

Development Roadmap 2022-23

Content

Executive summary	2
1. Analysis of the current state	3
2. Strategic positioning	4
3. Goals and objectives for 2022-23	5
4. Value proposition for UCA clusters	6
5. Road map of development	7
6. Management structure	9
7. Plans until the end of 2022	9
8. Budget of the organization	11

Executive summary

The Road Map of the Ukrainian Cluster Alliance (UCA) 2022-23 is the main strategic document that sets the goals and development strategy of the Ukrainian Cluster Alliance until the end of 2023. The document is aimed at the key stakeholders of the Ukrainian Cluster Alliance - heads of clusters of the alliance, board members and participants, government organizations, Ukrainian and international partners.

The document is developed in a classic structure - from the analysis of the current state, through the setting of goals, strategic options for achievement, plan and budget.

The road map shows the movement in the time dimension along 6 key directions

Main directions of action and phase transition points (milestones)

- 1) **Growth:** extensive growth changes in March 2023 to intensive (selection of the most mature clusters, with a focus on management quality).
- 2) **Institutionalization:** from improving one's own self-organization to bringing the 2027 program to the state level.
- 3) **Capacity building** is a key strategy of the UCA in the context of the weakness of most clusters and the ongoing war.
- 4) **Inter-cluster cooperation** - the plan envisages the launch of several projects at the beginning of 2023 and beyond - the deployment of a larger number.
- 5) **Internationalization** - clusters should move from projects for clusters to real growth of export indicators of their members.
- 6) **Innovative development.** This direction is quite controversial in the current state of the UCA clusters (weak capabilities), but very desirable and targeted.

The structure of the UCA corresponds to the given directions, accordingly, the plan and budget are also configured to achieve qualitative changes in them.

The budget of 1.8 million hryvnias is a good starting point for the growth of UCA in the initial period. Rapid growth is impossible without funding and, in general, UCA provides its main activities with the necessary budget. The main assistance is provided by the German federal company Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH with the financial support of the German government. This document was developed as part of the UCA Projects Promo mini-project, which is also supported by GIZ.

1. Analysis of the current state

As an association of clusters of Ukraine, UCA was formed in March 2022 and in 6 months went through a rapid state of formation. As of the end of August 2022, the UCA operates as a regular organization that has implemented a management structure, competence centers and individual responsible for individual areas (Rapid Response Centers, RRC), has a monthly and weekly action plan. Although there are questions regarding many structural elements, and most of those responsible act on a volunteer basis, the UCA has all the signs of an organized business association (BA) and it is growing rapidly.

The strengths of the organization include:

- Quick start and self-organization. First of all, this was achieved thanks to the previous work of the Industry4Ukraine cluster committee, the APPAU association, as a leader of the movement, and numerous regional projects 2020-21 with the support of GIZ
- High activity and dynamics of development in the international arena. The key contribution here belongs to Olga Trofymova, the president of CMC-Ukraine and the head of the Ukrainian cluster of automobile manufacturing and mobility, who took over a large part of the burden of representing the UCA clusters on the international arena.
- The core of the organization is highly motivated - about 10-15 key managers, who create a critical mass of activists of the UCA.

The weaknesses of UCA include

- The state of UCA clusters is very different – from powerful associations of the national level (such as UAM) to those relocated from the east of the country, which practically ceased their activities as BAs (most clusters of Luhansk region and Donetsk region)
- More than 50% of UCA members are young clusters founded in the period 2019-21, and which have not yet passed the initial phase of growth and have little opportunities to perform complex tasks (such as export). In the current conditions, the cluster management of these organizations is in dire need of funding.
- There is a lack of leaders in areas that are particularly complex, such as the Analytical Center, GR or issues of internationalization in certain areas. This weakness is especially evident in attempts to diversify activities, and which definitely need new leaders.

Accordingly, and according to the results of the 1st strategic session in July 2022, the following 5 categories generated at the 1st strategic session should be considered the key challenges of this stage

	Challenge (key issues)	Argument	Possible solution options
1	How to increase the capacity of the UCA and individual groups of clusters	Now our capabilities in the international arena already exceed our capabilities (we cannot respond)	1) Map of clusters, followed by profiling of the best areas of expertise and broad communications 2) Faster grouping by RRC (= expert groups) 3) Trainings, coaching, mentoring
2	How to improve the financing of UCA and clusters in a critical situation	Without funding, the structure of the UCA, nor most of the clusters, cannot exist	1) Bring the fundraising function to a regular system level, both for individual clusters and for RRC. In particular, consider the availability and submission of projects on a quarterly basis
3	How to improve intercluster cooperation	The potential for cooperation is much higher, but it is poorly realized	1) Develop networking and matchmaking tools (quantity and quality) 2) Uniform (Euro) standards and equations based on them
4	How to position yourself among other BAs and including GR	Many unification tasks are also carried out by other BOs, and there is some competition here. And many of them support the hype about clusters and rhetoric about VAC, etc	1) Lobbying and active promotion of one's areas of expertise (specialization) – VAC (production and ecosystem cooperation), innovation and digitization. SME industry (Adv Manufacturing)... 2) High-quality analytics in their areas of specialization 3) Active PR and promotion of the UCA brand
5	How to help young and relocated clusters	More than 50% of UCA members are young or relocated clusters with very limited experience, resources and competences	1) Uniting into Rapid Response Centers 2) Trainings, coaching, mentoring 3) Facilitating integration into other educational, etc. programs that strengthen capacities 4) Strengthen the function of fundraising

2. Strategic positioning

Positioning is about how we want to be perceived by the target audience (= a stable image in their minds) and is one of the key elements of any organization's strategy.

In 6 months, UCA begins to quickly find its place on the map of business associations (BA) of the country, as a young, dynamic, and ambitious BA with 3 unique features

- **Focus on strengthening value added chains (VCA)** - which part of each cluster organization and the cluster mission movement in general. At the same time, the UCA focuses most on industrial sectors, and they are indeed the most represented among the 37 participants of the UCA.
- **Deep integration with regional and European innovation ecosystems**, which together form the basis for smart specialization strategies of regions and industries. This positioning is derived from compliance with the provisions of the Industry4Ukraine Manifesto and is also based on strong internal integration – all UCA clusters have gained access to the work and resources of the Committees for Digitalization of Industry, Sustainable Industry, and Smart Specialization.

- **The powerful Euro-integration course of the UCA** is not unique from the point of view of formulation, other BAs in Ukraine say a lot about it. But UCA distinguishes in this a clear and already formalized strategy of internationalization, and high dynamics of internationalization - almost every month we have new international agreements, partners and opportunities for cooperation.

In almost all of these positions, UCA has a certain head start over other BAs thanks to its roots in the Industry4Ukraine platform. This is where expertise, professionalism and, in fact, the very strategy of cluster development until 2027 come from. At the same time, external experts (collected today at the UCA Analytical Center) cannot replace the cluster organizations themselves. Strengthening these features of positioning is a matter of as much communication as carrying out painstaking and extensive work among all clusters of the UCA with a focus on improving their **own capabilities in the directions specified in challenge #4**.



Fig. 1 Groups of clusters in the UCA

For example, there is a big difference between the statements of EAM clusters about their leadership ambitions in their fields of activity and their real ability to issue at least some analytics on their regions or industries, as well as with the number and quality of proposals for cooperation.

3. Goals and objectives for 2022-23

The main goal of the 2022-23 activity is to consolidate the status of the UCA and its **development as a single and all-Ukrainian association of all clusters of the country**.

The key tasks until the end of 2023 and in accordance with the specified challenges are the following

	Strategic focus	KPI	SMART landmarks
1	Growth of UCA	The number of active clusters	Bring the total number up to 50 organizations, among which 30 are really active and consolidated with the activities of the UCA
2	Institutionalization at the state levels	State strategy	1) Adopt the project of the strategy until 2027 as an element of state policies and strategies, 2) achieve real support at the level of regional administrative authorities (RAA) and city mayors
3	Strengthening the potential of clusters	Funding of management of organizations	1) To provide grant projects to at least 50% of active clusters of the UCA, 2) to bring the set of basic functions (communications,

			networking, dream-making, fundraising) to the same standard level
4	Inter-cluster cooperation	Number of joint projects	1) To achieve at least 3 projects per year for each RRC, 2) at least 5 projects in other areas
5	Export - Internationalization	Number of international projects Number of exporters The number of cluster profiles on the ECCP platform Number of international events	At least 3 at least 30% for each active cluster Integrate alliance clusters into the ECCP platform - up to 5 Integrate Ukrainian clusters into the international cluster community - up to 5 signed memorandums of partnership

4. Value proposition for UCA clusters

Since its inception, the UCA coordination center has followed the guidelines initially defined in this publication. In particular, the basic joining provisions, shared services and benefits listed here formulate the first value proposition of UCA. At the moment, and in a more advanced form, it looks as follows

1) Lobbying of common interests is a single and joint voice of the country's clusters.

UCA is the "voice" of all clusters of the country and represents their interests in state structures, at the international level and among other organizations of the business environment and civil society. This is possible thanks to the presence in the coordination center of the UCA

- a. Integrations with Industry4Ukraine Committees and the Analytical Center (which has already been demonstrated during the development of the Recovery program in June 2022)
- b. Coordination between RRC and individual managers, in particular, Oleksandr Yurchak (including as coordinator of the Industry4Ukraine platform), Anatoliy Dolynny (including through URB channels), Volodymyr Panchenko and Andriy Hnap (as head of the Steel Industry committee) play key roles in GR. Oksana Sytnyk represents the interests of the UCA in lobbying the interests of industrialists with other partners, in particular the USPP.

2) Better chances for funding and capacity building.

UCA unifies, strengthens and accelerates the growth of clusters in various areas, including, helps to establish the function of fundraising for young clusters. Over the course of 6 months, UCA attracted funding for common goals from 2 donor organizations in the amount of about 20,000 euros. These mini-projects (EaP Civic Society Facilitation, 3 from GIZ and 1 from ECA) are still ongoing and have enabled clusters of UCA

- a. Significantly strengthen your voice and positioning in the international arena
- b. To form the first success stories in internationalization
- c. Formulate joint strategies and individual strategies for 4 UCA clusters
- d. Launch a network of ambassadors for prom. hi-tech 10
- e. Strengthen and bring to regular work 3 RRC
- f. To promote the emergence of new projects - already at the level of individual clusters
- g. Establish joint communications, including through a single website
- h. Begin unification of best practices, tools and standards (UCA knowledge base)

3) Internal cooperation for establishing Value added chain, supporting critical industries and inter-cluster cooperation projects.

Basically, we are talking about the coordination functions of the UCA and which are manifested in numerous aspects of cluster cooperation and with different effects, depending on the complexity. For example, UCA easily coordinates joint actions in various events, including international ones, as this function is not difficult, but immediately has a strong impact on image, PR and positioning. At the same time, in complex functions - such as the development of a joint value proposition of several clusters, joint projects, etc. - the resources of the UCA coordination center are still limited and are reduced to the facilitation of individual processes and the attraction of individual funding.

4) Rapid internationalization.

Here UCA has already developed services and advantages, especially for young clusters. These services include

- a. Representation of clusters on the international arena
- b. Participation in international events - exhibitions, delegations, etc
- c. Help with defining the value proposition for export
- d. Assistance in the formation of international alliances and consortia
- e. Search for partners abroad

These services are possible not only due to allocated resources (Yurchak O., Trofymova O.) and internal coordination (for example, now with U-Food), but also due to the joint strategy of Export - Internationalization (that is, it is a joint strategic planning and coordination tool) and already developed connections and relations (about 10 EU countries and the USA).

5) Increasing the professional level - standardization.

UCA cares not only about bringing all clusters to a single level of European standards (3 classifications within the framework of ESCA quality labels), but also - thanks to the integration and resources of Industry4Ukraine - contributes to the rapid growth of the professionalism of clusters and their participants in numerous applied areas of digitization of technologies and processes, implementation of energy-efficient technologies and frugal production, transition to a circular economy, innovative development, etc.

5. Development roadmap

The road map of the UCA is presented in fig. 2

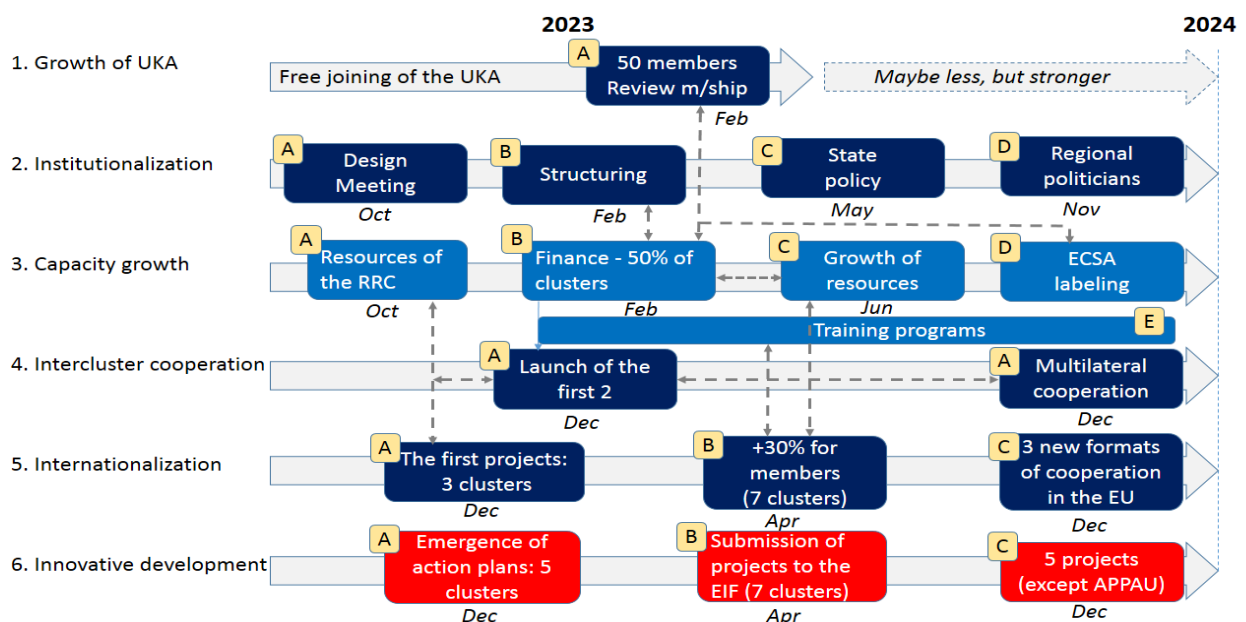


Fig. 2 Road map of UCA until 2023

Main directions of action and phase transition points (milestones)

7) Growth: UCA will grow extensively approximately until February - March 2023 - after that, the number will decrease, - the focus will be on real clusters, whose leadership will demonstrate the necessary will and ability (including with their own financial support).

8) Institutionalization: we need to go through a rather obvious path through better structuring and self-organization, bringing the 2027 program to the state level and further - including cluster programs in regional OVA policies.

9) Growth of capabilities is a key strategy of the UCA in the context of the weakness of most clusters and the ongoing war. Accordingly, milestones here are 4

- a) RRC - aggregation of resources at the level of RRC is obvious, and this is already well shown by RRC EAM, housing and communal services and, to a lesser extent, sewing clusters
- b) Funding is the main guideline - by February, 50% of the UCA clusters, as well as the Analytical Center, should be provided with (donor) funding by the end of 2023. This is the basis for further survival.
- c) Having projects and financing, clusters should invest in resources - currently, the function of marketing (including export) and communications looks the weakest.
- d) All cluster managers must periodically undergo training programs - many lack communication, marketing, fundraising skills, as well as knowledge and skills specific to cluster management.
- e) At the end of 2023, the 5 most ready UCA clusters must undergo ECSA certification (bronze level). This will bring the indicators of cluster management to the appropriate European level.

10) Inter-cluster cooperation - de facto, already exists, but has not yet been converted into real projects. We need to launch at least 2 projects between 2-3 clusters at the beginning of 2023, then deploy more projects with a larger number of clusters.

11) Internationalization - clusters should move from projects for clusters (end of this year) to real growth in export performance of their members - by April 2027 we expect at least 7 UCA clusters to demonstrate export growth for at least a third of their exporter members.

12) Innovative development. This direction is quite controversial in the current state of the UCA clusters. On the one hand, most of the clusters are in the "hyped" Ukrainian mainstream, where everyone is talking about innovation. On the other hand, the results of the 1st Innovations meet clusters campaign clearly show a very low level of involvement of clusters in specific campaign activities, a low level of matchmaking with the best solution providers and experts, and a lack of understanding of this state by cluster coordinators themselves. Accordingly, the transition points in fig. 2 require additional discussions by clusters and in the current version are based on the hypothesis that the first change should be the appearance of innovative development plans for 2023 in clusters (primarily of the EAM type).

6. Management structure

The current structure of UCA with development potential is shown in Fig. 3

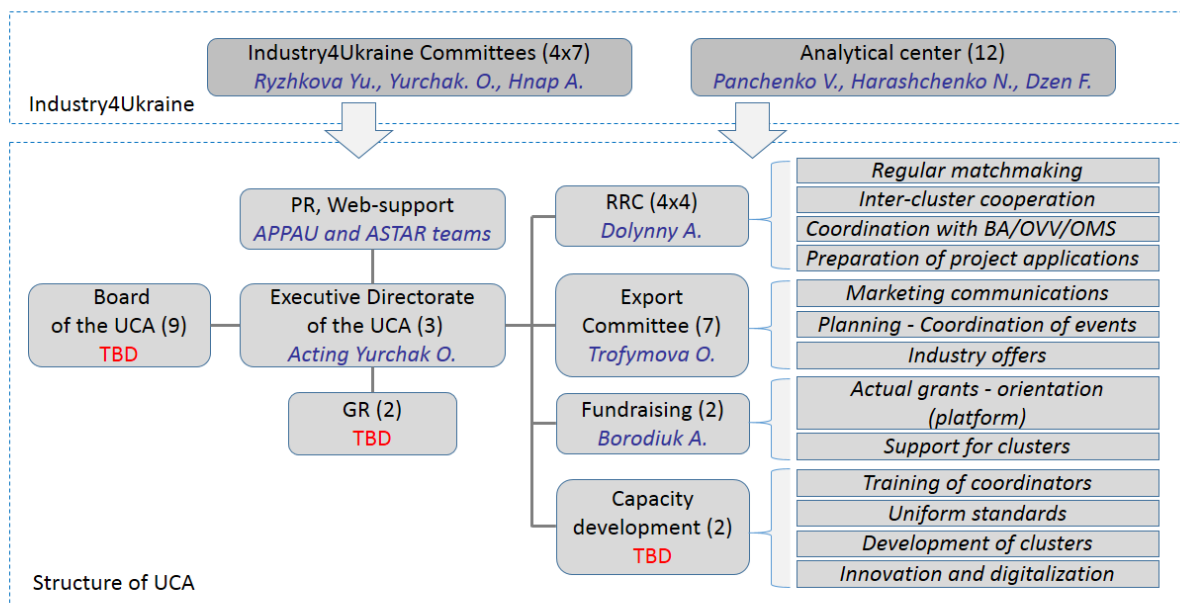


Fig. 3 Structure of the UCA

This structure corresponds to the services and value propositions specified in p. 4, as well as the roadmap guidelines.

Similarly, as in most BAs and clusters, in 2023 it is assumed that only the executive directorate will be maintained on a permanent basis. The vast majority of other positions or service structures are maintained at the expense of grant projects and targeted contributions of UCA clusters. That is, a certain service will be received in the future only by the cluster that contributes (resource or financial). A similar organization already works in the UCA, for example

- Several heads of the Central Research and Development Center receive payment for the work performed from grant projects that go at the level of the entire UCA. A similar practice is being implemented in the Analytical Center.
- Service services of the EIF platform (fundraising) are provided only to active members of the UCA and are expected to be developed in the future at the expense of % of the received innovative and other grants.

7. Plans until the end of 2022

The action plan until the end of 2022 is proposed in the following form

	Activities	Description	Dates	Responsibles
A	Organizational changes			
1	Registration of UCA	Completion of law. Registration	20. Oct	Yurchak O.
2	Create Export. Committee	Definition of functional and responsible, action plan	30. Sept.	Trofymova O.
3	Structuring of AC work, action plan	Definition of functional and responsible, action plan	05. Oct	Panchenko V.
4	Agreements between ASTAR and APPAU - joint PR	definition of a single schedule, division of responsibility	10. Oct	Yurchak O.

5	Involvement of resp. according to GR	new responsible for GR	30. Oct	Yurchak O.
6	Holding of the General Meeting of the UCA	board elections, approval of the executive structure	10. Nov	Yurchak O.
B	Fundraising of UCA clusters			
1	Accounting system - creation of a single portfolio of projects	Maintenance of a single table - a portfolio submitted by clusters of UCA, first of all, at the level of the RRC	20. Sept	Dzen F.
2	New projects at the level of the UCA coordination center	preparation of 2-3 applications for 2023	20. Oct	Yurchak O.
3	Drafting of an MoU with leading fundraising consultants	provide proven, high-quality experts at the disposal of UCA clusters (min -3 in general profile and 5 - in innovation)	30. Oct	Borodyuk A.
C	Export and internationalization of UCA clusters			
1	Proposal of the action plan until the end of 2022	A single plan agreed within the framework of the UCA and published on the alliance website	10. Sept	Yurchak O.
2	Funding and execution of key activities	Prague, Brno, Tallinn, Paris, Warsaw, Budapest	Constantly	Yurchak O. - Trofymova O.
3	Creation of project teams for key activities	according to the schedule	Constantly	Trofymova O.
4	Regular involvement of UCA clusters in ECCP activities	control of ECCP events, involvement of UCA clusters	Constantly	Trofymova O.
5	Promotion of the E-I strategy at the state level	bringing strategy proposals to the level of current government regulations and plans	Constantly	Yurchak O. + new responsible for GR
6	Preparation of the action plan for 2023	The unified plan agreed within the framework of the UCA and displayed on the alliance website (main events)	30. Oct	Trofymova O.
7	Agreements with the European Commission regarding the 2023 plans	based on the results of internationalization in 2022, prepare proposals for 2023	30. Oct	Yurchak O. - Trofymova O.
D	Development of inter-cluster cooperation			
1	Strategist. RRC session - plans until the end of 2022	conducting executions. session	10. Oct	Yurchak O. - Dolynyny A
2	Submission of project applications from RRC	preparation and submission to donors of at least 3 applications from each RRC	Constantly	Yurchak O. - Dolynyny A
E	Capacity development, innovative development			
1	Planning the training program for 2022-23	the training program should correspond to the main gaps in the skills of the coordinators and in accordance with the action plans	30. Nov	Trofymova O.
2	Participation in EIF webinars	Залучення та зростання кількості учасників кластерів в вебінарах, що проводяться регулярно в програмі EIF	Constantly	Borodyuk A.

8. The budget of the organization

The budget of the organization is presented in the table

	Activities	Description	Budget, UAH	Source of funding
A	Organizational changes/ Management of structures			
1	The salary fund of the heads of the UCA	until 2023 - from other funds and resources; volunteer initiatives	Not an account.	volunteer work
2	Holding of the General Meeting of the UCA	elections of the board, approval of the executive structure	8000	UCA clusters
B	Completion of projects that were started in the summer of 2022			
1	UCA promo project	strategies of UCA and 4 separate clusters	234000	GIZ
2	PR and communications	site, promotion, GR/PR, platform, matchmaking	204000	GIZ
3	Regional methods and cluster potential analysis	analysis of the Zhytomyr region	200000	GIZ
4	EaP Civic Society Facility	external promotion, - ambassadors, success stories	300000	EaP Civic Society Facility
C	Export and internationalization of UCA clusters			
1	Preparation of marketing materials	Presentations, leaflets, messaging...	Not an account.	cluster budget
2	Conference - Prague	European Conference of Clusters	300000	GIZ
3	Trade mission - Brno	exhibition and events with clusters of the Czech Republic	300000	GIZ
4	Trade mission - Tallinn	co-organization of the event	300000	GIZ
5	Trade mission - Paris	food clusters - an exhibition	TBD	
6	other activities	Budapest, Warsaw, and others	TBD	budgets of the clusters themselves
D	Development of inter-cluster cooperation			
1	Strategic Session of the RRC - plans until the end of 2022	holding a strategic session	TBD	
2	Submission of project applications from RRC	preparation and submission to donors of at least 3 applications from each RRC	incl. in B1	
E	Capacity development, innovative development			
1	Planning the training program for 2022-23	the training program should correspond to the main gaps in the skills of the coordinators and in accordance with the action plans	TBD	TBD
2	Participation in EIF webinars	Attracting and increasing the number of cluster participants in webinars held regularly in the EIF program	Not an account.	budget of APPAU
	Total amount, UAH		1 846 000	