



Policy Brief

October 2025

Policy lessons from the Western Balkans Innovation Vouchers



Research and Innovation (R&I) cross-border collaboration



This policy brief presents the findings and recommendations from the Western Balkans Innovation Vouchers scheme conducted as part of the European Union (EU)-funded POLICY ANSWERS project. The scheme was designed as a pilot, facilitating cross-border collaboration between academia and industry covering all six Western Balkans (WB): Albania, Bosnia and Herzegovina, Kosovo*, Montenegro, North Macedonia and Serbia. It proved to be an effective model for strengthening the Western Balkans' Research and Innovation ecosystem and promoting innovation. With 15 successfully launched projects, the

findings demonstrate that a targeted, regionally focused funding mechanism can boost innovation, build networks and help align the Western Balkans more closely with the European Research Area (ERA). The brief's core recommendation is to institutionalise and scale up this pilot model, transforming it from a short-term intervention into a permanent, sustainable R&I policy instrument for the Western Balkans' future prosperity.

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo Declaration of Independence.

The ambition: Driving R&I collaboration in the Western Balkans



The POLICY ANSWERS project's overarching goal is to enhance the impact and drive transformative change within the Western Balkans R&I landscape, increasing participation in EU programmes and promoting the Western Balkans Agenda¹. The pilot scheme, therefore, is not an isolated activity but is central to the project's strategy of creating success stories at the programme level.

The WBIV scheme was conceived as a light-touch financial instrument to stimulate collaboration between small and medium-sized enterprises (SMEs) and higher education institutions (HEIs) and public sector research and development organisations (PROs) across the Western Balkans. The scheme, as detailed in the project deliverable "Plan for providing financial incentives for academia-industry and researcher mobility collaboration²", was to provide a direct incentive for companies to acquire knowledge from cross-border research entities, thereby intensifying the development of the regional R&I eco-system by creating new relationships and initiating success stories at programme level.

Objectives of the WBIV scheme

- To contribute to the green transition and digital transformation goals³ in the region
- To address specific technological problems identified by SMEs
- To foster the transfer of scientific, technological and innovative knowledge
- To promote cross-border collaboration by requiring partnerships between different Western Balkans economies

Modalities of implementation



The scheme was launched via a public call with a total available budget of 30 vouchers from April 2024 to November 2024. The call focused on encouraging applications that would demonstrate a clear impact on the green transition and digital transformation. A single voucher could cover up to a maximum of 80 % of the total costs of a service provided by the HEIs or PROs, up to an amount of EUR 8,000, with a 20 % co-financing requirement from the applicant SME to ensure commitment. A key feature of the plan was an objective evaluation process conducted by a foreign expert evaluation committee, which selected the most impactful project proposals across the region.

¹ European Commission. A Western Balkans agenda on innovation, research, education, culture, youth & sport (2021). <https://op.europa.eu/en/publication-detail/-/publication/22b8829d-b786-11eb-8aca-01aa75ed71a1/language-en>. Accessed 02 September 2025.

² Kreceva K, Halili F, Ditzgens B, Hanatschek R, Velovska S, Marku A. (2023). POLICY ANSWERS Deliverable D5.1 Plan for providing financial incentives for academia-industry and researcher mobility collaboration. Version 2.0. <https://ec.europa.eu/research/participants/documents/downloadPublic?documentIds=080166e503ca440f&appId=PPGMS>. Accessed 15 August 2025.

³ Regional Cooperation Council. Sofia Declaration on the Green Agenda for the Western Balkans (2020). <https://www.rcc.int/files/user/docs/196c92cf0534f629d43c460079809b20.pdf>. Accessed 02 September 2025.

Western Balkans context for academia–industry collaboration



The six Western Balkans economies have made significant strides in their R&I systems, with a clear political commitment to aligning with the ERA. This commitment is evident in their local strategies and the adoption of the Western Balkans Agenda, which provides a framework for cooperation on innovation, research, culture, youth, and sport. However, despite these efforts, several structural challenges persist that slow down effective academia–industry collaboration and intersectoral researcher mobility. These challenges are often rooted in historical legacies, economic conditions and gaps in policy implementation.

Key challenges

Fragmentation of the R&I ecosystem: Local policies, funding schemes, and institutional practices operate in isolation, hindering cross-border collaboration. A lack of mature, regional innovation support structures compounds the isolation. Consequently, this structural weakness makes it difficult for SMEs to engage with research institutions and for researchers to collaborate with neighbouring economies in the Western Balkans.

Limited institutional capacity for private sector engagement: Research institutions and technology transfer offices often lack the entrepreneurial skills and support mechanisms needed to commercialise research or meet the specific needs of the private sector. This results in a significant knowledge gap between academic research and market demands.

The role of the POLICY ANSWERS project



The POLICY ANSWERS project directly tackles these challenges by designing and implementing pilot activities that serve as models for future policy. The WBIV scheme is a valid example. By mandating collaboration between research organisations and SMEs from different Western Balkans economies, the scheme aims to overcome the fragmentation and build a culture of regional partnership. Furthermore, supporting the green transition and digital transformation goals aligns with the strategic priorities of both the Western Balkans Agenda and the Horizon European Programme. The POLICY ANSWERS partner in North Macedonia, the Fund for Innovation and Technology Development (FITD) and its successor, the Agency for Innovation Activity, Scientific and Technological Development and Entrepreneurship (INOVA), took over

the administrative management and implementation of the WBIV. All partners provided support in the design of the scheme and its promotion.

Comparative analysis of Innovation Vouchers



Before designing the Western Balkans Innovation Vouchers scheme, a comprehensive comparative analysis of existing innovation voucher programmes in both EU Member States and the Western Balkans was conducted⁴.

In 2023, innovation voucher schemes in North Macedonia, Montenegro and Serbia, including the Innovation Fund of Serbia (IFS), Innovation Fund of Montenegro (IFM), and (then) FITD, were designed to benefit SMEs and mandate cooperation with HEIs and PROs exclusively. These schemes operated with similar parameters, with a maximum duration of six months and budgets ranging from EUR 6,800 to EUR 8,000. Co-funding percentages were also comparable, with a maximum co-funding share of up to 80

% of total costs. The success of these individual economy-level schemes provides a strong argument for establishing a unified, regional approach to funding that could streamline and scale up support for innovation across the Western Balkans. Schemes in Albania and Kosovo at that point were either not yet publicly available or under preparation, and the one in Bosnia and Herzegovina, announced in 2023, was in the process of being implemented with an ongoing call for service providers at the time of this research.

This analysis⁵, taken as an applicable base for the WBIV design, revealed several key takeaways:



Flexibility and simplicity: Successful Innovation Voucher schemes are typically characterised by a light administrative burden. The application process is straightforward and the reporting requirements are not overly complex, which is particularly attractive to SMEs with limited resources. The WBIV reflected this takeaway by offering a streamlined application procedure and simplified reporting, ensuring maximum accessibility for SMEs.



Clear objectives: Programmes with clear, specific goals – such as promoting a particular technology or addressing a specific sector – tend to be more effective than those with a broad focus. Following this insight, the POLICY ANSWERS vouchers were designed to enhance R&I in the Western Balkans by fostering industry-academia collaboration, with a clear emphasis on prototyping and technology validation within the green transition and digital transformation strategies developed in the framework of the project.



Targeted approach: Vouchers targeting explicitly first-time collaborators are particularly effective in fostering new partnerships. The WBIV scheme, therefore, specifically prioritised first-time cross-border applications and directly supported the creation of new collaborations.



Value proposition: The value of the voucher must be high enough to incentivise collaboration but not so high that it would remove the need for co-financing, which ensures the company's commitment to the project. The EUR 8,000 voucher value of the POLICY ANSWERS pilot, in line with other schemes, was strategically chosen as a proven practice to meet this balance.



Sustainability and exit strategy: A successful pilot should always be designed with a clear pathway to sustainability, either through institutionalisation or by influencing policies. The POLICY ANSWERS WBIV scheme is a feasible tool at the economy level, but also serves as an example of potential future regional permanent funding.

⁴ Kreceva K, Halili F, Ditzgens B, Hanatschek R, Velovska S, Marku A. (2023). POLICY ANSWERS Deliverable D5.1 Plan for providing financial incentives for academia-industry and researcher mobility collaboration. Version 2.0. <https://ec.europa.eu/research/participants/documents/downloadPublic?documentIds=080166e503ca440f&appId=PPGMS>. Accessed 15 August 2025.

⁵ Ibid.

Western Balkans Innovation Voucher pilot journey

The journey began with a clear policy imperative: to funnel regional cooperation and bridge a critical gap in the R&I landscape. The lack of structured cross-border collaboration among academia and industry has long hindered collective innovation. This challenge is particularly acute given that many SMEs lack their own formal R&D departments, making it difficult for them to innovate. To address this, the WBIV pilot was conceived as a strategically focused and user-friendly instrument.

The scheme drew on best practices of Western Balkans economies' innovation funds through extensive consultation with consortium partners, which ensured its relevance and accessibility. The core goal was to create a direct gateway for SMEs to access research and development and innovation expertise. The pilot's implementation, however, also demonstrated its complexities and limitations. Wide-ranging dissemination efforts were conducted by all partners, including holding information sessions; still, the call received 33 applications. The challenges of internal human resources and institutional structural changes influenced this outcome. The regional representation in terms of responses only partly answered the expectations, with the majority of applicants coming from North Macedonia and Serbia.

After the call's closure, an expert evaluation was conducted by three R&I experts from outside the Western Balkans, and 20 innovation vouchers were awarded. The awarded projects are aligned with EU and regional priorities, particularly in the green transition and digital transformation fields. The journey from application to project start proved slow in terms of real sector expectations, marked by five dropouts and only 15 projects initiated.

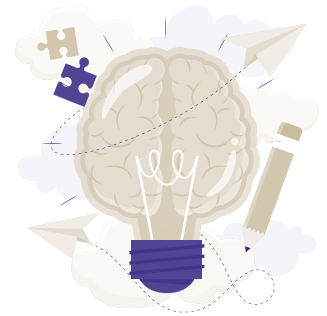


“[...] many SMEs lack their own formal R&D departments [...]”

Overall, the pilot implementation period provides a realistic view of the uphill journey. The initial goal to finance 30 projects could not be met, as only 50 % of the target was achieved. One key factor is the low turnout, which is a direct result of the eligibility criteria that excluded a large part of the R&I ecosystem. Ultimately, the pilot's true success lies not in the numbers but in the strategic lessons it provides. It is through these first-hand experiences — from the low turnout to the administrative hurdles — that we gain the critical insights needed to create efficient innovation schemes in the future. These are an indispensable component when building a resilient and effective innovation ecosystem, truly prepared for the challenges of the green transition and digital transformation goals.

Lessons learned

The implementation of the WBIV pilot scheme, while successful in its core objectives, provided critical findings and lessons learned that can inform the design of future R&I initiatives across the region. The following insights highlight the need for greater operational agility and a broader approach to stakeholder engagement to ensure the long-term sustainability and impact of regional R&I instruments:



1. Mitigating low turnout and dropouts



The pilot revealed a need for processes that are better attuned to the fast-paced nature of the real sector. While administrative requirements were reduced, it was evident that we need to take this further. Processes should adopt phased granting and offer greater flexibility to ensure valuable projects are not lost due to administrative rigidity.

2. Improving dissemination and community engagement



The pilot demonstrated that a more targeted dissemination strategy is required to reach a broader and more diverse pool of potential applicants, especially when launching a pioneer cross-border collaboration call. While online and remote interactions are essential, the absence of direct contact makes community engagement challenging. Integrating physical events and dedicated community engagement as core project activities would be highly beneficial in fostering trust and building networks.

3. Expanding the pool of service providers



The experience of the pilot highlighted that the current number of eligible service providers is limited. The low turnout and high dropout rate were a direct result of limiting eligibility to only public sector HEIs and PROs. Moreover, the need to include private researchers as service providers was very evident from the questions and requests for clarification received during the pilot. and the high administrative filter executed under this criterion. To mitigate this, a future strategy must consist of private science and research organisations and licence holders as eligible participants. This would significantly increase the number of available experts and enhance the scheme's ability to facilitate wider academia-industry links.

4. Enhancing user experience and support



To prevent dropouts and improve the overall applicant experience, future public calls should include clear and detailed instructions, particularly around payment modalities and real-time information regarding VAT in the context of regional collaboration. Furthermore, offering tailored and thorough feedback to applicants with ineligible proposals would serve as an educational and long-term benefit, strengthening the overall R&I ecosystem.

Success Stories: Impact in Action

Albania

Success Story

Company: Pharmabest Group Shpk, Fier

Problem: Pharmabest needed to gain a deeper understanding of the Kosovan market to develop new mental health supplements, but lacked the specific research capabilities to do so.

Solution: Through the Innovation Voucher, Pharmabest collaborated with the Centre for Psycho-Social and Medical Research, a specialised research centre from Kosovo, to conduct a study on consumer behaviour.

Impact: This collaboration provided actionable insights that enabled Pharmabest to tailor new product offerings, significantly enhancing the company's market position and fostering innovation in plant-based wellness products. The project demonstrates how targeted research, enabled by the innovation voucher, can drive meaningful business and societal impact.

Bosnia and Herzegovina

Success Story

Company: Agrounik, Mostar

Problem: Agrounik had a promising laboratory idea to use bacteria for breaking down fats in industrial wastewater, but needed to test its viability and scalability in real-world conditions. They lacked the necessary expertise and equipment to move the idea from research to a practical application.

Solution: The Innovation Voucher enabled Agrounik to partner with the Faculty of Biology, University of Belgrade from Serbia, providing access to specialised scientific knowledge and resources. This collaboration allowed them to identify effective bacterial strains and develop an efficient production method for their bio-solution.

Impact: The project proved that the bacteria could significantly reduce pollution levels in wastewater from the dairy and food industries. This solution enables businesses to reduce their reliance on chemical treatments, comply with environmental regulations and ultimately contribute to environmental protection. The Innovation Voucher successfully transformed a research concept into a tangible, eco-friendly solution with commercial and societal benefits.

Kosovo

Success Story

Company: GeoSoil Engineering, Prishtina

Problem: GeoSoil Engineering had a concept for an innovative geothermal heating and cooling system using building foundations, but needed to validate its safety and performance through scientific testing before it could be applied in the Western Balkans. This required specialised resources and expertise not available in-house.

Solution: With the support of the innovation voucher, GeoSoil Engineering partnered with the Faculty of Civil Engineering, Ss. Cyril and Methodius University in Skopje, North Macedonia. This collaboration enabled the SME to conduct advanced scientific testing and develop a novel thermo-mechanical design.

Impact: The project will pioneer the use of geothermal active foundations, a technology expected to deliver 70–80 % savings in heating and cooling costs. This research will move a promising concept to market readiness, paving the way for near-zero-energy buildings and directly contributing to the Western Balkans' sustainable energy transition.

Montenegro

Success Story

Company: Recrewty, Podgorica

Problem: Recrewty, a fast-growing human resource tech startup, needed to enhance the scientific rigour and efficiency of its psychometric and AI-driven assessments to better serve leading clients in banking, telecom, and retail.

Solution: With the support of the Innovation Voucher, Recrewty partnered with the Faculty of Philosophy at the University of Novi Sad, Serbia. This partnership enabled the SME to improve the scientific foundation of their tests and solve key technical challenges.

Impact: This streamlined collaboration significantly improved the psychometric properties of Recrewty's assessments while making them shorter and more efficient. It also led to the development of a new, multi-factor cognitive test, laying the foundation for detecting social desirability bias. This project demonstrates how supporting academia-industry partnerships can lead to a more scientifically rigorous and competitive business sector.

North Macedonia

Success Story

Company: Inventiko doo, Skopje

Problem: Medical professionals in the Western Balkans spend a significant portion of their time on administrative data entry, a process that is often inefficient and prone to errors. Existing speech-to-text technologies are not equipped to handle the specialised, technical language of medical reports, creating a critical gap in the digitalisation of the health sector.

Solution: The Innovation Voucher enabled Inventiko from North Macedonia to partner with the Faculty of Electronics, University of Nis, Serbia. This cross-border collaboration allowed the company to develop a medical speech-to-text artificial intelligence assistant (MST-AIA), a specialised software-as-a-service (SaaS) system designed to convert medical speech into text. The system uses a specialised artificial intelligence model trained to recognise medical terminology in Serbian, Macedonian and Albanian.

Impact: The project directly contributes to the digital transformation of the healthcare sector by minimising the administrative workload for medical staff, improving the accuracy and details of medical reports. As an innovative solution on the regional market, MST-AIA is highly scalable and transferable, with the potential to be adapted to other languages and countries. This project provides a powerful example of how targeted regional funding can bridge critical market gaps and drive transformative innovation in essential services.

Serbia

Success Story

Company: SME Impact Ltd, Belgrade

Problem: There was a need to enhance the region's ability to track and monitor air quality in real-time, supporting innovative city development and environmental awareness initiatives. Developing a new, reliable device required significant investment in design and testing.

Solution: With the support of an Innovation Voucher, the Faculty of Electrical Engineering team at the University of East Sarajevo, Bosnia and Herzegovina first designed, developed and integrated a new air quality monitoring device into the Sustainable Energy and Climate Action Plan for the City of Belgrade (SECAP) platform. Following successful trials, the technology was successfully transferred to SME Impact Ltd, with staff fully trained to operate and maintain it. The funding enabled the SME to create a reliable, easy-to-deploy module that measures key environmental parameters.

Impact: This achievement enhances the region's capacity for real-time environmental monitoring, fosters ecological awareness and demonstrates how targeted investment can drive practical and valuable innovation in both urban and agricultural settings.

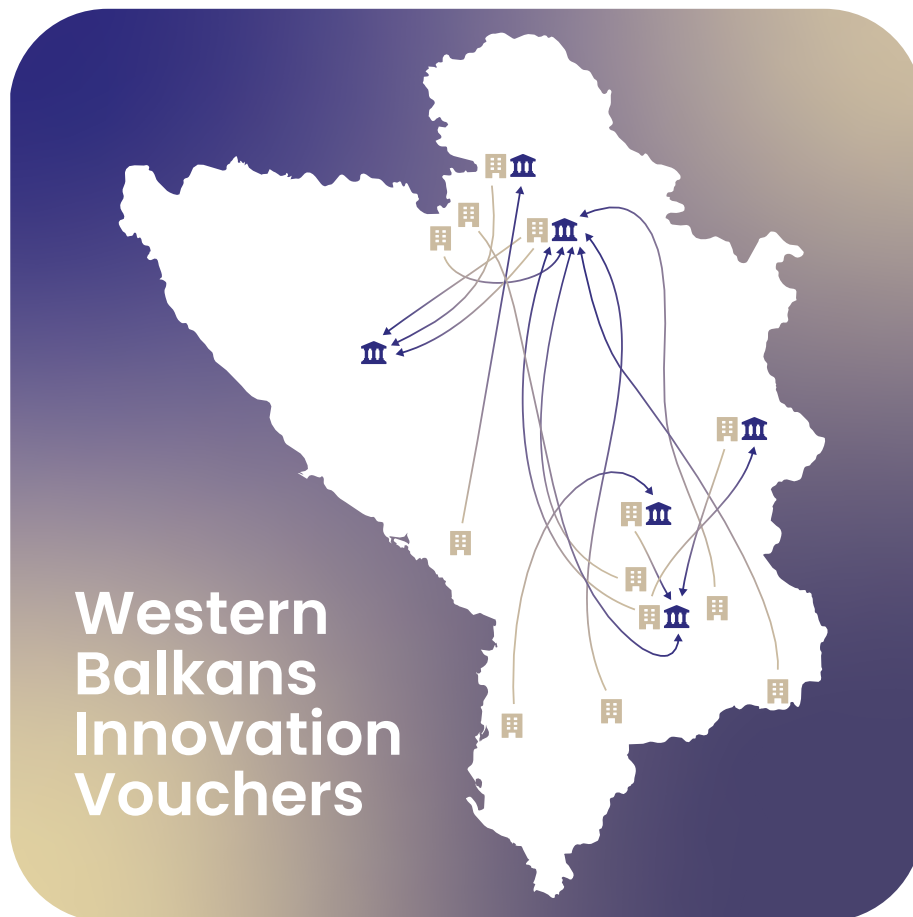
Policy recommendation: The argument for a regional R&I fund

The concept of a regional R&I fund for the Western Balkans has been a key recommendation by influential actors in the region, including the Berlin Process Joint Science Conference and the Regional Cooperation Council (RCC), who have previously highlighted the necessity of such a mechanism.

For example, the 7th Berlin Process Joint Science Conference⁶ directly recommended the establishment of a Western Balkans Research Fund. Similarly, the RCC has consistently supported a regional approach to R&I funding through strategic frameworks, such as the Common Regional Market (CRM) Action Plan⁷ and the development of the Western Balkans Regional R&D Strategy for Innovation⁸, now part of a larger, forward-looking strategic context, the RCC Strategy and Work Programme 2026–2028⁹.

The pilot activity within the POLICY ANSWERS project has provided compelling evidence that a unified, regional approach to funding R&I is not only feasible but highly effective. While Western Balkans economies' own innovation funds are crucial, they are often insufficient to foster the cross-border synergies required for genuine regional integration. The WBIV scheme, by mandating inter-economy collaboration, has demonstrated a powerful model for breaking down barriers and promoting a shared culture of innovation.

The regional approach enables an efficient pooling of resources and expertise, allowing the Western Balkans to tackle complex, shared challenges more effectively. Henceforth, one can argue that the regional innovation voucher scheme should be a key mechanism to be used by a future regional R&I fund to drive transformative change within the Western Balkans R&I landscape, particularly in the green transition and digital transformation fields.



⁶ Joint Statement from the 7th Berlin Process Joint Science Conference in Tirana (2023). https://www.berlinprocess.de/uploads/documents/joint-science-conference-bp-2023_1697782911.pdf. Accessed 02 September 2025.

⁷ Common Regional Market Action Plan 2025–2028 (CRM 2.0) by the Regional Cooperation Council (RCC). <https://www.rcc.int/files/user/docs/0e5e72bb8334509a1feb954cdc7a3e54.pdf>. Accessed 02 September 2025.

⁸ Western Balkans Regional R&D Strategy for Innovation in Zagreb (2013). <https://www.rcc.int/docs/325/western-balkans-regional-r-and-d-strategy-for-innovation>. Accessed 02 September 2025.

⁹ RCC Strategy and Work Programme 2026–2028 Smart, Skilled, and Sustainable: Resilience through Transformation and Development. https://www.rcc.int/download/docs/SWP%202026-2028_final.pdf/0c198efba4367e29d8e9d84501066a6c.pdf. Accessed 02 September 2025.

Scheme recommendation: The argument for a permanent, sustainable and integrated fund



Based on the success of the pilot, we strongly recommend that the WBIV scheme be institutionalised and integrated into the long-term R&I funding landscape of the Western Balkans. This transition would involve:

A dedicated, permanent fund should be established to continue the work of the pilot. This would provide continuity and predictability for businesses and researchers, encouraging them to invest in long-term regional partnerships. Moreover, building on the pilot's lessons learned, a regional innovation voucher scheme should be designed for phased expansion and an expanded pool of service providers. The pilot

demonstrated strong demand for this type of funding, but also that a cautious, evidence-based approach is necessary to ensure adequate uptake. We recommend a phased and broader approach that would first institutionalise the current model, followed by a gradual expansion of the voucher value, the number of eligible projects, towards private science and research organisations and licence holders as eligible participants and, eventually, a broader scope of eligible economies. Finally, an integration with economy-level programmes is essential. While several Western Balkans economies, such as North Macedonia, Serbia and Montenegro, have successfully institutionalised their own innovation voucher schemes, the regional scheme should not operate in isolation. Instead, it should be strategically integrated with existing R&I programmes at the economy-level. This could involve co-funding opportunities or an expedited process for companies that have completed a regional voucher project or vice versa.

Alignment recommendation: green transition and digital transformation goals as a priority



Success in the pilot scheme proves that R&I funding focused on the green transition and digital transformation is an effective engine for change. For all future iterations of the scheme, it is recommended that this focus be maintained as a priority. Prioritising these themes is essential because it ensures the scheme directly contributes to the region's long-term socioeconomic convergence and builds the targeted capacities necessary for increasing successful participation in Horizon Europe and other European Union programmes.

Conclusion

The Western Balkans Innovation Voucher pilot has demonstrated that targeted, cross-border funding is an effective policy tool for addressing regional R&I fragmentation. By directly facilitating 15 industry-academia collaborations across borders, the scheme proves that a unified funding mechanism is a powerful engine for achieving the shared goals of the green transition and digital transformation. This model directly translates R&I policy into tangible economic and societal impact. Institutionalising the scheme is therefore essential for increasing the region's participation in HORIZON Europe and cementing its commitment to the European Research Area.



“Targeted, cross-border funding is an effective policy tool for addressing regional R&I fragmentation.”

This Policy Brief is
available here:



Author: Andrijana Tasevska

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Strengthening Research and Innovation in the Western Balkans: The POLICY ANSWERS project

POLICY ANSWERS is a strategic initiative funded by the European Commission through the Horizon Europe project “R&I POLICY making, implementation ANd Support in the WEStErN BalkanS”. The project focuses on enhancing research and innovation (R&I) policymaking and governance systems in the Western Balkans, while also addressing aspects of education, culture, youth, and sports. By providing essential support to the region’s development, POLICY ANSWERS plays a crucial role in strengthening the Western Balkans’ potential for successful participation in regional and multilateral research and innovation activities.

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