

ANNUAL REPORT 2023

The Ukrainian Cluster Alliance (UCA) presents the annual report of its activities in 2023. Created in 2022 as an association of clusters in Ukraine, the UCA continued its dynamic growth in 2023 and strengthened its positioning as the country's cluster accelerator.



UKRAINIAN
CLUSTER
ALLIANCE

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Executive summary

The quick start of the Ukrainian Cluster Alliance (UCA) in 2022 was due to the general mobilization of clusters of Ukraine to the challenges of the war. The UCA's goal was to jointly strengthen the economic stability of the regions and industries they represent. Then, UCA underwent rapid development in several directions, from export and internationalization to innovative fundraising. However, by the end of 2022, it became clear that the main factor of continued growth is the ability of the clusters and the entire alliance to support its activities with financial and human resources. After all, most of the clusters were and are young structures with semi-volunteer management and weak business support.

Therefore, 2023 has become a permanent competition of UCA clusters in ensuring this capability - both at the level of individual clusters and the entire alliance. The results of 2023 show that we have generally faced these challenges well. The budgets of the clusters that form the core of the UCA have grown significantly, and most have increased the number of members. The executive team of UCA increased the budget for joint activities by 3 times and practically fulfilled the planned indicator for fundraising. UCA clusters continued their active internationalization, positioning themselves in the external arena as one of Ukraine's leading and most dynamic business associations. The executive directorate and the structural divisions created a whole portfolio of services, significantly increasing the attractiveness for new members - the entire alliance and individual clusters. UCA was noticed by the central government bodies as one of the leading associations in accelerating the twin (digital and green) transition of domestic SMEs. Moreover, UCA continued the course to increase the number of partners at the regional level in different country regions.

Along with this, an important challenge of 2023 was the restructuring of the alliance. According to the 2022-23 roadmap and the decisions, all clusters had to switch to membership fees and begin active consolidation in Resource centers and Committees. At the end of the year, this path was successfully completed—the number of clusters and structural divisions became much more optimized for the alliance's goals and objectives.

Thus, in 2024, the UCA enters as a much more mature and effective structure, capable of ensuring the rapid growth of Ukraine's clusters. These results strengthen the positioning of UCA as the “cluster accelerator of the country” and aim for further rapid growth in 2024. The Executive Directorate and the Board of UCA express their deep gratitude and respect to all clusters, members of the Alliance, our esteemed international partners, donors, and all supporters of cluster development in Ukraine.

Oleksandr Yurchak, CEO of UCA.

1. Key figures and facts on the activity results in 2023:

In 2023, UCA continued to demonstrate high development dynamics in 5 main areas of activity:

1. Internationalization of UCA clusters

- Participation in almost 20 international events offline and more than 15 online, in which 20 clusters of the Ukrainian Cluster Alliance participated
- The signing of 10+ memorandums of cooperation
- Launch of the Professionals4Ukraine program, which unites 27 ambassadors

2. Fundraising for UCA and clusters

- The portfolio of projects for UCA clusters, managed by the Executive Directorate and other structural divisions, grew to 6 by the end of the year (in Jan-23, there was 1)
- The total volume of these projects was 250 k euros (against 88 k euro in 2022)
- In 2023, UCA clusters submitted about 30 projects for grant funding, of which more than 10 received funding (mainly from GIZ)
- The total portfolio of UCA project applications is 52 proposals, amounting to more than 120 million euros

3. Advocacy and lobbying of interests of clusters

- UCA continued cooperation with several Ministries, among which the most regular exchanges took place with the Ministry of Economy, the Ministry of Defense, and the Ministry of Digital Transformation
- UCA issued 4 position papers that reflect the positions of clusters in the field of innovative development, Industry 5.0, the development of Digital Innovation Hubs, as well as Regulatory influence on the development of clusters
- UCA twice submitted proposals to the government for the Recovery projects

4. Formalization of new services

- The new service portfolio, fully formalized in the second half of 2023, offers more than 20 types of services to UCA clusters and their participants, among which the most popular are networking, fundraising services, and the organization of foreign business missions

5. External communications

- The executive directorate of the UCA continues to support communication activities on the 2-language website in social media. Networks (LinkedIn, Twitter, Facebook, Telegram, Slideshare), in e-mails, as well as through numerous offline and online meetings.
- The total reach of the UCA Facebook page exceeded 45,000 people, of which 870 are subscribers.

In the 2nd half of 2023, UCA carried out restructuring, as a result of which 26 clusters remained in the alliance, 21 were active, and 5 were associated. This activity was planned to improve the operational efficiency and structure of the UCA.

2. Detailed review of work results in 2023

In 2023, the Executive Directorate and all structural subdivisions of the Ukrainian Cluster Alliance performed a significant amount of work in the following areas

- Restructuring of UCA, creation of systematic policies and activity regulations, launch of service policy
- Internationalization of UCA clusters
- Advocacy and issue of position papers
- Development of innovative fundraising and preparation of UCA projects
- Support of regional initiatives of clusters and partners

More details about these areas of activity and their results are given below.

2.1 Restructuring of UCA

From July to December 2023, a planned restructuring was carried out at UCA, aimed at optimizing the current structure for new challenges. Within the framework of this work was performed

- Work regulations are defined for all structural divisions of the UCA
- Developed strategies of UCA – service and internationalization
- Plans for the 2nd half of the year have been developed for most of the structural subdivisions of the UCA
- A system of control and monitoring of activities has been established.

As of January 15, 2024, the structure of the UCA, fig. 1, has become more optimized

- The total number of clusters and members of the UCA has more than halved — from 60 to 26. Currently, the UCA includes 21 valid members and 5 associates [on the website](#).
- Following the number of valid members decreased
 - The number of members of the Board from 9 to 7
 - The number of Committees — from 3 to 1 (Innovation and Smart Specialization Committee with a change of head), the Internationalization Committee was disbanded, and the Cluster Policy Committee did not begin its work.
 - The former RC EAM, APPAU, and the Twins Committee (where APPAU dominated) merged into one 'Smart.Industry' Resource Center

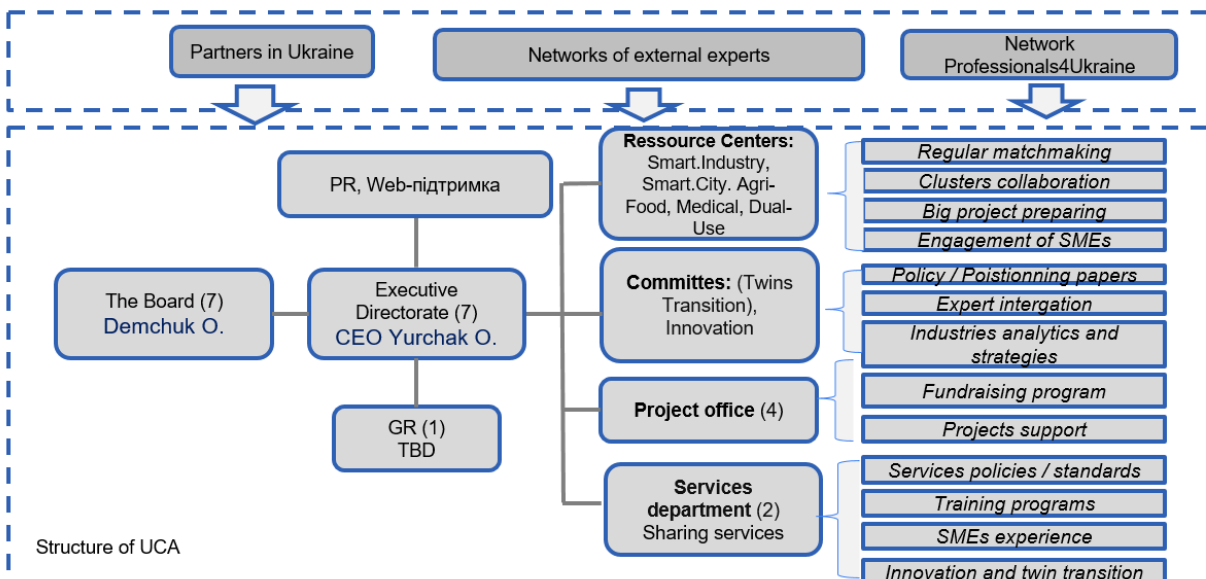


Fig. 1 Organizational structure of the UCA

In general, compared to the beginning of the year, the structure of the UCA has become more optimized for the implementation of strategic and operational tasks. As well as for providing services to clusters that are valid members of the UCA. The Executive Directorate and the Board of UCA also worked a lot on aligning policies and professional standards, more about this in section 2.7.

From the point of view of developing unified regulations, in 2023, the Executive Directorate of the Ukrainian Cluster Alliance proposed 4 types of documents

- [Regulations on Committees of the Ukrainian Cluster Alliance](#)
- [Regulations on Resource Centers of the Ukrainian Cluster Alliance](#)
- [Regulations on the Board](#)
- Regulations for managing the project portfolio and fundraising processes (provided upon request).

Most of the provisions of these regulations, with certain adaptations, were adopted by the structural subdivisions of the UCA. In the second half of the year, monitoring and reporting of the implementation of plans were also established. The reports of the Resource Centers, committees, and the executive directorate on the results of 2023, which were presented at the meetings at the end of the year, can be viewed at the [link](#).



Alex Yurchak, CEO of UCA, says, "Improving the structure and general organizational efficiency of UCA is a guarantee of our ability to better respond to external and internal challenges. The restructuring processes in 2023 were difficult and sometimes conflicting. But eventually, we come out 2024 more sustainable, stronger, and consolidated."

2.2 Development of projects in UCA

The mobilization of clusters in creating their portfolio of development and investment projects began almost simultaneously with government initiatives while preparing the first package of Recovery projects in May 2022. In October 2022, for the business mission to Brno, APPAU is preparing 10 top [projects in the field of Advanced Manufacturing](#), most of which are common to all EAM-type clusters. And already in December, as part of preparations for Košice, systematic work in the Resource Centers begins. The Project Office of the Ukrainian Cluster Alliance coordinates this work. It lasts almost 3 months, and the UCA delegation brings more than 40 projects to Košice. During 2023, this portfolio will be replenished with new projects, and today, it consists of [52 projects with a total cost of more than 120 million euros](#).

Almost a third of this portfolio is occupied by ecosystem development projects, which confirms the positioning of UCA as a structure that strives to strengthen the “roots” of innovation and other fundamental elements of development. Another demonstrative element is that more than

50% of the projects are aimed at EU integration processes – UCA clusters also tried to make them interesting for European partners.



Among the most large-scale and demonstrative projects from this portfolio and submitted for financing in 2023, it is worth noting the [Burshtyn+ project](#), in which 4 clusters participated (Dnister 1362, Kyiv hi-tech cluster, Carpathian eco-energy cluster, Astar agency, and 6 communities of Ivano-Frankivsk region). Submission results are expected in the 1st

quarter of 2024.

Among other projects from this portfolio, partial funding was received for creating a network of Professionals4Ukraine ambassadors and launching innovative fundraising among UCA clusters.

In September 2023, the UCA also offered the Ministry of Economy almost 40 project initiatives (development and investment) to prepare the package for the European Commission.

This great work of the Project Office of the Ukrainian Cluster Alliance and Structural Divisions considering the prospects of 2024 means:

- 1) Available portfolio of projects is the main basis for applying for grants and is the basis of joint investment proposals of the Ukrainian Cluster Alliance clusters.
- 2) The approach to creating projects separately at the level of individual structural units (Resource Centers and Committees) and with the coordination of the UCA Program should be recognized as the right decision. Therefore, the assessment of the number of submitted and won projects will remain with the KPI of each structural subdivision for 2024.
- 3) There were projects whose cost exceeded 200,000 euros and required substantial refinement, detailing, and partnership – they have little chance of being implemented by a single, separate cluster.

Our challenge to 2024 is the diversification of sources of funding, it is obvious that these efforts need to be further increased.

Professionalization of the work of the UCA Project Office, strengthening of its resources, the relevant resources of the UCA structural divisions, and developing partnership consortia in Ukraine and with foreign partners. These are the priority tasks of the UCA for the future. 2024.



Anatoliy Dolynyny, member of the board of the UCA head of the Smart.City Resource Center,

“In 2023, we are observing a significant professionalization of the project activity of clusters of the Ukrainian Cluster Alliance. The launch of the Project Office, the simultaneous inclusion of all resource centers, the involvement of the best fundraising professionals, the deepening of technological aspects of projects, as well as better collaboration with foreign partners: all these are components of our success, which we will continue to develop in 2024.”

2.3 UCA fundraising

Since the creation of the UCA in March 2022, fundraising for the joint activities of clusters has been and remains the main source of existence of the UCA. In war conditions, obtaining financial support from other sources such as businesses, the state, or other subjects is practically impossible. Considering the volume of work of the UCA, the annual cost ranges from 300 to 500 thousand euros.

Therefore, since the beginning of its creation, the Executive Directorate of the Ukrainian Cluster Alliance has been conducting systematic activities in the field of fundraising. In 2022, the budget of the UCA was 88,000 euros, of which about 30,000 was sponsored by the American association CSIA (a partner of APPAU, a co-founder of the UCA), and the rest, about 55,000,

was grants. The contribution of clusters or SMEs to the activities of the UCA was practically zero.

In 2023, the UCA significantly diversifies sources, and where the main changes concern a) sources of grant funding, b) inclusion of systematic international technical assistance, table. 1.

Table 1. Sources of funding for the UCA in 2023 (indicated contractual amounts, including those that go to 2024).

	Sources of funding	Amount	Comments
1	Membership fees in UCA	4 000	Payment of contributions in the amount of UAH 10,000 from 16 members of the UCA (in 5 postponements until the end of the 1st quarter of 2024)
2	Donations from CSIA (via APPAU)	15 000	70% for UCA (joint instruments, communications), 30% for the activities of APPAU
3	'UCA CapGrowth' Project (GIZ)	48 000	Only 15,000 euros were used (30% of the project amount)
4	APPAU projects for UCA: 'Cluster FUNRAISE'	43 000	3 clusters (Kharkiv, Zaporizhzhya and APPAU), 4 more regional Clusters
5	Funding of UCA events from Polish and Czech partners (5 business missions)	105 000	From the Czech side — CzechInno, from the Polish FPPP. Travel and accommodation were paid for 5 Ukrainian delegations of 10–15 people.
6	Financing of the delegation to Košice (GIZ)	8 000	Travel accommodation of the Ukrainian delegation of 15 people

7	Launch of the Professionals4Ukraine program (IRF)	24 000	Coordination of the network of foreign ambassadors, development of internationalization programs in 7 countries
8	Funding of events from partner projects of APPAU	10 000	Conferences in Lviv (EEN) and Kyiv (UNDP)
9	Other income in UCA	3 000	Sale of services

In total 250,000
euros

Thus, it is possible to state a 3-time increase in the financial capabilities of the UCA. This is the result of the systematic work of the Executive Directorate and one of the few results where there is compliance with the target indicators of the UCA's work according to the Roadmap 2023. See the performance assessment in section 4 for more details.

An important result of 2023 is the professionalization of this direction in the UCA by directions:

- Systematic, regular writing of grant applications in total, 10 of them were submitted in 2023, of which 5 were won, which indicates a high level of conversions and the qualification of grant writers.
- Expanding the team of experts who write applications. At least 6 experts from the entire Ukrainian Cluster Alliance prepared grant applications. In addition to UCA Project office (Yurchak O., Sobolevska L., Silnichenkov A., Borodyuk A.), active participation in the preparation and submission of joint applications was shown by RC "Smart.city" (Dolynnyy A.). As well as Mykola Polinkevich from the cluster initiative "Western Polisia". The entire Board of the UCA was actively involved in individual grants, especially in their implementation phase.
- Transition to professional project management tools. Today, the entire administrative and technical department switched to project management through the Monday (work management) software, including grant projects.
- Diversification of donor sources. Today, the main donors of the UCA are GIZ, UNDP, and USAID at the end of the year, the International Recovery Fund (IRF) was added to them.

These successes are additional to those received for their activities by individual clusters of UCA more than 10 of them received direct funding, mainly from GIZ. A review of their results is beyond the scope of this report.

☐	> UNDP-Conference I5-0 5			Done	Виграна	UNDP
☐	GIZ-UCA			Done	Виграна	GIZ
☐	> UNDP-Consortium EIF 7			Done	Виграна	UNDP
☐	> Export consortium USAID 3			Done	Виграна	USAID
☐	Professionals4Ukraine			Done	Виграна	МБФ
☐	V4: cluster policy			Done	Чекає рішення	Vishegrad
☐	HORIZON Smart.City			Done	Програна	
☐	Land4Dev грант?			Done	Програна	USAID
☐	> USAID грант EIF Open			Done	Програна	USAID
☐	EIC innovative startups			Done	Програна	
☐	Business bridge			Done	Програна	

Fig. 2 Transition to Monday work management (thanks to the Cluster FUNDRAISE project)

With a view to 2024, this activity of UCA and our clusters is key. Compared to 2023, UCA will enter 2024 much better prepared and equipped with financial resources and tools. For all clusters, this means that the cluster movement of Ukraine will continue its rapid growth, and, firstly, this concerns the further provision of assistance and services to all active members of the UCA. On the other hand, improving indicators in this area remains a challenge because the financing needs of clusters are many times bigger. This activity also creates a new challenge for 2024: the availability of qualified project managers for project implementation. 2023 showed their acute shortage.

2.4 Advocacy and policymaking

UCA is the legal successor of the advocacy platform [Industry4Ukraine](#), where, from 2019 to 21, the main consolidation processes of experts in the country's industrial, innovative, regional, and digital development took place. Among our partners who took the most active part in these processes are the State-owned Enterprise "Derzhpromzovshekspertiza" (team of Volodymyr Vlasyuk), the Institute of Economics and Forecasting of the National Academy of Sciences (Yulia Ryzhkova and Vitaly Hryga, as well as other experts), Kyiv Academic University and the "Economists' Club" (Nataliya Garashchenko, Volodymyr Nochvai), the European Innovation Agency (Ivan Kulchytskyi), as well as several other experts, mainly from Universities and APPAU. The latter is a permanent participant and, by and large, the initiator of most works in this field.

In 2023, already within the framework of the UCA, 6 position documents were issued, which strengthened the role of the UCA as a leader of the double transition and innovative development of SMEs.

- [Manifesto](#) regarding transition and [Resolution](#) Industry



5.0 conference. These documents of July 2023 became the biggest manifestation of consolidation and joint work of UCA experts.

- Position documents
 - [Development of DIHs in Ukraine](#) is a resource for everyone who wants to understand the topic of Digital Innovation Hubs, the main European institution in the digital transition of SMEs.
 - [UCA proposals for the development of innovative ecosystems](#) is an important document of the UCA in the context of the “waterfall” of grants and other EU programs opened for Ukraine.
 - [Regulatory policy for the development of clusters](#) – intended for all state-level stakeholders who want to understand what clusters are and how they need to be supported by the state.

Another document, “**Analysis of Innovative Ecosystems of Industry 4.0. Prospects for Cooperation with Poland,**» was prepared in December by order of the Polish State Agency for Industry 4.0. It will be available to the public after validation by the customer.

At the end of the year, we also systematized the general joint development of our Smart Industries have worked since 2018. Today, it has already been transferred to the UCA level and exceeds [40 documents](#) most on UKR) these are projects of national strategies, position papers, white papers, analytical reports, guides, and case studies, as well as educational documents and translations of international technical standards. UCA, including its resource units, is the only organization in Ukraine in Industry 4.0-5.0 with a similar development. In fact, it is about a complete Knowledge Base, which has been systematically developing since 2016.

Most of these documents and their provisions were systematically communicated through the UCA channels: numerous conferences, webinars, and letters to the Ministries and partner channels. First, it is necessary to note periodic assistance and coordination with the Ukrainian Business Council.

With a view to 2024, the UCA has two important tasks:

1. A better awareness of the clusters of UCA of their leadership in the twin transition of their SMEs. The development of tactics in which it is possible to convert advantages into advocacy and lobbying initiatives at the national level. This requires much greater mobilization and input from the committees and all clusters of the UCA.
2. Centralization of the GR function in a single committee or other structural division of the UCA (currently absent).
3. Better efficiency of the innovation and smart specialization committee and strengthening of its resources. This committee remains the only one fully responsible for issuing position papers, while the resource centers will focus on project activities.
4. Strengthen communications to the central government, parliament, and other stakeholders, including at the national level.



Yuliya Ryzhkova, head of the Innovations Committee and Smart specialization, said, *“UCA demonstrates an impressive ability to systematically issue policies and analytical documents that are fully synchronous with the European clusters strategies and are extremely relevant for Ukraine. As a representative of academic science, this is the best format and demonstration of the unity of science, business, government, and the expert environment.”*

2.5 Internationalization of UCA clusters

In 2023, continued the active internationalization of clusters in three main directions

- Active participation in ECCP and European Cluster Alliance events, many of which were directed and supported by the DG GROW of the European Commission
- Participation in conferences, exhibitions, and business forums, as well as numerous exchanges with European clusters and other business associations, both offline and online
- Launch of EEN services within the framework of UCA
- Development of the Professionals4Ukraine program.

In general, UCA clusters took part in 3 European forums Clusters meet regions (Kosice, Iasi, Kraków), 2 ClusterXchange exchanges (Berlin, Iasi), three thematic or pan-European meetings: conferences in Barcelona, Malaga, and Brussels, and also initiated several online exchanges. More than 20 UCA clusters became participants in these events: *Kharkiv cluster of IAM, APPAU, Vinnytsia cluster of instrumentation and automation, Zaporizhzhia cluster of IAM, Kyiv high-tech cluster, Ukrainian cluster of automobile construction and mobility, All-Ukrainian association of innovation and space clusters, Rivne interregional medical cluster, Lviv cluster of medical business, Dnipro polygraphic cluster, International medical cluster, Kharkiv IT cluster, Ukrainian Food Association (U-Food), Podillya fashion cluster, Ukrainian Woodhouse Cluster, Ukrainian cybersecurity cluster, Advanced materials' technology cluster, Black Sea cluster, as well as other clusters or partners of UCA, more than 50 managers in total clusters and members of their Management Boards.*

Separately, it is worth noting two conferences on the territory of Ukraine: the Lviv conference of the UCA on sustainable regional development, in which 5 European countries took part, and the conference of the Ukrainian cluster of automobile manufacturing and mobility, which is under the auspices of EIT Manufacturing. This conference has attracted several clusters of the UCA and more than 15 European partners, including representatives of the European Commission.

Regular information and involvement of clusters in European EU clusters talks, which take place every 2 weeks, has become a system service for UCA clusters.

An important milestone in this development is the graduation [programs of internationalization of UCA clusters](#), issued by the Executive Directorate in September 2023 as part of the UCA

CapGrowth project. It offers a systematic view of the current state and prospects for development, clearly indicating the directions of internationalization in 4 key areas, areas of growth in cluster capabilities, and an action plan for 2024.



Fig. 4 Photo of the participants of the Lviv conference in June 2023

Several activities with UCA clusters also took place within the framework of separate GIZ programs. Their review and results are beyond the scope of this report.

Considering the large number of activities in internationalization since the beginning of the UCA's activities, The evaluation of actions and the search for the most effective mechanisms are the focus of attention of the Executive Directorate of the UCA.

In 2023, the Professional4Ukraine program was recognized as the most effective mechanism of internationalization in the UCA. See details of the results of the activities of program ambassadors in 2023. Summarizing the activities in this program, it is worth noting

- Ambassadors provided funding for clusters in 6 international events (Prague, twice Brno, and Kraków, Rzeszów, Legnice, Berlin)
- Only the Polish and Czech partners' financial contribution to events in their countries exceeds 100,000 euros, which is a very significant contribution for the UCA clusters.
- Thanks to the ambassadors, 2 bilateral committees (Poland and the Czech Republic) were launched, with access to the governmental level of these countries
- Cluster cooperation with organizations in Poland, the Czech Republic, Romania, Germany, France, Spain, and Great Britain has significantly deepened.

- Some UCA clusters joined large international projects, in particular, APPAU and the Podillia fashion cluster became project participants in Horizon Europe
- In general, UCA reached a new level of cooperation and relationship with cluster associations of the EU.



Fig. 5 Photos of the speakers of the Smart.City Prague conference. In general, the Czech agency CzechInno organized three business missions for UCA clusters in 2023.

More details about the results of the Professionals4Ukraine program for the [link](#).

Therefore, the perspective of 2024 in the field of internationalization is very attractive for UCA clusters and their participants. UCA clusters expect the deployment of action plans for 7 target countries, the launch of bilateral cooperation committees with Poland, the Czech Republic, and Romania, and participation in already planned events in these and other countries. On the other hand, better coordination of this activity remains a big challenge in the UCA. Due to weak coordination, as well as unclear performance results, the Internationalization Committee of the UCA was disbanded. Many functions, especially in coordination with countries and internal partners, require a significant strengthening of collective resources. The UCA is acutely concerned with the issue of conversion of all measures into concrete results, such as SME agreements and projects for clusters. A significant threat to the implementation of

internationalization plans is the unresolved issue of permits for men to travel abroad. This can block half of the activities.

Accordingly, in the 1st quarter of 2024, the UCA plans to detail the distribution of areas of responsibility by structural subdivisions by country and sector and agree on a single joint action plan.



Antonio de Novo, President of the European Cluster Alliance, said, *“We are glad to welcome UCA to the European family of clusters, offering Ukraine membership in the European Cluster Alliance from 2022. And we also know very well how difficult and long it is to unite clusters in a separate country. Therefore, the dynamics of the growth of UCA, and the creativity and proactivity of colleagues from Ukraine in the search for the most effective mechanisms of cooperation pleases and motivates us. I am confident that in 2024 we will achieve new successes in cooperation.”*

2.6 Regional Initiatives. Development of cooperation with regional authorities.

As in 2022, In 2023, the leadership of the UCA paid great attention to the development and coordination at the level of regional initiatives. Among the most significant events and results, it is worth noting (in chronological order)

- *January 2023*, the conference in Kovel, organized by the local Agency of Regional Development (ADR) and with the support of the Volyn Regional Government and the “Hoverla” project, launches the local cluster initiative “Western Polisia”. The conference demonstrates a good understanding of community leaders of cluster tools and the need for their implementation in the region.
- *February* the higher education conference in Kyiv, organized by the UCA, unites more than 10 regional universities. Based on the results, a Resolution is adopted with an appeal to the Ministry of Education and Science to support Digital Innovation Hubs (DIH).
- *March* the conference in Kamianets-Podilskyi (ASTAR) is the first in 2023 where there is an active demonstration of the best experience of UCA clusters. It is here that the initiative of a separate document on education and cooperation with Parliament deputies in the field of cluster development arises (the development of a position document on regulation in this field began immediately in April).
- *May* at the Smart. Building a forum in Kyiv, UCA demonstrates the development of relations and cooperation with the “Club of Mayors”, which later turns into more intensive cooperation in several events. The “Club of Mayors” and also derivative associations such as regional “Economic Unions”, and the EoT (Economy of Trust) association

actively involve regional communities in the development of the country's Restoration projects.

- *June -*
 - The international conference of sustainable regional development in Lviv is attended by representatives of all key regional stakeholders, including the city council, regional authorities, and ARD, representatives of science and education. Here, for the first time, the UCA reaches agreements on cooperation with the Lviv ARD, and cooperation with the deputies of the city council is established.
 - UCA signs a memorandum of cooperation with the Zaporizhzhia City Council. This is the result of the involvement of city representatives in the Smart.City trip to Prague in April 2023.
- *July-*
 - The conference on Industry 5.0 unites all categories of key stakeholders of development in this area, including 4 regional authorities. 26 UCA clusters, a total of 36 organizations, including the Lviv Oblast and Volyn Regional Development Authority, put their signatures on the Manifesto on the transition to Industry 4.0.



- a joint online event with the global network of medical facilities EchAlliance, organized by the UCA Resource Center, involves the Ministry of Health and several healthcare facilities from the regions.
- *September-*
 - UCA will organize a stadium tour of policymakers in Poland. From the ministries, invitations from the Ministry of Economy and the Ministry of Digital Transformation. UCA considers such tools as one of the best advocacy tools — “it's better to see once”. See the [separate report on this study tour](#).

- Lviv ARD organizes a meeting of clusters of Lviv Oblast and offers its support for the organization of a regional program of cluster development. About 10 clusters of Lviv Oblast are participating in the meeting, which is an excellent indicator compared to other regions of the country.



- **October-**
 - As part of the UCA CapGrowth project, the UCA conference is taking place in Vinnytsia. The best practices of clusters are exchanged here, see the report.
 - the UCA delegation works in Brno, at the MSV exhibition together with the regional Chamber of Commerce and Industry and Chamber of Commerce of Ukraine
- **November-**
 - Volyn ARD is launching a new cluster initiative, "Innovative Medical Clusters". It is supported by many commercial enterprises, developers, and innovators, but also by Volynska OVA.
 - It takes place in the town of Tulchyn in the Vinnytsia [forum of tourism clusters and initiatives of Vinnytsia and Cherkasy region](#), the main organizer of which is Pavlo Yarmii, a member of the Board of the Ukrainian Cluster Alliance. The forum gathers more than 130 people and many regions of Ukraine.
 - UCA conducts negotiations with the Ministry of Economy about joint actions to involve regional RAPs in joint cluster development tasks
- **December -The Cluster meet regions conference in Kraków, attended by 10 Ukrainian clusters and the Ministry of Economy, vividly shows how large and, even, decisive ARDs**

can be. In EU countries, many of them are forming cluster policies and launching new clusters. Similar information is heard from another Polish city: Legnica, which is visited by APPAU with another mission with the support of the Polish FPPP. Together, these events finally determine the focus of the UCA on the direction of development of relations with the ARD in 2024, as with strategic partners.



Valeria Goncharenko, head of the Regional Development Agency of Volyn a member of the Board of the UCA in 2023 *“The activities of UCA have a strong influence on the strategy of economic stability and development of Volyn. In 2023, the cluster component became part of our regional strategy. We initiated the “Western Polissia” cluster initiative, jointly conducted large-scale fundraising activities, and at the end of the year, created a cluster of medical innovations. It is an honor and a big benefit for us to partner with UCA, clusters are a living entrepreneurial energy, and it is most evident precisely in cluster unions.”*

2.7 Service Policy and Tools for Alliance Clusters

Already from the end of 2022, UCA started providing separate services for clusters of services. Firstly, they included information, communication, and networking activities, as well as the organization of business missions abroad. In 2023 UCA produced a full-fledged [service program and service model](#).

UCA offers cluster services in 6 main categories + basic, fig. 6

Most of the clusters already use fundraising, internationalization, and networking services - according to a [cluster survey in December 2023](#), these services are most accepted by clusters. The low demand for double transition services at the inter-cluster level is causing some concern to the leadership of the Ukrainian National Academy of Sciences. Having in its composition very advanced developers and integrators of digital products and solutions, in 2 years, the structural divisions have not yet managed to establish a sufficient level of matchmaking with traditional industries and enterprises that dominate the UCA. In January 2024, the executive directorate issued a [report on the results of the year in innovation](#), where the overall picture looks more “colorful”.

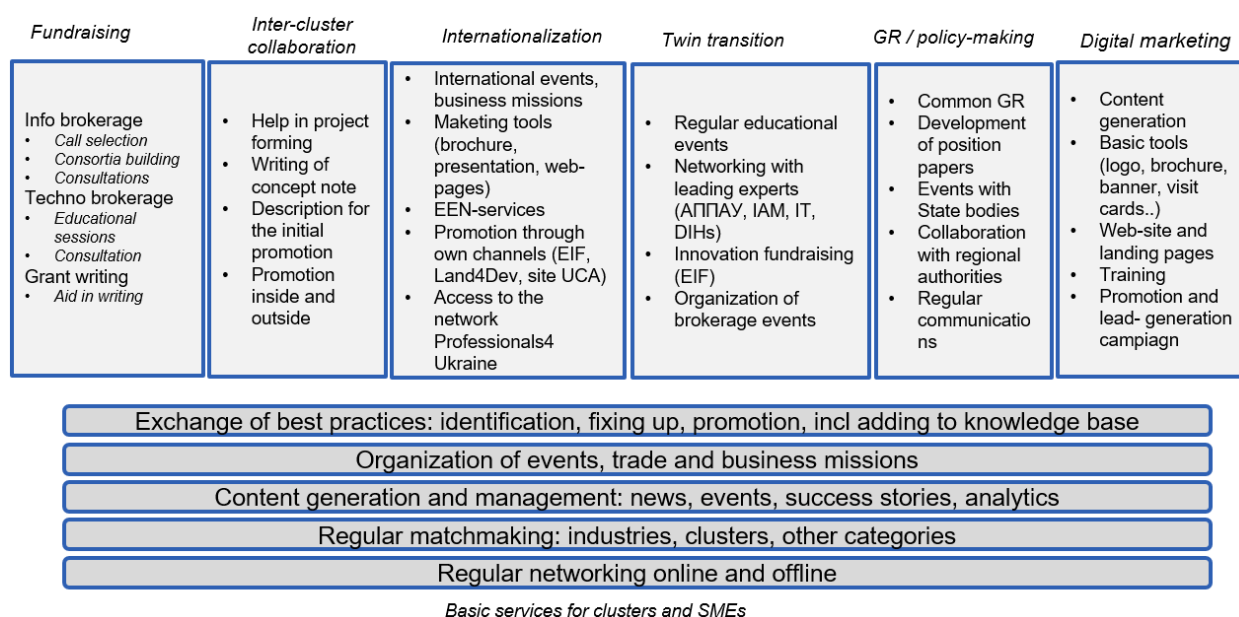


Fig. 6 Categories of UCA services

11 popular services are presented in detail on the UCA website [in the corresponding section](#). The executive directorate: the main coordinator in the provision of services — emphasizes that these pledges are available in sharing, that is, which are created and belong to the management of the UCA, but also to all clusters, valid members of the UCA. This means that they can be offered from clusters to their participants, SMEs.

The Executive Directorate and other structural subdivisions of the UCA will continue to cooperate on improving the quality of individual services and the overall portfolio. At the same time, the profitability of services is a big question. The level of membership fees in 2023 (250 euros per year) clearly does not correspond to the level of services. Many such costs are covered by grants, but not all. Therefore, the further development of UCA service portfolio is impossible without increasing the contribution of the clusters themselves and their participants to the development of UCA, including support of the service portfolio.

2.8 Communication policy and activities of UCA

In 2023, the UCA Executive Directorate continued active communications — both internal and external. UCA has a bilingual website, is present on 5 social networks, conducts regular e-newsletters, and actively reports on all significant community events. Support for this activity is provided by 1 dedicated communication manager — Iryna Yashchuk, and several other members of the executive directorate.

The general picture of progress in 2023 in the field of communications is as follows:

Communication and content channels	Indicators for the end of 2023	Comments
Website	The number of visitors was 18,000.	Increased the number of visitors by 169%.
Page on Facebook	Number of followers: 874	<i>Coverage Facebook Page reached almost 200,000. Visits to Facebook — 11,144, growth of 138.1%</i>
Pages on LinkedIn	Number of followers: 751	<i>Page coverage. LinkedIn has almost 30,000 16,347 unique content impressions on LinkedIn.</i>
The number of content units on the site	More than 300 publications	Four times growth compared to 2022
Number of success stories	13	At the same level as in 2022

The main achievements in communications should be considered:

1. Regular release of useful content through all UCA channels. The novelties of 2023 should be considered the transition to regular planning of events and the weekly involvement of UCA clusters in events on the European Cluster Collaboration Platform (ECCP), such as EU Clusters Talks.
2. Unification (unified presentation formats) and output to the site of 52 UCA projects in two languages.
3. Continuation of systematization of best practices. Creation of 13 new success stories of UCA clusters based on 2023 activity results.

Due to a lack of budget, the Executive Directorate of the UCA was forced to reduce the allocated position of the SMM manager in the fall of 2023. Currently, the functions of e-mail marketing, content management, SMM, translation, and design of position documents are divided between 4 managers. 1 dedicated specialist is responsible for web development and preparation of graphic banners.

The weak flow of incoming information from clusters and the practical absence of writers and bloggers capable of briefly commenting on the flow of events in the UCA remain the growth areas of the UCA in the field of communications. The relevance of information regarding individual target groups needs improvement. Clusters also require a more in-depth understanding of UCA brand values, and this task is on the agenda for 2024.

3. Evaluation of the effectiveness of initiatives and projects of the Ukrainian Cluster Alliance

In the [annual report](#) 2022, UCA analyzed 30 initiatives and derived a “formula for success”:

Successful project initiative = Capabilities (experience, expertise, skills) x Funding x Resources x Teamwork.

2023 clearly proved the validity of this approach. The most successful in 2023 were [5 areas of work](#) and relevant projects that were

- A. provided with funding and human resources
- B. general organizational capabilities, including the experience and expertise of executors
- C. and where teamwork dominated.

For example, the lack of progress in certain components of the UCA CapGrowth project (which, in fact, has funding) is due precisely to the lack of teamwork. A similar situation developed in some structural divisions, and according to their results, in 2023, they were disbanded or consolidated with others, and in some, there were management changes. In other words, all 4 factors are important for success and high efficiency.

The special focus and attention of the Executive Directorate to performance indicators in cluster cooperation is connected by many factors

- Most of the planned indicators in the Development [roadmap for 2023](#) were not achieved on many points of activity, fig. 7. If the UCA was relatively successful in restructuring and certain aspects of internationalization, then there are many questions regarding growth indicators and specific results in the directions of growth of cluster capabilities. These include institutionalization of cluster policies, inter-cluster cooperation, and innovations.
- The main reason for this is the late funding of the UCA. Instead of the expected grants in the 1st quarter, real funds began to arrive only in the 3rd. The implementation of many tasks is hampered by significant bureaucratic procedures of donors, on which all the available resources of the project teams are spent. Late financing and bureaucratic obstacles led to a reduction in the resources of the executive directorate in the 2nd half of the year, reducing this team from 11 to 7 people. But, in addition to this, it is worth noting the insufficient capabilities of structural units and the Ukrainian National Academy of Sciences expert environment. The lack of real professionals and the difficulty of attracting them is the second most important reason, recorded by the cluster vote in January 2024.

Real status on December 2023

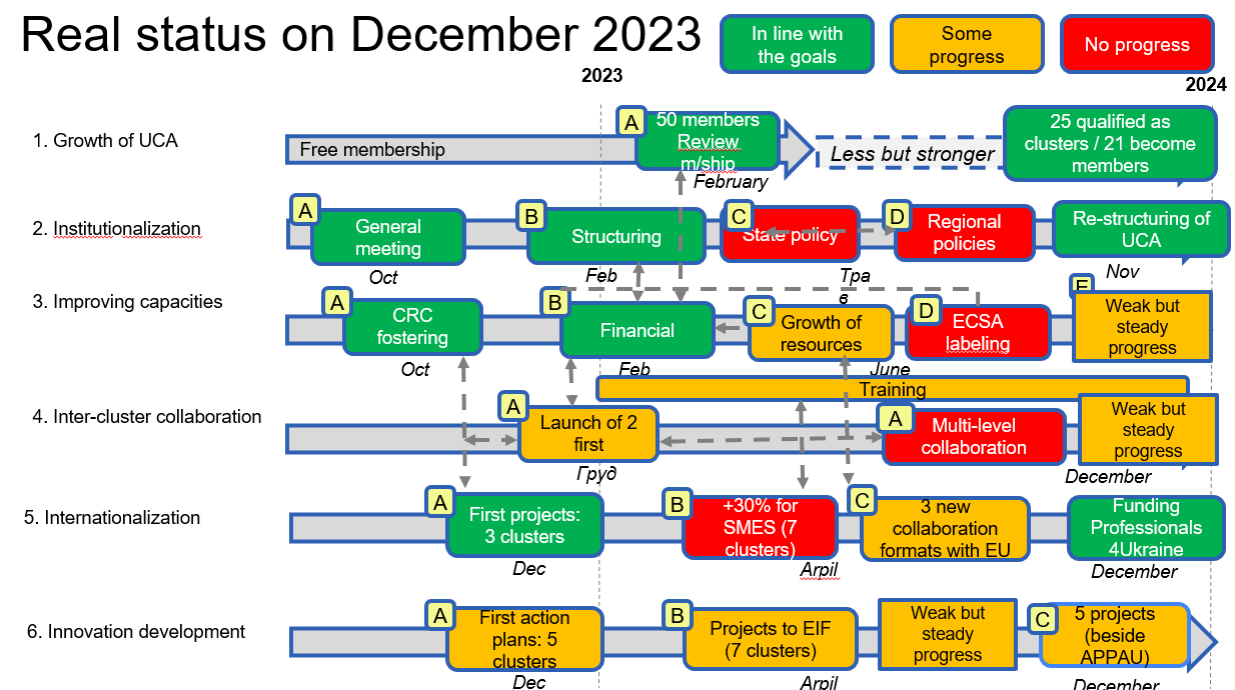


Fig. 7 Progress in the implementation of the UCA Roadmap, Dec-2023.

- The contribution of APPAU, as a co-founder of UCA, to the growth of the alliance remains key and dominant in all areas of work. The APPAU service team provided not only human resources (7 managers) for the work of the UCA, but also provided a major contribution to UCA's results in fundraising, internationalization, policymaking, etc. for all clusters of the alliance. From the point of view of the interests of APPAU stakeholders, it is clear that this cannot last long. Other clusters, the foremost, strong ones, should also gradually increase their contribution to the common cause of the development of the country's main cluster institution. It is also necessary to consider the expectations of APPAU better, where effective inter-cluster matchmaking in digitization and joint projects are at the forefront.
- In the context of the overloading of the executive directorate's main executives and the board members with the development of the UCA, but at the same time high expectations of the UCA clusters and their participants for the development of the UCA. In 2023, the question of the effectiveness of all structural divisions became acute, they must show much better results; otherwise, their relevance becomes questionable.
- The “hype” around the cluster theme has increased within the UCA and outside of it, which is traditionally manifested in certain trends of populism the appearance of new actors with leadership ambitions but lack of experience; low-quality services for clusters etc. Establishing and maintaining professional standards of cluster management becomes an important issue for UCA in 2023. This also applies to assessments of the activity of certain clusters.
- The general context and situation in the country, the growing need for assistance from the Armed Forces of Ukraine, also appeal to the effectiveness of actions. Everything that

does not give specific, measurable results within 3–6 months is excluded from the activities of the UCA, as an unnecessary expenditure of resources and which are extremely limited.

As a response to these challenges and compared to 2022, in 2023 the UCA also increasingly practiced approaches that lead to better collective performance, such as

- Reducing the number of volunteer work, and transferring the majority to project work with funding
- Paradigm shift in some circles of the UCA “there are no resources (- so someone must give them to us)”: to “we ourselves acquire resources for our activities”
- As a result of the previous one, a clearer focus and consolidation of resources in obtaining joint grant projects in initiatives that remained volunteer (example — Professionals4Ukraine, which was a volunteer initiative until December 2023)
- Expanding the circle of strong partners and constant search for real professionals
- Establishment of joint efficiency standards both at the level of business process regulations, and KPI and evaluations of individual types of activities
- A separate focus on common values: as a fundamental principle of any collective effectiveness; similar work was carried out, in particular, in the Board of Directors in the 4th quarter of 2023 and in January -24 passed to the entire alliance.
- Priority funding, promotion, and support of leaders and clusters that most demonstrate team approaches and openness to collaboration.

The conclusions for the results of 2023 are as follows

1. The biggest challenge for the UCA clusters in 2024 is to increase their resource capacity, ensure their growth and development, and allocate a part of them for joint development.
2. Clusters and Structural Units of the Ukrainian Cluster Alliance should pay special attention to the emergence of reputational risks. Numerous measures not provided with follow-up, which in turn is connected with the low capacity of clusters or the lack of resources, carry these risks and, in the end, talk about one thing **"Less is better, but better"**. In 2024, the UCA should pay special attention to the provision of resources for all directions in joint action plans.
3. Establishing common and unified regulations of interaction and values in teamwork does not yet mean their implementation in practice. All clusters and structural subdivisions of the UCA still have a long way to go in implementing the relevant provisions in their organizations.

4. The main directions of development of UCA for 2024

The 2022-23 Roadmap and related Action Plan are final in terms of duration, but obviously not in terms of results. Many unfulfilled tasks should be transferred to 2024-25. Separate strategic sessions for these agreements and the formation of a new roadmap are planned for January–February 2024.

At the same time, the following tasks appear to be important and urgent at the time of the release of this report:

1. **Optimization of action plans and resources for all structural subdivisions of the UCA.** The Ukrainian Cluster Alliance executive directorate is conducting 6 projects, and new ones are coming. Thus, by 2024, we envisage simultaneous parallel management of 5–7 projects in which certain clusters and structural divisions will be involved. Accordingly, it is important now
 - a. The transition of all teams to a single information space, which is Monday work management
 - b. Adoption of the main regulations regarding the management of projects, which only began to be established in 2023.
 - c. Optimization of various parallel projects is necessary to avoid duplication, synchronization in time, and optimization or integration of resources.
 - d. Engagement of additional resources in the UCA and structural divisions.
2. **Separately: rapid optimization of resources and works toward Internationalization.** Here, the greatest progress is noted, but also an even greater growth of promising works in the 2nd half of 2023. Accordingly, the new Professionals4Ukraine project will provide certain financial and human resources for coordination, but for the implementation of specific works and the development of plans for interaction with ambassadors for 2024 (“Country X — Sector Y”), quick coordination with structural subdivisions, separate clusters and adoption of uniform rules of interaction is necessary.
3. **Better focus on priority projects of the Ukrainian Cluster Alliance,** which are still under preparation, and their powerful, synchronous promotion to external stakeholders. Considering the volumes and needs of the clusters, UCA's portfolio is insufficient and optimized. Suppose the Executive Directorate and individual clusters (PFC, U-Food) are overloaded with projects. In that case, other clusters have nothing, and similarly, most of the structural units of the UCA do not have funding for 2024. This means that we should jointly focus on those projects that will provide them with quick financing for 2024. A separate option for this item is quick coordination of actions with partners already receiving large financing related to cluster activities. Structural subdivisions of the UCA can act as contractors or partners in such projects.
4. **Issuance of the UCA's methodological recommendations and best practices,** part of the UCA CapGrowth project. The preparation of these recommendations and within the framework of the corresponding measures was planned for the fall of 2023, but there was a shift in time due to various reasons. Since the project ends in March 2024, a quick

mobilization and consolidation of clusters and experts around young clusters' basic, fundamental skills is necessary

- a. Networking and matchmaking
- b. Export and Internationalization
- c. Communications

The corresponding works have started, but consolidating the results will require the involvement of many clusters. These works are also necessary for internal alignment against European ESCA standards, where several clusters are planned for certification in 2024.

5. **Development of a unified communication strategy around the UCA brand.** The number of directions of actions and projects in the UCA is increasing, which is already causing significant difficulties in the orientation of the UCA clusters. The new communication strategy should provide not only for the promotion of the UCA brand to external stakeholders but also ensure the convenience and relevance of information flows within the alliance.

The strategic challenge of the UCA for 2024 is separating the UCA and APPAU resources as the main resource. By the end of 2024, UCA should find resources to finance its operational activities.

Detailed planning in the indicated directions goes beyond the scope of this report and is the subject of the UCA's next strategic sessions in January–February 2024.



Oleg Demchuk " 2023 has shown the rapid growth of most of our clusters, active members in many directions, and this, UCA is a huge contribution. At the same time, this growth was not always balanced, synergistic, and at the proper level of interaction. Therefore, in 2024, we must act even more consolidated and more pragmatically, balancing our interests, resources, and capabilities at all levels».

Annex 1. List of clusters, members of the Ukrainian Cluster Alliance

The list of active members of the UCA:

1. [Kharkiv cluster of IAM](#)
2. [APPAU](#)
3. [Vinnytsia Cluster of Instrumentation and Automation](#)
4. [Zaporizhzhia cluster of IAM](#)
5. [Kyiv hi-tech cluster](#)
6. [Ukrainian cluster of car manufacturing and mobility](#)
7. [All-Ukrainian Association of Innovation and Space Clusters](#)
8. [Rivne interregional medical cluster](#)
9. [Lviv Medical Business Cluster](#)
10. [Lviv Power Instrumentation Cluster](#)
11. [GS "MSPKU" \(poultry industry cluster\)](#)
12. [Kharkiv IT-cluster](#)
13. [Ukrainian Food Association \(U-Food\)](#)
14. [Podillya Fashion Cluster](#)
15. [Ukrainian Association of Furniture Makers](#)
16. [Ukrainian Woodhouse Cluster \(GS\)](#)
17. [Ukrainian cybersecurity cluster](#)
18. [Cluster of technologies of advanced materials](#)
19. [Maritime Cluster of Ukraine](#)
20. [Cluster of medical equipment manufacturers "ProMedVyr"](#)
21. [Science Cluster "Science Parks of Ukraine"](#)

List of Ukrainian Cluster Alliance Associate Members:

1. [GS Ukrainian Association of Startups](#)
2. [GS Chemical-technological cluster TORSODA](#)
3. [GS Regional ceramic cluster "Ceramics of Donetsk region"](#)
4. [GS "Sumy machine-building cluster of energy equipment"](#)
5. [Project and educational center "Agents of Change" of Vasyl Stefanyk Prykarpattia National University \(PNU\)](#)

Annex 2. List of main international events for 2024

	West	Description	Organizer	Conditions for UCA clusters	Date
A	Measures at the level of all clusters of the Ukrainian Cluster Alliance				
1	EU clusters talks	ESSR thematic online events every second Wednesday	ECCP (I. Yashchuk)	free	Every 2nd Wednesday
2	Successful clustering	A virtual event of the ECCP platform on the topic of business models and best practices for the creation and development of clusters	ECCP (I. Yashchuk)	free	January 23
3	P4U talks	Professionals4Ukraine talks: thematic, monthly meetings with ambassadors of the Professionals4Ukraine program	ED UCA	free	monthly
4	Cluster conference in Brussels	Annual EU cluster conference under the auspices of the European Cluster Alliance	ECA	TBD	May 24
B	RC Smart.Industries				
1	Additive technologies in furniture production	SILEO workshop on Innovate & Create: 3D Printing's Potential on Furniture and Lighting Industries	ECCP	free	February 6
2	Conference on A.I. in Prague	Conference from CzechInno (supported by the Ministry of Industry and Trade of the Czech Republic) in Prague	ED UCA - CzechInno	free	April 30

3	Final conference of the EAA project, Kyiv	The Export Alliance APPAU (EAA) holds a final conference at the invitation of the UCA clusters on the results of the deployment of the internationalization program Czech Republic — Poland	APPAU	free	June
4	MSV Smart.Industry conference and exhibition in Brno	Activities at the MSV exhibition by CzechInno (supported by the Ministry of Industry and Trade of the Czech Republic) in Brno	ED UCA - CzechInno	free	October 2024
C	RC "Dual Purpose Technologies"				
1	Preparation of the b-mission to Warsaw	Matchmaking of clusters of RC TPP with clusters of Poland and Germany, together with the EC: preparation for the conference in March	ED UCA	Free	January
2	Business mission to Warsaw	Business mission of the Photonics cluster to the conference on quantum technologies in Warsaw.	ED UCA	Free of charge (Funding – European Commission)	March 2024, 13-14
3	Subcarpathian festival of startups	Festival of startups in Rzashev (requires confirmation)	ED UCA		June
D	RC Agri-food				
1	Aurora closing event	The final event of the European Aurora project for agrifood clusters	ECCP	free	January 23
E	PL Smart.City / Energy — Infrastructure				

1	Mini-conference on building materials	Exchange of information, matchmaking between the clusters of Poland and Ukraine in the field of new building materials (with the Composite materials cluster from Kraków)	ED UCA	Free	15th of Feb
F	Medical / Healthcare				
1	Webinar with EchAlliance	A joint webinar on the promotion of projects of the Medclusters RC with the support of EchAlliance	RC Medclusters	Free	February