

Clusters and Transformation Strategy

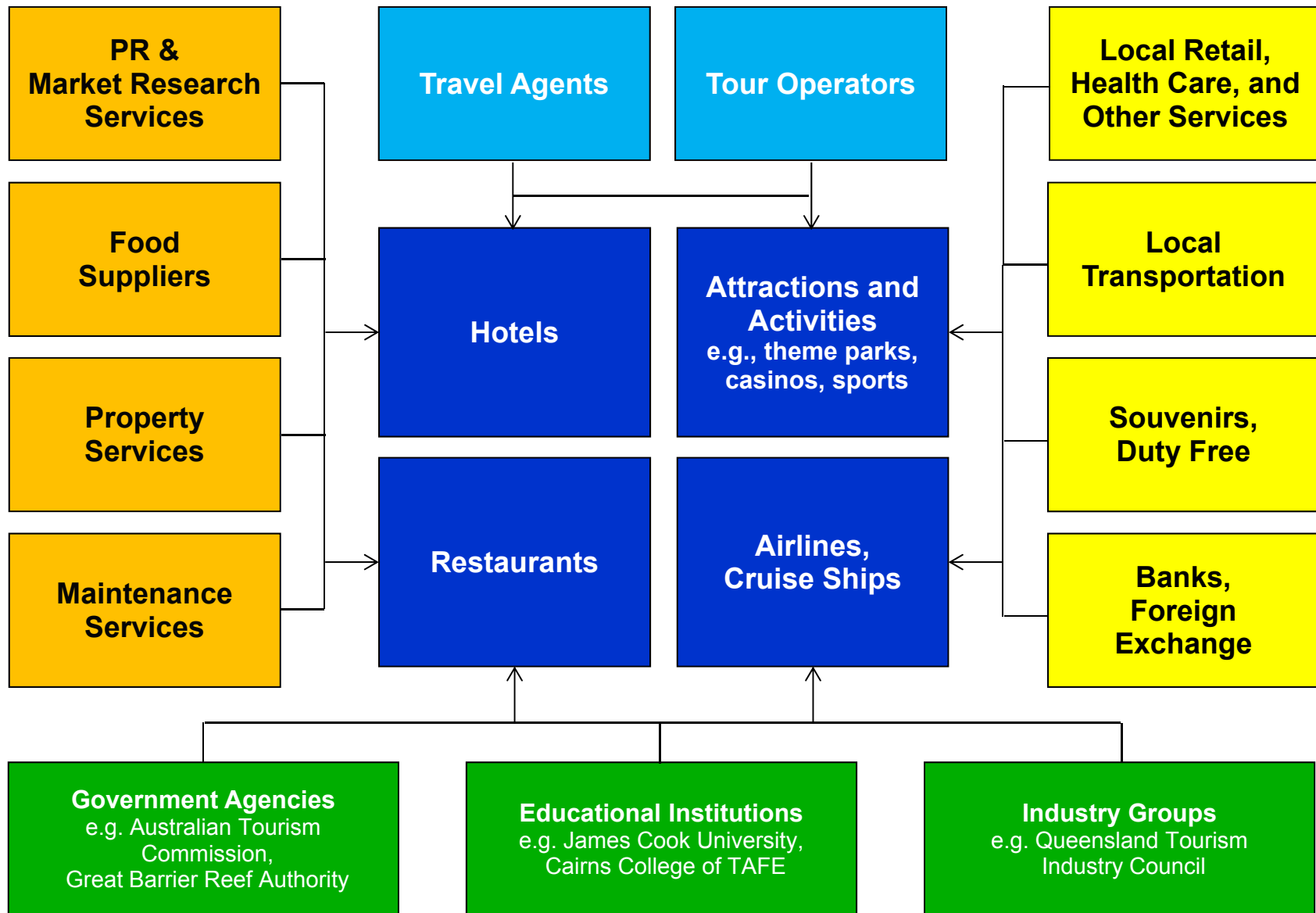
II National Forum on Transformation - Cabo Verde 2030

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What is a Cluster?

Tourism Cluster in Cairns, Australia



Why are Clusters Important?

For Firms

- **Affect potential productivity and innovative capacity**
- **Provide suppliers, collaboration partners, and markets**

For Locations

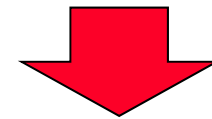
- **Drive critical performance outcomes like exports, wages, job creation, innovation, and ultimately prosperity**

For Policy

- **Critical channel and organizing principle for more effective economic development efforts**
- **Key lens to understand the economy's dynamics**

- Clusters **emerge naturally**

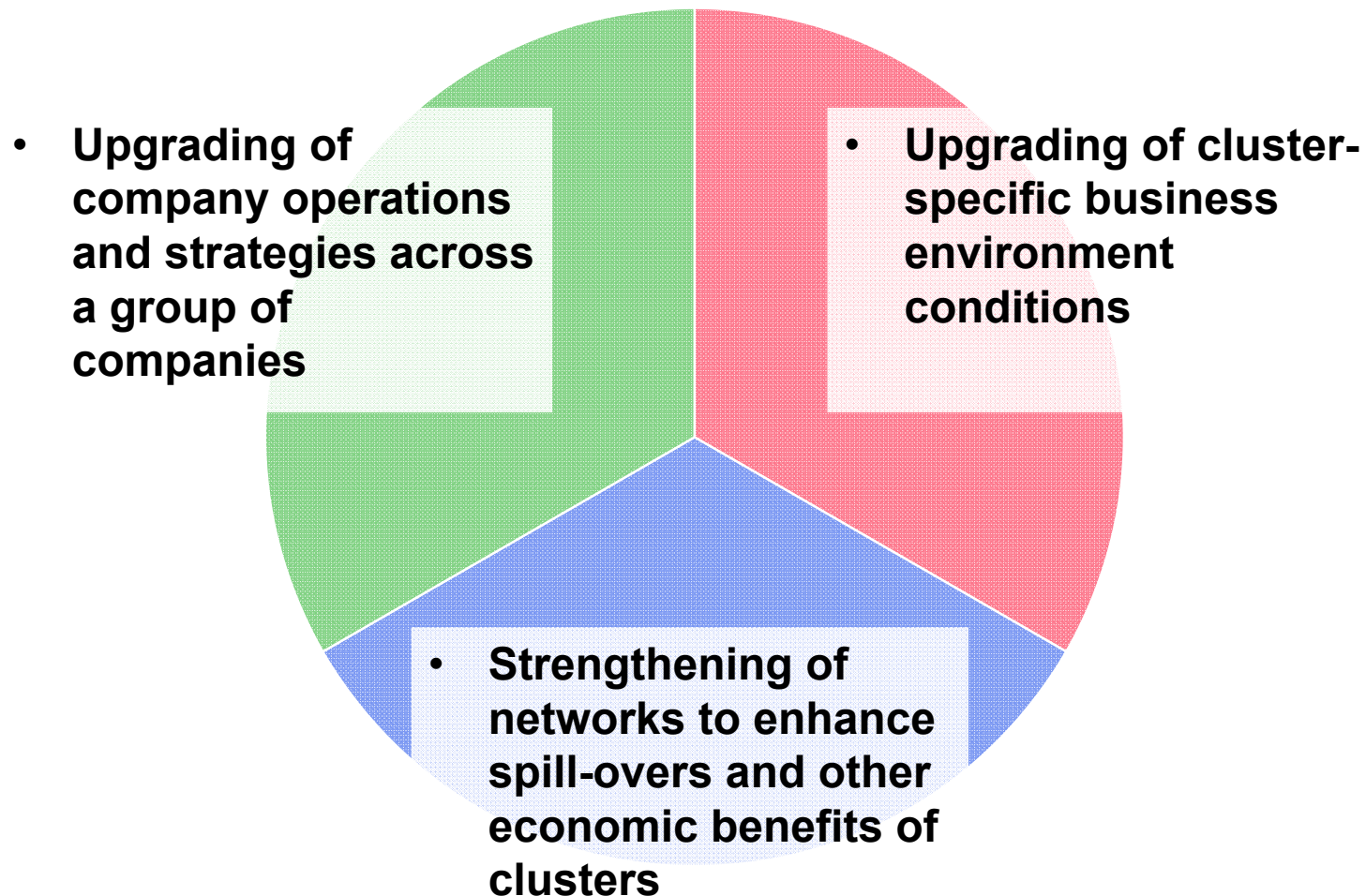
- Clusters **emerge naturally**
- **Collaboration** within clusters requires purposeful action
- Upgrading of the **cluster-specific business environment** requires purposeful action



- **Cluster initiatives** organize the necessary collective action

What are Cluster Initiatives?

Cluster initiatives are **collaborative activities** by a **group** of companies, public sector entities, and other related institutions with the objective to improve the competitiveness of a group of **interlinked economic activities in a specific geographic region**



Drivers of Cluster Initiative Success

Activities

- **Strategic action agenda** grounded in understanding of the relevant market
- **Operational effectiveness** in individual activities

Organization

- Quality of the **Cluster Initiative Manager** is key
- **Private sector logic** needs to drive the organization, **public sector** critical to create the right environment

Setting

- Cluster with **critical mass** of existing economic activities
- **Broader policy environment** focused on competitiveness upgrading

Clusters and Shared Value

Cape Verde needs Cluster Efforts with Social Impact

- Benefiting **companies and the community** simultaneously



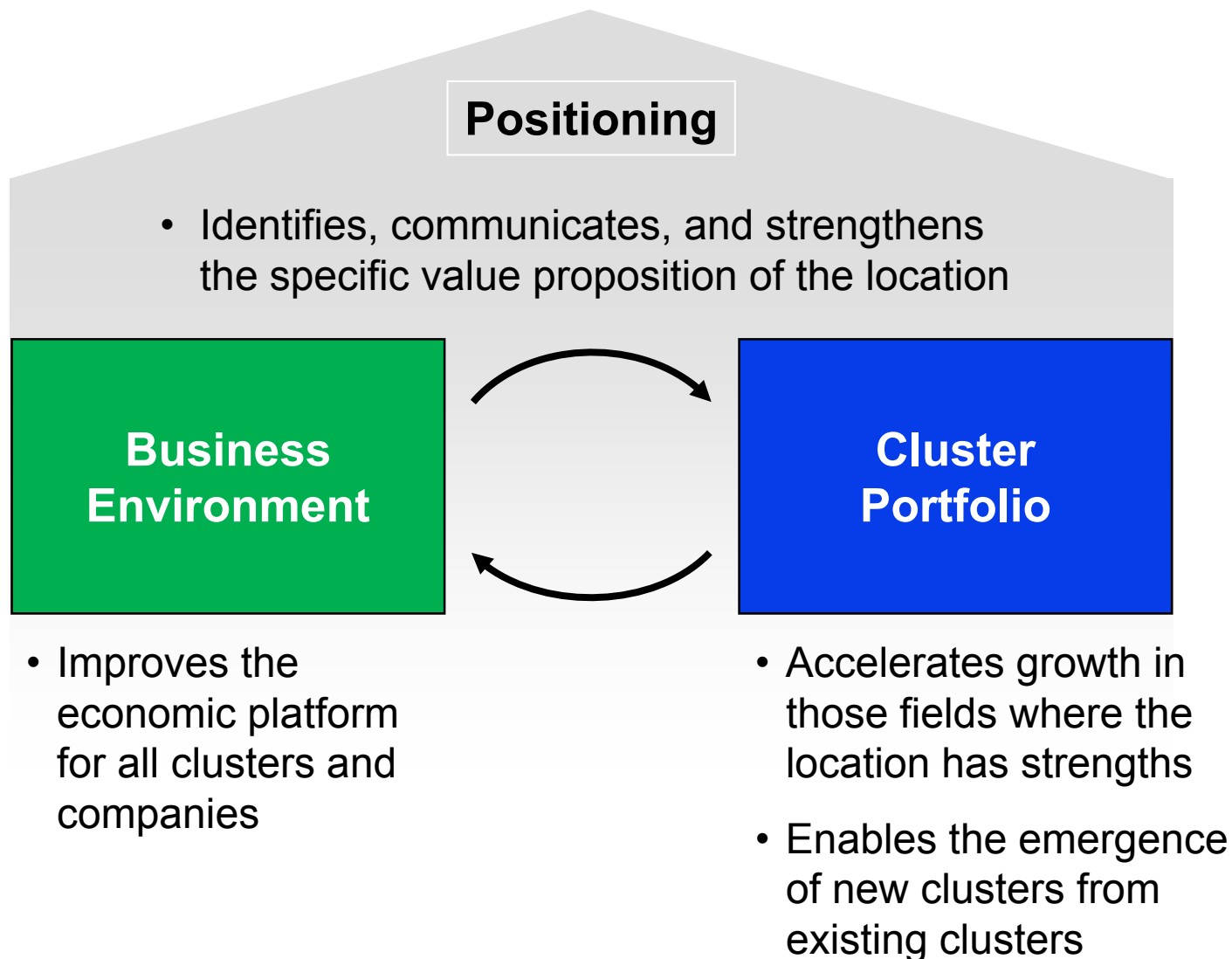
- Enhancing the **business environment**
- Strengthening **the local supplier base**



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Clusters and Competitiveness

Cape Verde needs Cluster Efforts to Drive Broader Competitiveness



Clusters and Economic Transformation

Cape Verde needs to do more than Strengthening Strengths

- Mobilize **existing clusters**
 - Highest likelihood of success
 - Highest leverage of investments
- Encourage **entrepreneurial discovery** in areas with connections to the existing cluster base
 - More risky
 - More need to systematically explore, review, and then pursue or stop
 - Exploration is a task for companies, not government, but government can provide support

Partners

