Steering Platform also took note of the progress made on research cooperation in the SEE-ERA.NET PLUS project.

The Platform discussed, on the basis of several presentations, how to engage more and better the SMEs and industry in research. It was recognised that this is a core priority for the EU and thus also for the candidate and potential candidate countries. All the presentations were very informative and should stimulate the WBCs to pro-actively consider the participation of SMEs in EU research projects and programmes. The Platform was very much stimulated by the presentation made by UEAPME (The Genesis Initiative) which outlined that it is of key importance to create more awareness on the research possibilities for SMEs through all forms of communication and that FP7 offers such opportunities but that this should be made known to a wider audience, in the first place, at national level. The presentation on European Technology Platforms (ETPs) showed that this instrument also offered possibilities for the WBCs and they will analyse the opportunities in given markets, where industry and academia could contribute to the objectives of the ERA through ETPs. The presentation of the CIP project 'Numix' demonstrated that CIP has good potential for WBCs but that further efforts are required to stimulate the in-

dustry and service sector into participating in research and to take more CIP projects. The Steering Platform welcomed a first introduction to the Innovation Union (IU) and will analyse the policy Communication further so as to contribute to the objectives set and integrate into the IU, as is expected from the candidate and potential candidate countries. In this context, the work of the WBC-INCO.NET, which has recently been enhanced with a strong focus on innovation issues, will be instrumental. The results of the first Innovation Dialogue Forum will feed into the process of strengthening innovation capacities, learning from good practices, and offering training and networking possibilities.

The Steering Platform welcomed the concrete cooperation possibilities offered by the Central European Initiative (CEI) on facilitating the networking of all stakeholders of the region committed to facilitate technological development. To ensure effective cooperation, it was agreed that CEI, as well as the OECD, will be invited as an observer delegate to the Platform meetings on a regular basis. The Steering Platform recognised that the reviewed guidelines allowed for a smoother and more focused agenda and discussion.

LINK

Steering Platform Meeting in Bečići ■

<http://www.wbc-inco.net/object/calendar/95585.html>

WBC-INCO.NET: New Partners in Science and Innovation Cooperation

As of October 2010, WBC-INCO.NET entered a new, enhanced phase, putting a special emphasis on innovation-related activities. In this context, three new partners – responsible for innovation in Albania, the FYR of Macedonia and Montenegro – joined the project consortium to ensure that the responsible institutions for innovation of all WBCs are represented in the project: The Albanian Ministry of Economy, Trade and Energy, the Macedonian Ministry of Economy and the Montenegrin Directorate for Development of Small and Medium-Sized Enterprises. Furthermore, the Albanian Agency for Research, Technology and Innovation has joined the project as an additional partner at the beginning of 2011 and will officially replace the Albanian organisation Trenkwalder CIVET 2000 SHPK.

Albanian Ministry of Economy, Trade and Energy (METE)

The Business Promotion Department at METE is responsible for designing policies for investment development, exports and SMEs. It promotes entrepreneurship and encourages business innovation in order to increase regional and global competitiveness. The Department also contributes to strengthening the ability of relevant Albanian institutions to develop, implement and monitor the SME policy and supports them in the elaboration of entrepreneurship and innovation programmes.

**LINK**

METE ■ <http://www.wbc-inco.net/organisation/5917.html>

Macedonian Ministry of Economy (MOE-MK)

MOE-MK is responsible for documents and programs regarding economic and industrial policy, SME competitiveness and innovation enhancement in the FYR of Macedonia. The Department for Industry and the Department for Competitiveness and Innovation are particularly engaged in innovation policies. It is envisaged to involve many other development stakeholders in the Ministry's innovation-related activities for further dialogue and consultation.

**LINK**

MOE-MK ■ <http://www.wbc-inco.net/organisation/72042.html>

Montenegrin Directorate for Development of Small and Medium-Sized Enterprises (DDSME)

DDSME has an important mission in the overall socio-economic progress of Montenegro, especially in the fields of entrepreneurship and SME development. Among others, DDSME is responsible for the definition of an SME strategy, the preparation and realisation of SME development projects and programs, the coordination of programs, measures and activities related to SME development and the observation of financial support for SMEs from national and international sources.



Albanian Agency for Research, Technology and Innovation (ARTI)

Established by a decision of the Albanian Council of Ministers, ARTI started its activities in March 2010. It aims to build a modern science system, to strengthen research and technology and to integrate S&T in the higher education system. ARTI facilitates the exchange of knowledge, mutual activities and partnerships at national and international level and acts as a coordinating structure for national, bilateral and multilateral cooperation programs and projects.

**LINK**

ARTI ■ <http://www.wbc-inco.net/organisation/84792.html>

LINK

DDSME ■ <http://www.wbc-inco.net/organisation/94864.html>

EU Strategy for the Danube Region – Cooperating for Sustainable Growth and Security

The Danube is a unique river, linking more European countries than any other geographical landmark. Flowing through ten countries as it winds its way from the Black Forest to empty in the Black Sea almost 3,000 km away, the wider Danube Basin is also a vast region containing 115 million people and covering one fifth of the EU's area. In order to develop the economic potential of the Danube area, the European Commission (EC) has proposed an overarching Strategy for the Danube Region in December 2010. It focuses on priority action areas, among these to “Develop the Knowledge Society through Research, Education and Information Technologies”.

Stronger cooperation to unlock potential

As an idea, the EU Strategy for the Danube Region came from the countries in the Region themselves. Problems which know no borders, like floods or cross-border transport links or the flow of ideas, are best addressed in cooperation and opportunities which should know no borders and are best shared for the benefit of all. The Region is facing various challenges – untapped shipping potential, lack of road and rail connections, few coordinated efforts in education, research and innovation, and environmental threats. The countries in the Danube Basin have very different historical, geographical and political backgrounds. But equally, countries in the Danube Region share many opportunities. There is immense development potential especially in the countries most affected by the transition since 1989. The Region has many areas of outstanding natural beauty. It has a rich history, heritage and culture. There are creative ideas, and a quality labour force.

The aim of the Strategy is a better coordination of the individual efforts of the participating states. By establishing a framework for long term cooperation on a wide range of issues, the Strategy brings together topics that can not be dealt with in isolation. It introduces a modern cooperative way of working, bringing policies together in line with the Europe 2020 objectives.

Ships, fish, ideas and borders – four pillars with concrete targets

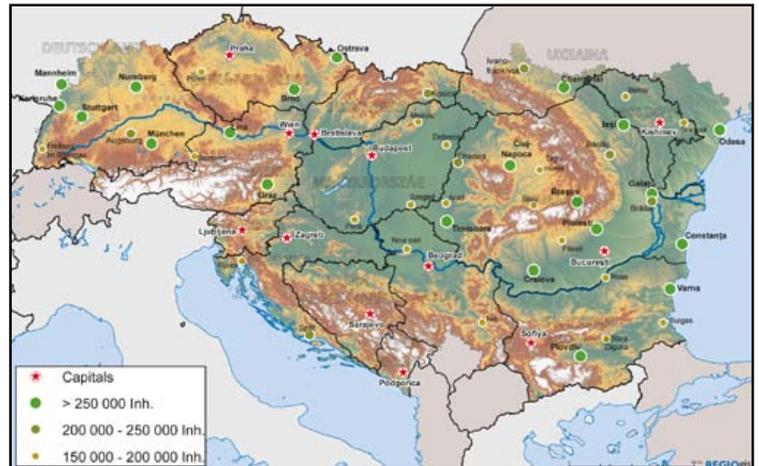
But how to turn the ideas into reality? The Strategy establishes four pillars which are the overall goals:

- Connecting the Danube Region (e.g. improving mobility, encouraging sustainable energy and promoting culture and tourism)
- Protecting the environment in the Danube Region (e.g. restoring water quality, managing environmental risks and preserving biodiversity)
- Building prosperity in the Danube Region (e.g. developing research capacity, education and information technologies, supporting the competitiveness of enterprises and investing in people's skills)
- Strengthening the Danube Region (e.g. stepping up institutional capacity and improving cooperation to tackle organised crime)

Becoming more concrete, the way to achieve these goals is set out in an Action Plan which lists what must be done on the ground. To prioritise efforts and focus work, the Strategy proposes a number of time-limited targets, including:

- increasing cargo transport on the Danube by 20% by 2020
- reducing nutrients to restore eco-systems of the Black Sea to 1960 levels by 2020
- bringing broadband fast-speed internet access to all EU citizens in the region by 2013
- securing a viable population of Danube sturgeon by 2020

The Action Plan will also make an important contribution to achieving the broader Europe 2020 goals for sustainable and smart growth.



The Danube area, as defined by the EU Strategy. (Source: DG Regio)

The Knowledge Society in the heart of the Strategy

In a specific chapter, the EU Strategy for the Danube Region addresses the potential of the Knowledge Society in the Region and calls for its further development through research, education and information technologies. The Region encompasses the extremes of the EU in economic and social terms. From its most competitive to its poorest regions, from the most highly skilled to the least educated, and from the highest to the lowest standard of living, the differences are striking.

Targeted support for research infrastructure will stimulate excellence and deepen networking between knowledge providers, companies and policy-makers. The Region must use national and regional funds better, and benefit fully from the European Research Area. Existing bilateral agreements should lead to multilateral coordination. Developing regions downstream can benefit from the leading – indeed world-class – innovative regions upstream.

Whose Strategy is it? – The implementation of the Danube Strategy

With the endorsement of the Strategy by the Council, preparations for the implementation of the Strategy start immediately. Each of the eleven Priority Areas is coordinated by two Danube States; to give an example, the Priority Area for the Knowledge Society is coordinated by Slovakia and Serbia (see also p. 4). It is now the responsibility of these coordinators and the other Danube countries, regions and stakeholders to agree on a work programme, to explore sources of finance and to identify the most immediate actions to help the region flourish and fully exploit its economic potential. The Commission supports the process by facilitating implementation and playing a leading role in the strategic coordination.

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LINK Read more about the EU Strategy for the Danube Region at the “Inforegio” website ▪ <http://www.wbc-inco.net/object/link/111024.html>

“Priority Area 7” of the EU Macro-Regional Strategy for the Danube Region

In the frame of the Danube Strategy’s theme 4, “Building Prosperity in the Danube Region”, Priority Area 7 is dedicated to the Development of the Knowledge Society through Research, Education and Information Technologies and jointly coordinated by the Republic of Serbia and the Republic of Slovakia. Miroslav Vesković, the rector of the University of Novi Sad, comments on the Danube Strategy in his capacity as Serbian coordinator of Priority Area 7.

A society’s ability to create and exploit knowledge is a key factor for progress and growth. A society based on knowledge needs competitive research and education infrastructure, innovation supporting and facilitating institutions, and high performing information and communication technologies. These framework conditions differ remarkably throughout the Danube Region but remain, overall, below the level of EU27.

Targets could be, for example:

- To invest 3% of GDP in Research and Development by 2020;
- To increase the number of patents obtained in the Region by 50%;
- To increase the share of the EU population aged 30–34 with tertiary or equivalent education to 40 percent by 2020.

By 2020, all citizens of the Region should enjoy better prospects of higher education, employment and prosperity in their own home area. The Strategy should make this a truly 21st century region, secure and confident, and one of the most attractive in Europe.

However ...

The Region encompasses the extremes of the EU in economic and social terms. The Strategy reinforces Europe 2020, offering the opportunity to match the capital-rich with the labour-rich, and the technologically-advanced with the waiting markets, in particular through expanding the knowledge society and with a determined approach to inclusion. Marginalised communities in particular should benefit. One third of the EU’s population at risk of poverty lives in the area. Roma communities suffer especially from social and economic exclusion, spatial segregation and sub-standard living conditions. Efforts to escape these have EU-wide effects, but the causes must be addressed first in the Region.

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<http://www.wbc-inco.net/object/document/111321.html>

Western Balkans Regional Competitiveness Initiative (RCI)



Launched on April 22, 2010, the RCI is a three-year EU-supported project implemented by the OECD Investment Compact for South East Europe (OECD IC) in the Western Balkans.

The overall objective of the RCI is to strengthen the competitiveness of the economies in the region by increasing productivity through improving the development of human capital and increasing innovation. These two pillars were identified by previous work of the OECD IC as lowering the competitiveness of the region. The specific objectives for each pillar of the RCI include:

Human Capital Development

Assisting the region to address growing skills gaps by providing effective analytical and policy management tools; stimulating social dialogue between governments and industry.

Innovation

To promote policies that foster and strengthen innovation capacities in the region through sharing of best international practice; identifying actions to improve the absorption and adaption of technology by companies; and enhancing co-operation between governments, research institutions and industry at national and regional levels.

Pilot projects will be implemented in each of the beneficiary economies, aiming at 1) achieving concrete results by implementing actions; and 2) building capacity of officials in the beneficiary economy. In late 2010, four pilot projects were launched for implementation during 2011 under the innovation theme: In Bosnia and Herzegovina, the OECD is working with government, in-

dustry and the research community to identify and develop three partnerships between business and public researchers in the agri-food sector, following the ‘Triple Helix’ framework.

In the former Yugoslav Republic of Macedonia, the OECD is assisting in the development of a horizontal, whole-of-government, policy framework for innovation. In Montenegro, the OECD is engaged in the design of a voucher scheme to support SME innovation.

In Serbia, the OECD is working with government to develop a competence technology centre which would facilitate greater collaboration between industry and the public research community.

Albania, Croatia and Kosovo under UNSCR 1244/99 will have an opportunity to work with the OECD in 2012.

The RCI will also establish working groups on innovation and human capital development. The first meeting of the RCI Working Group on Human Capital and Innovation will take place in Split, Croatia on June 8–9, 2011.

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A Common Strategic Framework for Research and Innovation in Europe After 2013: What is Awaiting the Enlargement Countries Ahead?

The European Commission has launched a process of consultation with the Green Paper “From Challenges to Opportunities: Towards a Common Strategic Framework for EU Research and Innovation Funding”, presented on February 9, 2011. The Green Paper manifests the very initial orientations of the public programming for research and innovation after 2013.

Faced with economic, environmental and demographic challenges, the Green Paper propounds an exit for Europe in the form of streamlined programmes from research to market, thereby invigorating the innovative character of research. The Green Paper revolves around three building blocks which include addressing the societal challenges, enhancing the competitiveness of Europe's industries and finally fostering the excellence of Europe's scientific and technological base. In order to address this broad vision, the Green Paper introduces a Common Strategic Framework where it is envisaged to bring together and streamline the Framework Programme for Research (FP7), the Competitiveness and Innovation Programme (CIP), and the European Institute of Innovation and Technology (EIT).

The issues that matter for the enlargement countries in this reengineering process are manifold. One concern for the Enlargement Countries remains regarding empowering the EU Member States in building up excellence with support from Cohesion Funds, from which the Enlargement Countries cannot benefit. For Enlargement countries, compensation through mechanisms such as IPA could be considered. Furthermore, the pivotal role of industry in Public Private Partnerships and the market driven nature of Innovation Union Partnerships are considered likely to run the risk of alienating EU policies relating

to enlargement. Moreover, the focus on the societal challenges is likely to call for large initiatives and to fall short of mobilising smaller but promising institutions.

The Green Paper can also be praised regarding certain aspects such as the simplified flexible rules and the acknowledgement of different levels of intervention for unfolding innovation. Similarly, strengthening the bottom-up opportunities as well as the Marie Curie scheme, the SME actions and ERC is welcomed as long as they are underpinned with territorial differentiations in line with cohesion perspective.

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LINKS Scientific and Technological Research Council of Turkey ▪ <http://www.wbc-inco.net/organisation/95.html>
Download the Green Paper ▪ <http://www.wbc-inco.net/object/document/108292.html>
Read the Joint Position Paper on the Future RTD Programme in Europe by the EU Enlargement Countries Associated to FP7 ▪ <http://www.wbc-inco.net/object/document/111861.html>

Experts Evaluate 7th Framework Programme



Starting in spring 2010, ten independent experts evaluated the ongoing 7th EU Framework Programme for Research and Technological Development. The Expert Group – chaired by Rolf Annerberg, Director General of the Swedish Research Council for Environment, Agricultural Sciences and Spatial Planning – concluded that FP7 generally fulfills its ambitions despite of difficulties in some areas.

In the report, FP7's vast and impressive scope, its largely reached principle of excellence, its support for mobility and training of researchers and its positive effect on Research Infrastructures were identified as key strengths of the funding programme. According to the expert analysis, most improvement is needed in reducing administrative burdens which are frustrating researchers, making FP7 more accessible for SMEs which are easily deterred by complex procedures and delays in contracts, and in combating the “glass ceiling” which hampers the participation of female scientists.

The Interim Evaluation Report also points out a set of “new concerns and dilemmas”: coordination of research funding between Member States and EU level; low success rates in many areas which lead to waste of resources in failed applications; lower success rates in certain states disclosing a need to foster capacity building, as well as a lack of clarity how innovation should be incorporated in FP7. Furthermore, the evaluators call upon the EU to focus future research funding on the “Grand Challenges” and to make sure that society at large profits from the impacts of science.

Key recommendations of the Interim Evaluation

The following ten recommendations were made for the remaining years of FP7 and for its successor programme:

1. To advance ERA and Innovation Union objectives,
2. To develop and implement high quality research infrastructures,
3. To maintain the level of funding,
4. To elaborate an innovation strategy encouraging the participation of enterprises,
5. To implement simplification measures and a more trust-based approach,
6. To provide a good mix of funding measures,
7. To consider a moratorium on new instrument,
8. To increase female participation,
9. To increase participation of underrepresented Member States and
10. To integrate the international perspective into all programmes and instruments.

The evaluation results will be considered by the EC when planning the remaining years of FP7 and its successor programme.

LINKS Download the report of the expert group ▪ <http://www.wbc-inco.net/object/document/104746.html>
Download the Commission's response ▪ <http://www.wbc-inco.net/object/document/110987.html>
Further information on the EU Framework Programme Evaluation and Monitoring ▪ <http://www.wbc-inco.net/object/link/55637.html>



News from Albania



Implementation of the Bologna Process in Albania

Albania signed the Bologna Declaration in 2003 and started the Bologna reforms in 2004. Since then, many steps have been taken and the process is well advanced. The Higher Education Law of 2007 made the introduction of the three Bologna Cycles a legal obligation, together with the European Credit Transfer System (ECTS) and the Diploma Supplement.

However there is still a long way to go when it comes to the practical implementation of the Bologna principles. This is most important in order to make the Bologna Process a reality in Albania. As the Bologna Process gives way to different solutions, Albania is on a good track to find a way of implementing the Bologna goals that fits to the cultural and scientific traditions.

At institutional level, reforms included changing the management structure of the universities, redefining the study programmes, changing the teaching methods and the general learning environment for students as well as for the academic staff. This type of cultural changes need a much longer period of time than half a decade, as the time constant in education is much longer than the usual time constant for changes in business life.

Admission of Students and Student Progress

Higher education in Albania experienced a big expansion on both the demand and supply side during the last five years. Liberalising access to public higher education has increased the number of students by around 2.5 times. Nearly every pupil leaving secondary school with the "Matura" is entitled to a place in Higher Education. It is estimated that approximately 95 percent make use of this option at present.

Student Centered Learning

The approach to Higher Education that Albania has inherited is orientated to teacher-input. The student is expected to remember a large body of knowledge that is presented didactically, typically with little regard to time for independent learning, learning outcomes and the students' actual capacities on graduation. It is a challenge for Albanian university teachers to adapt to the student-orientated approach implicit in the Bologna Process, particularly in those fields having a high student-staff ratio. Another key concern for the student's educational experience is the required well-developed sense of corporate responsibility, which is limited in Albania. Moreover, the transition of the Albanian higher education system seems to be hampered by a "generation gap" between those eager for quick and radical change and those with a vested interest in the status quo.

Quality Assurance

Recent positive developments included the formal establishment of a Quality Assurance Unit at each university in conformity with the Higher Education Law. Very recently, Bologna Follow up Groups have been established at some universities. The funding of public universities is now regulated through a "block grant" to each institution instead through three separate budget headings as practiced until recently.

A Higher Education Management Information System (HEMIS) is in course of development. This is to improve resource allocation within universities, as well as their strategic planning and internal monitoring for quality assurance

purposes. Most of the High Education Institutions (HEIs) in Albania, both public and private, already have elements of controlling, monitoring and reviewing of their main activities in place. The Public Agency for Accreditation of Higher Education (PAAHE) and HEIs are working together for drafting the main principles and criteria for strengthening and auditing the Internal Quality Assurance Systems in the HEIs.

Employability

It seems to be the common opinion in Albania that Bachelor degrees have limited market value. There has been a rapid increase in students in Social Sciences – particularly Economics – and Law. This increase is significantly contributed to a proliferation of study programmes in these fields in the private institutions, but has also occurred in the public universities. So far, market studies to identify employment needs in Albania have been executed to a very limited extent.

Recognition and Mobility

Albania has ratified the Lisbon Convention in 2002. The standards and principles of the Lisbon Convention are being complied with by the state authority, the Ministry of Education and Science (MoES), but they are not binding enough, particularly for the universities. The Lisbon Convention principles have been generally introduced through by-laws for the MoES. More than 90 percent of foreign university degrees, diplomas and qualifications undergo automatic recognition by now. For the rest, the MoES has set standards and principles, but the academic evaluation is carried out by the HEIs.

Outlook

To continue the Bologna Process in line with European partners, the Albanian government's duties and intentions for the future are:

- Institutional autonomy and good governance of HEIs,
- Curricula reform to fit with EU standards,
- Quality Assurance and a fair accreditation system,
- Full integration of the teaching process in scientific research,
- Recognition of diplomas and prior qualifications,
- Preparing the conditions for Life Long Learning,
- Increasing mobility and participation of students and new academic staff and
- Enhancing the social dimension of higher education and the scientific research system.

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News from Bosnia and Herzegovina

Workshop on best practices in Triple Helix partnerships

In Banja Luka, a first workshop in the framework of the pilot project 'Triple Helix' – partnerships among research community, business sector and public administration for the sector "Food" – was organised on March 31, 2011. It gathered 100 participants – including international experts – with the aim to convey the best practices on cooperation within the 'triple helix' of university–industry–government in BiH. The workshop provided an opportunity to learn about examples of the triple helix presented by experts from the universities of Stanford, Warsaw and Ljubljana, Fraunhofer, the Flanders' Chamber of Commerce and the Teagasc Food Research Centre, Ireland.

The pilot project has the objective to strengthen the links between research and the business sector and to encourage SMEs to invest in research and innovation. Two additional workshops will conduct matchmaking between representatives of BiH academia, business and government with the aim to identify tangible partnership projects to be implemented in autumn 2011. Partnerships established in the food sector will serve as a model for the establishment of triple helix partnerships in other economic sectors.



Workshop on Triple Helix Partnerships in Banja Luka.

The pilot project is jointly implemented by the Ministry of Civil Affairs (MCA) and the OECD Investment Compact for South East Europe (OECD IC), and is part of the Regional Competitiveness Initiative (RCI; see p.4), supported by the European Commission and the Government of Flanders.

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LINK Ministry of Civil Affairs – BiH ■ <http://www.wbc-inco.net/organisation/527.html>

EUREKA info day held in Sarajevo

The Ministry of Civil Affairs of Bosnia and Herzegovina and the Directorate for European Integration of Bosnia and Herzegovina organised a EUREKA info day on February 1, 2011 in Sarajevo.

Some 50 participants attended the info day, including representatives of relevant Ministries, scientific and research centres and institutes, SMEs and universities. The speakers at the info day were Mr Svatopluk Halada of the EUREKA Secretariat in Brussels and Dr Aleš Mihelič, the EUREKA High-Level Representative for Slovenia. They presented opportunities offered under EUREKA, the participation of WBCs in EUREKA and the rules for participation in EUREKA projects. In addition, Ms Lidia Hipolito of the EurekaBuild2 umbrella presented this particular thematic network and invited for cooperation.



EUREKA Info Day in Sarajevo.

The info day was organised with the support of the Spanish Agency for International Development Cooperation and the EUREKA Secretariat in Brussels.

LINKS Ministry of Civil Affairs – BiH ■ <http://www.wbc-inco.net/organisation/527.html>
EUREKA ■ <http://www.wbc-inco.net/organisation/2575.html>

Info Day: Transport

On March 17, 2011, Ministry of Civil Affairs organised an Info Day on transport research in Sarajevo with the support of the Austrian Development Agency. This event was an opportunity for local researchers to hear about future research opportunities and calls in the field of transport within FP7, and to discuss and to define priorities for transport research. The lecturers at this event were Mr Fedor Černe (Slovenian Ministry of Transport), Mr David Dorr (German NCP for transport and coordinator of the project ETNA), and Mr Danijel Šogorović, NCP for Transport in BiH.

Local researchers were also introduced to the conference "SEETRANS 2011" (Transport Research Opportunities for South East Europe in the EU), which took place in Ljubljana, Slovenia, from April 12 to 13, 2011.

LINKS Ministry of Civil Affairs – BiH ■ <http://www.wbc-inco.net/organisation/527.html>
ETNA – European Transport NCP Alliance ■ <http://www.wbc-inco.net/organisation/111868.html>

EURAXESS Network Expanded to Bosnia and Herzegovina

Within the frame of the PEOPLE programme, Bosnia and Herzegovina's academic institutions are implementing a project titled "Development of Bosnia and Herzegovina's Network of Mobility Centres (BAMONET)" with the main aim to establish a EURAXESS network. The Bridgehead organisation is the University of Banja Luka and its EURAXESS Centre BiH.

There are numerous obstacles for researcher's mobility in BiH and the intention of the BAMONET project is to try to facilitate the mobility process by the establishment of infrastructure for incoming researchers.

BAMONET started in May 2010 as a three-year project funded within the PEOPLE programme. The coordinator of this project is the Ministry of Civil Affairs, while the project partners are the two largest universities in BiH – the University of Sarajevo and the University of Banja Luka.

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News from Croatia

Clusters in Croatia

The process of encouraging and developing cluster systems in Croatia is mainly coordinated by the Ministry of Economy, Labour and Entrepreneurship (MELE) in collaboration with partner institutions: the Croatian Employers Association, the Croatian Chamber of Economy and the Croatian Chamber of Crafts. Since each of the institutions supports its respective clusters, it is difficult to establish an accurate and unique list of all the clusters in the Republic of Croatia. However, in a recent mapping carried out within the WBC-INCO.NET project, it is estimated that there are currently about 50 different clusters with a steady upward trend.

Since 2005, the MELE implements the supporting programme “Clusters – merging to success” and has financed more than 50 cluster initiatives so far. Besides, it has initiated six export-oriented clusters according to the top-down principle within the first Croatian export strategy “Croatian Export Offensive” for the period of 2007 to 2010.

An affiliation of clusters was also established within the Croatian Chamber of Economy in November 2007, covering the whole country with its activities. At the moment, it has more than 40 members – clusters, companies, R&D and individuals (from the academic community).

LINKS MELE/Department of Cluster Development ▪
<http://www.wbc-inco.net/organisation/111413.html>
 Croatian Chamber of Economy ▪
<http://www.wbc-inco.net/organisation/902.html>



building and maintenance, and equipment and component installation. Its vision is the creation of synergies between domestic manufacturers of small boats and equipment manufacturers in order to make Croatian small boat-building competitive and recognisable.

4. The Boat Building Cluster was founded in September 2007 as a top-down initiative of the Ministry of Economy and the Croatian Export Offensive. Today, the Cluster has 28 members. Its main activities are: naval architecture and boat design,

LINK Boat Building Cluster ▪ <http://www.wbc-inco.net/organisation/111407.htm>

5. The Automotive Cluster of Croatia (ACH) was established in 2007 as an initiative of the Istrian Development Agency (IDA). It has emerged as a solution for overcoming obstacles and barriers faced by business entities that directly or indirectly affect the automotive sector. The Croatian automotive industry is characterised by the increasing globalisation of production. Manufacturers are facing constant downward pressure on production costs and high technological requirements of the world's carmakers which prevent the entry of new firms and imperil the survival of the existing automotive market.

LINK Istrian Development Agency ▪
<http://www.wbc-inco.net/organisation/111410.html>

6. The Northwest Croatian Wood Industry Cluster (Varaždin county) has been founded by the most prominent wood manufacturers of northwest Croatia at the end of 2005. The initiative came from the Croatian Chamber of Commerce – County Chamber in Varaždin with the goal to develop, improve and promote the wood industry and to make it more competitive. Very close cooperation with all companies and industries included in the value added chain together with R&D institutions and local and national authorities is the base of the Cluster activities. The Wood Cluster comprises 13 companies (sawmills, carpentry producers, furniture producers) employing 3,000 people, three Regional Chambers of Commerce and the College for Technology and Design in Varaždin.

LINK Northwest Croatian Wood Industry Cluster ▪
<http://www.wbc-inco.net/organisation/6147.html>

Some of the most successful clusters in Croatia are:

1. The Association of Croatian ICT Clusters – cro.ict was founded in Rijeka in 2007 as a bottom-up cluster initiative of six regional clusters with the main purpose to promote Croatia as a possible location for foreign investment in the ICT industry. Now the alliance of Croatian ICT associations is a common spot for seven smaller clusters that are comprised of around 60 companies with around 700 employees.

LINK Association of Croatian ICT Clusters ▪
<http://www.wbc-inco.net/organisation/6143.html>

2. The BIOS – Printing and Publishing Cluster has been initiated in 2004 by four companies within the Business Incubator BIOS in Osijek. It now has 10 members operating in complementary areas of the graphic and web design industry in the Eastern part of Croatia.

LINK BIOS – Printing and Publishing Cluster ▪
<http://www.wbc-inco.net/organisation/6144.html>

3. The Wood Cluster of Western Croatia (Lika and Gorski kotar) was created in 2002 and gathers different producers oriented on wood processing, economically justified by the presence of natural raw material resources, a competent and specialised workforce, the participation and development of local suppliers and contractors and a recognisable technical infrastructure. It has initiated start-up projects and stimulated local companies to cooperation.

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News from the FYR of Macedonia

The process of clustering in the FYR of Macedonia started in 2002 with the support of USAID. Central principles of cluster development in the FYR of Macedonia are the “bottom-up” approach and the principle of learning through practice.

Strategy for industrial policy 2009–2020

In 2009, the Macedonian government adopted the Strategy for Industrial Policy 2009–2020, presenting a set of government measures to stimulate and support the creation and development of a competitive domestic industrial sector based on knowledge, innovation and cooperation among the relevant actors.

The strategy comprises five areas of intervention, one of them being dedicated to collaboration in clusters and networks in such areas as procurement, sale, creating innovative business solutions, joint promotion and trainings.

Cluster development programme

In place of a uniform action for encouraging the development of clusters, the Ministry of Economy designed a wider package of measures for encouraging cooperation and networking. The implementation of the Cluster programme has been conceived in three phases.

1. Identification of potential clusters,
2. Definition of cluster policy, and
3. Practical implementation of the cluster policy.

On the basis of the clusters identified, the original concept was to promote the development of those clusters that were of strategic importance in terms of the number of companies, the proportion of employment, existing advantages, development potential and market share.

The cluster development policy in the FYR of Macedonia pursues three objectives:

The first is to encourage cooperation and networking between companies in order to strengthen individual and joint abilities to develop partnerships and to intensify cooperation between companies and research and development institutions, thus strengthening the common capabilities required for promoting innovation and technological development.

The second objective is to promote the development of clusters through increased investments in support infrastructure. This primarily entails investment in strengthening the know-how, skills and expertise required to promote the development and functioning of clusters. A training program was designed to improve cluster development, and to establish a network of cluster promoters, coordinators and potential cluster managers.

The third objective is to initiate the formation of clusters in practice, comprising the following measures:

Direct measures:

- Incentives for networking; specialisation in value/production chains, development of technology networks,
- Promotion of networking; network of experts, management support in development of “local clusters”, exchange of experiences and
- Incentives for cluster development: support for initial phase and support in development.

Indirect measures:

- Incentives for investment in R&D; industrial research, technology investment of companies and
- Incentives for measures to increase productivity; introduction of new management tools, quality standards and continuous improvement systems in the value/production chain.

Established Clusters in the FYR of Macedonia

Several cluster initiatives are already operating in the FYR of Macedonia: a textile cluster, an information technology cluster, a wine cluster, a cluster for tourism and a cluster for lamb meat and sheep cheese as well as clusters for agricultural mechanisation, automotive components, wood processing, food-processing, fashion design etc. These clusters are at various stages of development and need specific support to further accelerate their deployment.

The key weakness that all existing clusters share is a lack of potential for innovation, new products and services to compete better on the global markets. Existing clusters have mainly been created with the purpose of “grouping of small enterprises” to better sell on the markets and have done much less in the area of sharing and creating economies of scale in purchasing, applicable research and development and innovation. The analysis of successful clusters around the world shows that successful clusters gather, apply and expand knowledge and create innovative solutions to business challenges. These qualities of clustering still need to evolve in the FYR of Macedonia.

Support Measures for Clusters

To combat these weaknesses, the following measures for collaboration in clusters and networks are introduced:

1. Further awareness raising and training for clustering/networking,
2. Support for Cluster/network analysis and strategy development accompanied by an action plan and specific projects,
3. Supply chain partnerships acceleration and
4. Stimulation of technological centers, support of networks of R&D institutions.

Expected results

The implementation of policy measures in clustering and networking is expected to lead to an improved understanding of the positive effects of clustering and networking for the Macedonian industry. Governmental support to clustering and networking will emerge throughout the public-private dialogue, which will help to overcome challenges of collaboration. The implementation of policy measures (supported by the government as well as by other donors, EU programs and funds) shall contribute to the creation of demonstration clusters as best practices for future innovation based clustering.

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News from Montenegro

New Minister of Science

Mrs Sanja Vlahović, doctor in economic sciences, is the new Minister of Science in Montenegro at the newly established Ministry of Science. She has built her career in academic institutions in Montenegro and abroad and teaches leadership and management courses.

Vlahović is the author of the book "Leadership in Contemporary Organizations" and of a number of scientific papers in the field of leadership. She was the reviewer of the Montenegrin edition of the book "According to Kotler" and collaborated with a number of renowned professors at various universities.



Minister Sanja Vlahović

Productive multimedia signals and systems research

The Ministry of Science of Montenegro finances a research project of the electronics team at the Faculty of Electrical Engineering of the University of Montenegro, named "Generalisation of time-frequency distribution: application in multimedia systems and hardware realisation" in the period of 2008 to 2011.

The research team collaborates with five international teams of the Polytechnic Institute in Grenoble/France, Harvard University/USA, Lomonosov University in Moscow and Villanova University in Philadelphia/USA. Research cooperation has recently started to boost also with the Technical Faculty of the University of Rijeka, Croatia. During the second year of realisation, the project produced two doctoral theses, nine papers in referent journals and three works presented at international conferences.



Research team at the Faculty of Electrical Engineering.

The research of Prof. Srdjan Stanković's team is directed towards the development of innovative techniques which are close to application in various fields, from biomedicine, radars and telecommunications to the protection of ownership over digital data. On the basis of research of this team, two patents were obtained in the USA in the field of digital data protection and a new algorithm for compression of video signals was proposed and published in an eminent scientific journal. Significant improvements were also achieved in the field of analysis of radars and radar signals.

During the third research year, cooperation with the team from Rijeka will be enhanced. Cooperation with the French and Russian teams will be developed by involvement of foreign researchers in the national project (a novelty initiated by the Action plan on the Mobility of Researchers). It is of invaluable importance for researchers to have the opportunity to visit each other at least twice a year, with a view to exchange ideas and plan future activities. Thanks to this collaboration, Montenegrin researchers have access to the world's best laboratories and are trained for the use of novel experimental methods.

Flash news from the Ministry of Science

The Government of Montenegro has adopted two Action Plans in the area of international cooperation: the Action Plan on Mobility of Researchers for 2011–2012 and the Action Plan on the Involvement of Montenegro in the EUREKA Programme.

The Action Plan on Mobility sets three priorities:

1. Strengthening the basis for outgoing mobility by improving the working conditions of mobile researchers in their institutions and planning a national research mobility fellowship programme for the period after 2012.
2. Enhancing incoming mobility by opening the national programmes to experienced foreign researchers and by facilitating networking of Montenegrin institutions for mobility and training of young researchers.
3. Strengthening inter-sectoral mobility by improving the legislative framework, training and promotional activities.

According to the **Action Plan on EUREKA**, Montenegro will set the conditions for joining the initiative in 2011, while funds for EUREKA projects will be available as from 2012.

During the first three months of 2011, the government has signed **bilateral agreements** on scientific and technological cooperation with Serbia and Bulgaria, while signing with China is planned for May 2011.

Strategy for the Development of SMEs 2011–2015

The Strategy for the Development of SMEs 2011–2015, prepared by DDSME, was adopted in January 2011. The development of innovation capacities in the SME sector is included as one of the operational goals. It underlines the importance of coordinated activities among relevant institutions and the SME sector towards achieving the goals and provides an action plan for its realisation.

The Ministry of Economy of Montenegro has been preparing the terms of references for the Strategy for Sustainable Economic Development through the introduction of clusters. The preparation of the document is planned to begin by the end of this year.

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University of Montenegro – Faculty of Electrical Engineering ▪ <http://www.wbc-inco.net/organisation/112915.html>



News from Serbia

Serbian parliament approves governmental changes

On March 14, 2011, the Serbian parliament approved the country's reshuffled government. A number of ministries were merged to bring about the reduction. Prime Minister Mirko Cvetković announced that the government will carry out economic measures to improve the standard of living. The new Minister for Education and Science is Prof. Dr. Žarko Obradović.

Prof. Dr. Žarko Obradović, Minister of Education and Science

Prof. Dr. Žarko Obradović was born in Berane in 1960. He graduated from the Faculty of Political Sciences in Belgrade, where he later also received his MA and PhD. He published two books and ten papers. From 1998 to 2000, he was the Deputy Minister for Local Self-Government. From October 2000 until January 2001, he was the Deputy Minister for Higher Education in the interim government. Prof. Dr. Žarko Obradović is a lecturer at the Faculty of Public Administration at Megatrend University. He is an MP since 2001. Until March 2011, Obradović was the Serbian Minister of Education.

Best technological innovation 2010

The first prize for the best technological innovation in Serbia in 2010 in the category of realised innovation was awarded to the team "Top 14" for their innovation "Production of chemically modified inverters". A total of six teams participated in the final lap of the competition.



Jury of the prize for the best technological innovation.

The Jury consisted of Deputy-Prime Minister for European Integration and Minister of Science and Technological Development Božidar Đelić, State Secretary at the Ministry of Environment Protection and Urban Planning Bojan Đurić, State Secretary at the Ministry of Economics and Regional Development Dragijana Radonjić Petrović, Vice president of the Serbian Chamber of Commerce, Vidosava Džagić, Director of the "Saga" company, Goran Đaković and the Director of Orion Telekom Slobodan Đinović.

Bilateral cooperation

New bilateral agreements on Science and Technology were signed with the USA and the Republic of Montenegro.

Austrian architect wins international competition for Centre for the Promotion of Science

A total of 232 architects from 47 countries competed in the international competition for an architectonic solution for the Centre for the Promotion of Science (CPS). The winner is the Austrian architect Wolfgang Tschapeller. The jury comprised the international experts Roberto Simon from Brazil, Dorte Mandrup from Denmark, Günter Katherl from Austria and Ourania Kloutsinioti from Greece, as well as Belgrade city architect Dejan Vasović and the President of the Association of Serbian Architects Jovan Mitrović as Serbian representatives.



Design model for CPS.

Formal discussion for Serbian membership in CERN

The Council of the European Organisation for Nuclear Research (CERN) announced that Serbia can begin formal discussions for membership. Accession to CERN is very important because this organisation is conducting the greatest scientific experiment in human history – the Large Hadron Collider accelerator, in which 40 Serbian scientists participate. Membership negotiations should last for approximately one year after which Serbia will get the status of associate member. Within two to five years, Serbia will become a full member of CERN.



Former minister of Science Božidar Đelić and representatives of two Serbian institutes working at CERN.

Financing of the national scientific project cycle 2011–2014

The Ministry of Science and Technological Development (new name: Ministry of Education and Science) approved the final list of scientific projects that will be financed in the project cycle of 2011 to 2014. Almost 30 percent of the supported researchers will be engaged in interdisciplinary research. This project cycle also allows acquisition of new equipment and investment in infrastructure with a total value of 100 million EUR. More than a thousand scientists in the Diaspora and foreign partners will participate in national projects. Following the call for projects, that was open from May to June 2010, 887 project applications were received. In total, 11.615 researchers will be financially supported, compared to 8.300 supported during the previous project cycle. A new category to the call for projects has been introduced related to young researchers as project team leaders.

LINK

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Outlook on the Future of SEE-ERA.NET PLUS

SEE-ERA.NET PLUS (FP7) involves 17 R&D program owners as ministries or agencies from 14 countries, including EU Member States, Associated Countries and all WBCs. It is implemented as a pillar of the Regional Programme for Cooperation with South-East Europe (ReP-SEE), developed by the forerunner project SEE-ERA.NET. Coordination of bilateral R&D cooperation with the WBCs and the EU by means of the ERA-NET PLUS funding scheme in FP7 receives additional funding by the European Commission as a “top-up” to national funding. Details for the selection and funding process were provided in the last issue.

Strengthening research communities in new Member States and WBCs and preparing them for successful participation in FP7 is of growing importance. Given the recent financial difficulties in several EU countries, the future of significant regional S&T cooperation has to be developed very carefully. The continuation of the respectful way of joint work in the last years is of high relevance for all partners involved. External influence to trigger joint undertakings is of importance, e.g. whether the INCO Program committee includes regionally relevant calls and instruments similar to ERA-NET Plus in the upcoming working programmes for 2012 and 2013.

Aiming at sustainable development and a continuation of the cooperation established, a dedicated working group of SEE-ERA.NET PLUS looks to identify the strands of future cooperation. This raises questions going far beyond technical details and budget availability.

Key questions for fruitful approaches towards deepening the successful cooperation are:

- Assessing the functionality of the ongoing – funding – activities and identification of limiting factors for future
- Possible inclusion of countries beyond the established consortium of 14 countries

- Synergies with regional initiatives like the Danube Strategy
- Thematic fields of joint R&D funding and possible topics for basic and applied research
- Assessment of partner positions for the coverage of innovation related topics
- Continuation of cooperation in sub-regional initiatives of core interest for part of the involved countries under the umbrella of SEE-ERA.NET PLUS
- Finding means for joint financing of technical coordination facilities

In addition to the dedicated Working Group Meeting in the first half of 2011, the Steering Board of SEE-ERA.NET PLUS will meet to identify further steps towards sustainability of the project, as the project will formally end in January 2013.

During the upcoming Innovation Dialogue Forum of WBC-INCO.NET, a session will be dedicated to the above presented questions. In essence, continuation and deepening of the cooperation process will lead to new and innovative approaches for future joint activities.

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Next Generation Biofuels: Priority Option for Renewable Energies in Eastern Europe and the Balkans

In the framework of possible alternatives for renewable energy strategies for Eastern Europe and the Balkans, the Central European Initiative (CEI) is promoting an integrated and interdisciplinary regional project on Next Generation Biofuels, which may represent a priority option for its eighteen Member countries. In this context, the involvement of the Regional Cooperation Council (RCC) has been envisaged.

Keeping in mind latest EU legislation on the matter (by 2020, fuel from non-fossil origin must represent at least 10 percent of the total fuel consumption for auto-traction), eco-friendly produced biofuels from agricultural and forestry residues are likely to play an ever increasing role. Indeed, more than any other alternative they will contribute to important socio-economic targets: preservation of the environment, energy security through import substitution, rural development, innovation and job creation, enterprise development and export of technology.



The Central European Initiative promotes a regional project on Biofuels.

Member countries: human resources are there but they need to be better organised and supported, and the result will certainly come within a few years. Furthermore, the very criterion of bankability depends on the actual cost of oil: did bankers consider in their evaluation a steady cost of 100 USD per barrel or above? CEI intends to play the role of promoter, designer and lead partner for a project to be supported by the European Commission through a variable geometry according to the status of the beneficiaries vs. the European Union (EU Members, Candidate Countries and Neighbour States).

The current objection is that, at the present state of the art, biorefinery projects are not yet bankable. In fact, more research and development is needed to improve the efficiency of the processes, but this could represent an extraordinary driver for the enhancement of the scientific communities of

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From Donor Support to Sustainability of Business Clusters: Challenges and Perspective

Through the financial support of international donors, Kosovo (under UNSCR1244) has achieved great success in accelerating private sector growth by making business clusters work. Mainly donor driven assistance helped the Kosovo economy to promote productive investment and to integrate into regional trade. As a consequence, value-added goods and services were produced in Kosovo (under UNSCR1244) for internal or external consumption and new sustainable employment opportunities have emerged. However, plenty of work remains to be done in order to exploit the full potential of business clusters.

Kosovo's economy is facing challenges in its competitiveness. Imports are approximately ten times the value of exports. Several attempts have been made (mainly donor driven) through various interventions in order to support economic activities that can spur exports or at least contribute to import substitution. Products which are being imported in volume, and which could be produced in Kosovo (under UNSCR1244) by producers of the same or similar products, represent significant domestic market opportunities. These products and business activities should be identified and supported in order to help these sectors to gain competitiveness. Business clusters can be one approach to contribute to Kosovo's competitiveness.

Among others, business clusters helped to address the current production process, the costs of production, product standards, necessary improvements to compete with imported products and a marketing program to persuade Kosovars to buy domestic products.

Business clusters in Kosovo (under UNSCR1244) are of recent origin. They began to operate a few years ago, mainly driven by the support of international donors such as USAID ("Kosovo Cluster Business Support Project"), TAM and "Horticultural Promotion, Kosovo". These international development donor institutions have cooperated very effectively working in similar areas.

These interventions supported the increase of competitiveness of targeted clusters by promoting private sector driven market initiatives, enhancing the institutional capacity for competitiveness, structuring a results-oriented, sustainable public-private competitiveness dialogue and supporting the development of an enabling environment for broad-based economic growth through expanded trade relationships between firms.

At the firm level, programmatic interventions were focused on increasing sales and employment aiming at long-term growth of small and medium sized enterprises (SMEs) in three main business clusters: livestock (dairy/beef/poultry/feed), fruit/vegetables and construction materials industries. One interesting example of these interventions at the firm level is assistance to a single leader firm or a firm with the potential to impact the greater subsector. Firm-level efforts have not only generated substantial numbers of sales and jobs, but have also helped to generate substantial downstream or secondary impact. Business clusters also effectively increased the capacity of enterprises to conduct business and help make the policy environment more conducive to business growth. Moreover, clusters also helped to strengthen the capability of business associations and for-profit business services to better support their members and advocate for needed change.

The intervention had a huge impact on reducing dependence on imports by promoting increased competitiveness within the clusters, and on developing an improved business operating environment. Statistics suggest an increase in sales of more than 70% over the baseline among targeted enterprises which operated within the business cluster and an improved productivity more than 15%.

Challenges for Business Clusters

Businesses within clusters are in their infant phase of development. These businesses have been influenced by number factors such as unfair competition, inadequate access or unfavourable terms and conditions for loans, limited knowledge in the field.

In almost all sectors in which business clusters operate, the development has been impeded by difficulties with raising favourable financial sources and ineffective government policies, such as law enforcement. Numerous new laws and regulations have been passed in Kosovo (under UNSCR1244) in the past five years. Unfortunately, too often these laws have not been effectively implemented and enforced. Moreover, inertia, departmental reluctance, a lack of capacity or a lack of resources contribute to delaying an effective implementation and to increased costs of doing business.

Although successful private businesses within these clusters are now entering the next stage, there is a need for more creativity and innovation and a need for providing more knowledge-oriented services through clusters. Several companies entered a phase where they need to penetrate and expand external markets. The Kosovo's market as a small economy has rather limited possibilities to support their growth. Supporting business clusters can help leading companies to increase their potential for exporting. The good news is that donors consider business clusters as a priority in their development agendas. However, expanding business operations to other markets of company leaders in cluster, quality control and certification becomes a prerequisite for their success. Regarding the future sustainability of business, clusters depended largely on government efforts to implement laws and install fair competition.

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Current Calls in the Field of Clusters

3rd Call of the South East Europe Programme, including the theme "Policy Learning Mechanisms in Support of Cluster Development". **Deadline for Eols: June 17, 2011.**

LINK <http://www.wbc-inco.net/call/110315.html>.

Trans-National Call for Technology Clusters and SMEs, aiming at transnational interclustering. **Deadline: December 1, 2011.**

LINK <http://www.wbc-inco.net/call/111822.html>

Introduction: Clusters – What's that?

Keywords such as cluster, cluster policy, cluster initiatives, etc. are currently omnipresent in both the scientific and policy discourse. In times when innovation and competitiveness are seen as the main forces to boost our economy, the concept of clusters gained a crucial position in regional and national development strategies.

Emerged in the early 1990s, the most common definition for clusters can be traced back to Michael E. Porter who defined clusters as “geographic concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries and associated institutions in particular fields (for example, universities, standards agencies, and trade associations, etc.) that compete but also cooperate”. Through their geographical proximity, interactions, the presence of a skilled labour force, the exchange of knowledge, technology and business information are facilitated, thereby pooling forces of cluster members and allowing SMEs to benefit who do not have the necessary resources. Therefore, this process enables clusters to be important drivers for competitiveness and innovation.

Notwithstanding famous success stories such as Silicon Valley or Hollywood, clusters should not be seen as wonder weapons to boost competitiveness and improve business location of disadvantaged regions as the most successful clusters are mostly created spontaneously by market forces and many man-made unsuccessful clusters exist. Nevertheless, the development and maintenance of clusters of innovative companies and excellent research institutes can be fostered from outside and these clusters can live up to the expectations if dedicated cluster policies take the local economic and historic conditions into account and do not apply one-size-fits-all solutions and universal sets of tools on specific contexts.

First International Conference of the Danube Cultural Cluster

In collaboration with many partners from the Danube area, the Collegium Hungaricum Vienna encourages the foundation of a cultural cluster in the Danube region.

The Danube Cultural Cluster is meant to serve as an umbrella organisation for cultural clusters in the Danube area and as a centre for information, lobbying and service. The members of the cluster will be connected to competent, new partners and sponsors and will be provided with information which helps them become more successful.

DANUBE +. New Dimensions, new Synergies

As part of the Viennese programme accompanying the Hungarian EU Council Presidency, the first international conference on the initiative of the Danube Cultural Cluster titled “DANUBE +. New Dimensions, new Synergies” took place in Vienna on March 10 and 11, 2011.

Around 300 representatives and attendees from 21 countries – mainly politicians, diplomats, culture and tourism experts from the Danube states – participated in the two-day event to exchange opinions and experiences about stronger cooperation and the potentials of a cultural cluster for the Danube region.

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European Cluster Policy Group Final Recommendations – A Call for Policy Action

Clusters are of growing importance in the new global environment in which the European 2020 strategy has to succeed. However, in order to maximise the impact of cluster programmes across different dimensions of the EU 2020 strategy, there is a clear consensus across MS and EC that significant further steps are needed to improve the impact of these programmes.

In view of this quest, the European Cluster Policy Group (ECPG) of 20 independent experts was formed by a Commission Decision on the October 22, 2008 with the task of making recommendations on how to better design cluster efforts in the Community. Over its 18-month mandate, which ended last September, the ECPG has discussed a number of themes with particular relevance to clusters. The resulting set of recommendations for the next stage of cluster efforts highlights three principles as a general orientation for policy makers at the EU level, but also in EU Member States, and eight action proposals.

The ECPG recommends that the next stage of European cluster efforts will need to be (1) better integrated in a broader competitiveness agenda, (2) reoriented towards more ambitious goals, and (3) implemented with stronger coordination between EU and Member State levels. The eight action proposals translate these general principles into more concrete suggestions for specific new policy actions. The ECPG argues for stronger alignment of EU budget priorities with

the goal of competitiveness, for a review of current recipients of cluster funding, for a new way of spreading best practice on cluster programmes in EU MS, for the alignment of operating procedures across programmes, a reduction in their overall number, and structural changes in EU efforts to create a cluster knowledge infrastructure and collaboration platforms. This will require coordination, political will, and – more importantly – the engagement of relevant parts of government to translate the recommendations into specific action plans.

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LINKS European Cluster Policy Group ▪ <http://www.wbc-inco.net/organisation/111841.html>
Download the ECPG's final report ▪ <http://www.wbc-inco.net/object/document/111835.html>

Strategic Tools to Support Cluster Development and Performance – The Norwegian Experience

The main challenges for a cluster to reach its highest potential and world class performance is often the ability of the cluster organisation, and the cluster as such, to be relevant for its members and hence to create a common culture and understanding of the added value of cooperation and participation in the clusters initiatives, projects and common work. Facilitating the sharing of experience, development of common knowledge and innovation projects within the cluster requires a great deal of trust among the clusters actors.

After years of experience through the work with clusters in Norway, Innovation Norway has found that the best way of creating a well functioning cluster is that the cluster is mainly developed through a bottom-up approach. The cluster manager and cluster organisation should facilitate processes where the interests of the companies within the cluster are fostered and heard as the main input to the common development and priorities of the cluster initiative.

Since early 2000, several Norwegian clusters have been successfully implemented and gone through scenario based Foresight processes, conducted as an integrated part of the cluster initiative. The process is based on a collective dynamic effort with input and participation from a wide variety of actors in the cluster with different perspectives, exploring the long term challenges and opportunities for the cluster and the industry.

The main learnings from these processes are that they require time in the planning phase, especially for recruiting committed participants to the task at hand. The experience of Innovation Norway is that the process should be facilitated by a professional who is external and neutral to the cluster. The demand for professional organisation grows as the cluster cooperation is getting more complex. Further, regular meeting arenas are a must to enable a successful process, typically with at least four two-day workshops a year.

As stated by one of the clusters that now has a five year experience with Foresight processes:

“... it is the single most important project that has had the greatest significance for the cluster's development. Through the systematic use of scenario techniques and collective strategic thinking among the participants in the cluster, the project has identified forces for future development in the industry and the cluster”.

A Foresight process must be customised to the specific cluster, copy-paste is not an option, there is, however, much to learn from experiences from other clusters that have undergone similar processes. The programme management of the two Norwegian cluster programmes – the Arena Programme and the Norwegian Centres of Expertise – has made an effort to create arenas where these experiences can be shared among cluster managers.

For more information about the experiences of the Norwegian clusters with the use of Foresight Processes, please contact the author.

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Potential Benefits of Clusters in Southeast Europe

The transition process in the Southeast European countries brings extraordinary potentials for business clusters to strengthen the competitiveness of the local economy.

In the frame of economic integration, the Southeast European economies are potential new markets for EU companies and vice versa, but trade between these two institutional setups seems costly. In Southeast Europe, small and medium sized enterprises (SMEs) are the cornerstones of economies that are – in the shadow of the economic crises – under pressure to improve their trade balances.

However, the Southeast European economies face rapid institutional change from a centrally planned to a market economy. As the change of the institutional setup is in progress, it is unstable per se. While privatising state owned companies and removing market entry barriers, the state withdraws from its monitoring function. However, the economy does not have sufficient resources to fill in these gaps immediately. Even if new and adequate institutions evolve, it needs time to build them up, and might it ‘only’ be because they are interlinked with other or former institutions. These voids in the institutional environment lead to high transaction costs of trade.

The resources to bridge these voids are generally available either to multi-nationals or combined by business groups, however, not to single SMEs. As a business group is rather an informal, closed network to which it is difficult to obtain contacts, it is not likely to increase international trade. However, a more formal network, performing similar surrogate mechanisms as the

business group, more accessible to foreign SMEs, would be a possibility to reduce transaction costs of trade between Southeast European SMEs and West European SMEs.

In essence, clusters fulfill these requirements. They are geographic concentrations of companies from one and related industries and other organisations such as research institutes and support agencies. Michel Porter once declared that clusters are beneficial for the competitiveness of single firms, since they increase productivity, enhance innovation and stimulate new businesses. This led to an enormous increase of cluster initiatives and cluster strategies developed by governments, copy-pasting Porter's research.

However, clusters could be – especially in transition economies – a chance to bridge lacks in the institutional environment. Thus, copy-pasting Porter's approach is not reasonable, but if the services the cluster provides are directed at specific voids encountered by the companies wishing to trade in the environment, it will reduce search and initiation costs for both trading partners and thus automatically generate incentives to participate in the cluster.

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Clusters for Competitiveness. A Practical Guide & Policy Implications for Developing Cluster Initiatives



This World Bank publication offers a practical approach for developing industrial clusters to achieve export competitiveness. It explains the key concepts of clusters, outlines useful tools and discusses the key stages involved in initiating a cluster analysis, engaging stakeholders and implementing strategic cluster initiatives. A series of annexes offers useful resource materials for policy makers, business associations and leaders, and international development agencies.

LINK

Download the Guide at ▪
<http://www.wbc-inco.net/object/document/55000.html>

Innovation: Creating Knowledge and Jobs. Insights from European Research in Socio-economic Sciences



This publication draws upon presentations and discussion from the conference "Europe 2020 strategy: Innovation insights from European research in socioeconomic sciences" held in Brussels on June 1, 2010. It gives insights from more than thirty research initiatives in the field of innovation and knowledge economy funded under the Socio-economic Sciences and Humanities (SSH) theme of FP7.

LINK

Download the report at ▪
<http://www.wbc-inco.net/object/document/95530.html>

EVENT ANNOUNCEMENTS

WIRE 2 Conference

June 7–9, Debrecen/Hungary

WIRE2011, jointly organised by the EC and the Hungarian EU Council presidency, connects cluster development and research infrastructure policy in order to enhance innovation performances and regional development. WBC-INCO.NET will be represented with an exhibitor stand at WIRE2011.

LINK

<http://www.wbc-inco.net/object/calendar/105611.html>

8th DRC Summer School on Regional Cooperation

July 3–10, Vienna/Austria

The DRC Summer School, focusing on social sciences, will take place under the theme "EU Strategy for the Danube Region – Perspectives for the Future". The deadline for applications, requiring also an abstract of the paper to be presented, is June 12.

LINK

<http://www.wbc-inco.net/object/calendar/108725.html>

Dubrovnik Conference on Sustainable Development of Energy, Water and Environment Systems

September 25–29, Dubrovnik/Croatia

The conference is dedicated to the improvement and dissemination of knowledge on methods, policies and technologies for increasing the sustainability of development by de-coupling growth from natural resources and replacing them with knowledge based economy.

LINK

<http://www.wbc-inco.net/object/calendar/97180.html>

Higher Education in South Eastern Europe. University-Economic Partnerships for Enhancing Knowledge Transfer



This manual deals with the need for a stronger connection between universities and industry in SEE, but also shows that many different types of cooperation between these stakeholders already exist. Eight country reports assess the current state of the higher education sector and university-enterprise collaboration and offer recommendations on how to improve future cooperation. The manual also offers insights on the existing tools and methods as well as on the possibility of developing tailor-made strategies.

LINK

Download the manual at ▪
<http://www.wbc-inco.net/object/document/111486.html>

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