



Project summary:

NOVALIS



NETWORK OF VALUE ADDING LOCAL INNOVATION STRUCTURES

Implemented by:



Problem

The Smile Curve Theory argues that most added value is created in pre-production (research and development, branding, design) and post-production (distribution, marketing, after-sales services). Conducted analyses¹ show that export-oriented SMEs from MP&WP sectors in BiH, are dominantly focused on production. There is lack of financial and human capital to invest in pre-production and post-production functions and in digitalization of production-related processes (market failure); there is lack of interactions between MP&WP sectors and structures enabling innovations in pre-production, production and post-production activities (network failure) and there is lack of structures, policies and instruments to address and support innovations in industrial SMEs (government failure).

Key idea

The project is aimed at improving the competitiveness of export-oriented SMEs in the sectors of metal and wood processing industry in BiH with the expected positive impact on value added and employment of highly qualified labour force.

Project Objectives and Expected Results

Overall Objective: Improved competitiveness of export-oriented SMEs in Metal and Wood processing sectors in BiH with a positive impact on added value and highly skilled employment.

Improving competitiveness of companies in MP&WP is essential for creating new jobs and for increase of export, by removing obstacles for innovations. Capacities for innovations (information, staff, equipment) in companies shall be improved by building capacity of individual stakeholders-companies and supporting institutions, and by networking to join limited resources in development of higher-value new products for international markets.

¹ OECD. (2013). *Interconnected Economies: Benefiting from Global Value Chains*. Retrieved at: <https://www.oecd.org/sti/ind/interconnected-economies-GVCs-synthesis.pdf>
Pucar, S., Pepić, A. (2019). *Sectoral Study on the Innovative Capacity and Potentials of Companies*. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. Preuzeto sa: https://eu4business.ba/wp-content/uploads/2019/07/EU4B_studija_en.pdf
Burks, J., Sipragic, M, Bogunovic, S. (2019). *Information and Communications Technology – Fuel for SME Competitiveness*. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. Retrieved at: <https://edabl.org/wp-content/uploads/2019/08/ICT-Fuel-for-SME-Competitiveness.pdf>
OECD et al. (2019), “Bosnia and Herzegovina: Small Business Act profile”, in *SME Policy Index: Western Balkans and Turkey 2019: Assessing the Implementation of the Small Business Act for Europe*, OECD Publishing, Paris. Retrieved at: <https://doi.org/10.1787/a09405ef-en>

Specific Objective: Functional regional innovation network creating innovations with higher added value for SMEs in Metal and Wood Processing sector exporting to the EU Single Market and to the CEFTA countries.

Capacities in companies are limited and cooperation with BDS providers insufficient. Project is focused on improving capacities for creation of higher value-added products through new approaches in fostering interactions between companies and supporting institutions/BDS providers, thus improving innovations and digitalization-enabling business environment.

Expected results: Establishment of a functional regional innovation network that can create higher value-added innovations for SMEs in the sectors of the metal and wood processing industries that export to the EU and CEFTA markets.

Main activities

1. Establishing, promotion and using P&P Development Hub-selecting SMEs ready for new products, process optimization and digitalization, agile teams, facilitating interactions, design and prototyping.
2. Establishing, promotion and using Students' Innovation Lab-events for students and young professors, moderating group work for new product ideas, individual mentoring and practice in companies, contests - new ideas and design, events for presenting technology.
3. Establish and promote Business Innovation Club-share views on challenges and practices (events), research of innovative SMEs, promoting innovation practices and policy recommendations (web).
4. Developing MP&WP Sector Boards into Export-oriented Industrial Innovation Network involving ICT, design, and supporting structures-meetings, workshops and conferences, policy recommendations, advocacy and promotion.
5. Project Management (coordination, finance, promotion), interactions between Hub and Lab, between BIC and EoIIN.

Roles in the project

- Lead applicant: **Eda - Enterprise Development Agency**, Banja Luka
- Partners: **Faculty of Mechanical Engineering, University of Banja Luka** and companies: **Spektra DMG** (Banja Luka), **MasterWood** (Prijedor), **E-info** (Banja Luka).

Project Duration

July 2020 - December 2021

Source of funding

With the aim of strengthening the economy of BiH, the EU4Business project of the European Union encourages the development of entrepreneurship, export-oriented sectors, tourism and agriculture, as well as rural development. The EU4Business project is worth € 16.1 million and is jointly funded by the European Union (€ 15 million) and the Federal Republic of Germany (€ 1.1 million). The project is being implemented jointly by GIZ, ILO and UNDP, from April 2018 to March 2022.

EU4Business is part of the Local Development Strategy - Local Government and Economic Development Program in BiH, supported by the Federal Ministry for Economic Cooperation and Development (BMZ) of the Federal Republic of Germany. For more information on the EU4Business project, visit: www.eu4business.ba.

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