

SMEs' PERFORMANCE AND ENTREPRENEURSHIP OPPORTUNITIES IN BOSNIA AND HERZEGOVINA

OVERVIEW

Small and medium-sized enterprises (SMEs) are the backbone of the EU pre-accession economies in the Western Balkans and Turkey and represent

99% of all businesses in the EU.

SMEs
GENERATE
2 OUT OF **3**
EVERY JOBS

9 OUT OF **10**
EVERY
ENTERPRISES
IS AN **SME**

The European Union runs a number of campaigns and projects aimed at:

- ▶ Creating a business-friendly environment by helping SMEs access finance and markets more easily by easing administrative burdens through implementing of the Small Business Act for Europe (SBA)
- ▶ Sharing best practices and exchanging ideas among entrepreneurs
- ▶ Supporting SME competitiveness and innovation
- ▶ Providing key support networks and information for SMEs

SMEs SECTOR IN BOSNIA AND HERZEGOVINA

In the case of Bosnia and Herzegovina (BiH), SMEs are major contributors to job creation and inclusive economic growth, participating with over 60% in the overall employment and creating over 60% of the GDP. Although evident progress has been made, Bosnia and Herzegovina still remains **at an early stage** in the SMEs policy area.

Fostering SMEs growth in BiH requires:



Harmonised and coordinated country-wide industrial and SME policies, in line with the Reform Agenda priorities;



Improved business environment through: reducing and simplifying business registration procedures and costs, implementing the law on electronic signatures, allowing for online filing of taxes, providing support measures for start-ups and export-oriented enterprises, and streamlining of issuing of construction permits.

Visible progress in SMEs area and entrepreneurship policy in BiH includes: ✓

- ▶ **a country-wide network for reporting** on implementation of the Small Business Act established by the BiH Council of Ministers;
- ▶ **assignment of the coordination** role to the **BiH Ministry of Foreign Trade and Economic Relations**, which appointed a new national coordinator;
- ▶ **establishment of entrepreneurial learning** and the basic building blocks of a lifelong entrepreneurial learning system;
- ▶ an agreement with the EU on participation in its **Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises – COSME** that was signed in June and ratified in December 2016.



EU SUPPORT TO SMEs SECTOR IN BIH

Competitiveness and SME development in BiH benefit substantially from past and ongoing EU assistance:

- ▶ Multi-country **IPA** (Instrument for Pre-accession Assistance) programme aimed at increasing regional competitiveness through better access to finance for SMEs;
- ▶ **Horizon 2020**, the European Union's new seven-year research and innovation programme;
- ▶ Competitiveness of enterprises and SMEs - **COSME**, the European Union's programme for small and medium-sized enterprises;
- ▶ The Western Balkans Enterprise Development & Innovation Facility - **WB EDIF**, funded by the EU and aimed at improving access to finance for SMEs in the Western Balkans.

The European Union has provided up to **EUR 55 million** to support the SME sector in BiH over the past 15 years. **Further EUR 15 million** of support is planned from the IPA II programme. With technical assistance and grant funding provided, SMEs received tangible support for growth in competitive sectors such as **tourism, agro-processing, wood and metal industry.**

More information on the EU programmes supporting SMEs is available on the following websites:

- Instrument for Pre-accession Assistance – IPA http://ec.europa.eu/regional_policy/en/funding/ipa/
- EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (SMEs) <https://ec.europa.eu/easme/en/cosme>
- The Western Balkans Enterprise Development & Innovation Facility - WB EDIF <http://www.wbedif.eu/about-wb-edif/>



EU-ASSISTED SUCCESS STORIES AND BEST PRACTICES

CASE STUDY I



'Krajina Klas' - improved market positioning with the help of international industry experts

Krajina Klas, a small family bakery founded in 1955 sought assistance to improve bakery products, introduce new recipes and semi-baked products to extend product shelf life.

Close cooperation between the senior management of Krajina Klas and experts resulted in the installation of new equipment as well as optimization of existing and introduction of new products, helping Klas become the country's pioneer in this specific segment.



CASE STUDY II



MDG International d.o.o. - boosted business by introducing new software design and modelling solutions

MDG International d.o.o., a metal parts and subcomponents producer from Sarajevo, was provided assistance in introducing a new 3D modelling software solution and supporting their growth and exporting activities.

By increasing resource efficiency, the company was able to expand its production facilities, increase the number of its employees by 57% and ensured more room for investment in staff training.



BEST PRACTICE ACTIVITY



Bosnian IT sector boosted by unique partnership

The European Bank for Reconstruction and Development (EBRD) and the Bosnian IT Alliance (BIT Alliance) - a group of six leading ICT companies from Bosnia and Herzegovina - have been working to help bring up a new generation of IT developers through the EU-funded "BiH SME Competitiveness Support Facility".

In May 2015, the first class graduated from the programme. This six-month intensive training course provided graduates with vital skills in finding future employment by boosting their employment rate.



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