25 YEARS

eda

by Creating vs Corrupting

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Occasion

This year marks the 25th anniversary of Eda. Established in the summer of 1998, it is now the oldest development agency in Bosnia and Herzegovina and one of the oldest in the Western Balkan region.

Furthermore, in terms of many characteristics, it is also one of the best, even though it lacks the support from anyone in terms of stable financing, political influence, or lobbying.

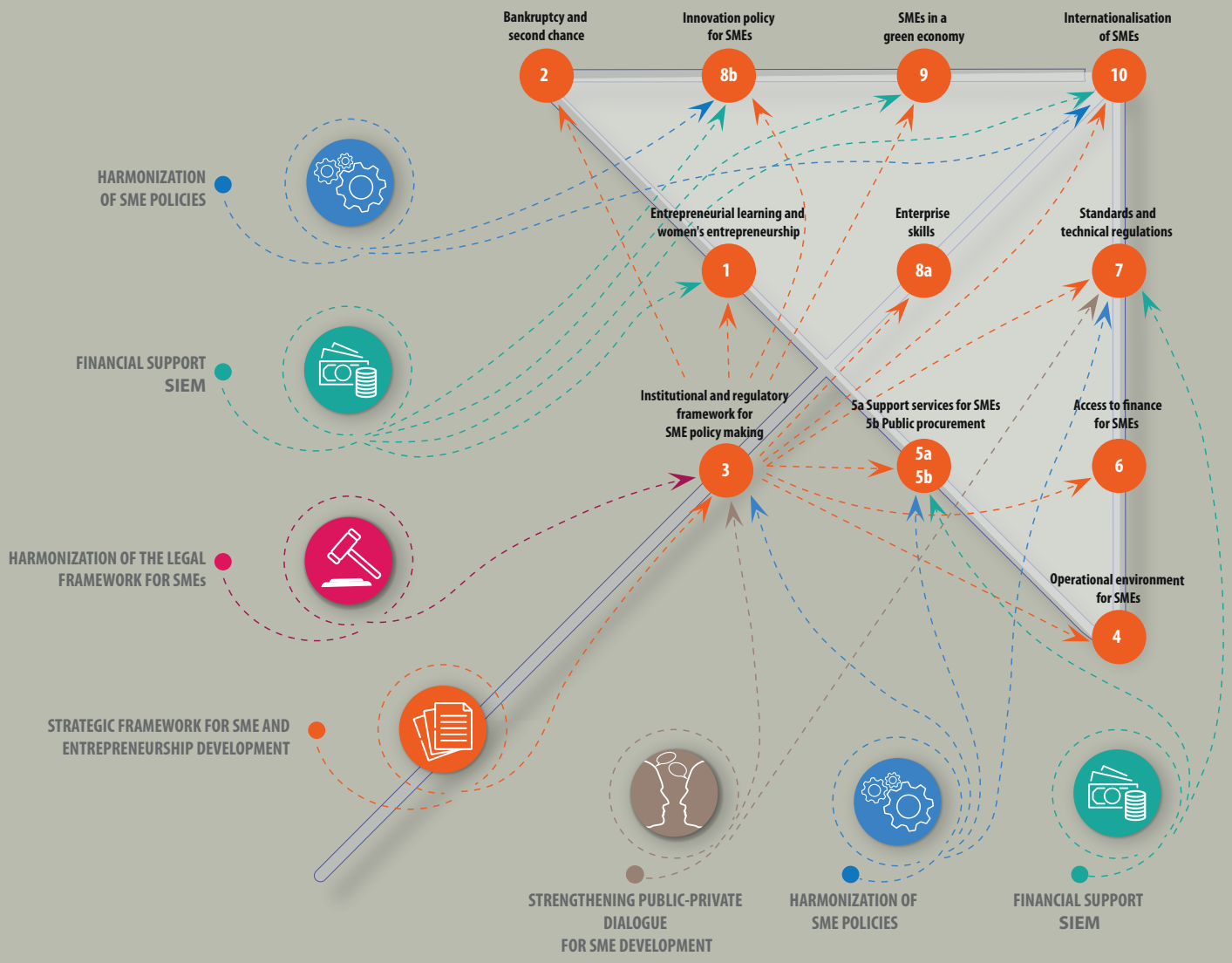
Having emerged on the margins of the interests of domestic institutions and international organizations, it has grown into a prestigious think tank and agency whose services are valued and which can be entrusted with important projects with balanced short-term and long-term impact.

Retrospective on the Past 5 Years

In the last five years, from 2018 to 2023, from our 20th to 25th year, we were able to significantly contribute to the harmonization of the strategic framework and policies that enable and accelerate the development of small and medium-sized enterprises (SMEs), as the priority target group at the center of our efforts. This progress, acknowledged in the European Commission's reports on the progress of Bosnia and Herzegovina in terms of SME policies, would not have been possible without excellent cooperation with the ministries responsible for creating policies for supporting SME development, without constant and rich interaction with a large number of SME directors, experts, and support providers, and, of course, without the great trust and unwavering support provided by Sweden as the main donor, as well as without the utilization of funds and support from key international projects in this field, primarily the EUProLocal and EU4Business projects.

The harmonization of the strategic framework and policies for SME development has taken place simultaneously and interactively in two main directions: with the Small Business Act (SBA)[1] as the relevant European framework that we aspire to externally, and among different levels of government in Bosnia and Herzegovina, according to their competencies, internally. Thus, after more than ten years, we have moved away from a kind of stalemate situation in which the politically sensitive issue of strategic support for SME development in line with European requirements was stuck. Instead of persisting in unsuccessful insisting on unified legal and strategic solutions, as possible in other countries in the Western Balkans (thanks to simpler administrative structures and constitutional distribution of responsibilities), a concept that corresponds to the complex structure and constitutional allocation of competencies in Bosnia and Herzegovina has gradually been accepted here—harmonization of the legal and strategic framework, but in a way that the principles and dimensions of the SBA serve as the guiding content of harmonization.

1 More information: https://eur-lex.europa.eu/EN/legal-content/summary/a-small-business-act-for-european-smes.html


Bankruptcy and second chance
2
Innovation policy for SMEs
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SMEs in a green economy
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Internationalisation of SMEs
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Entrepreneurial learning and women's entrepreneurship
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Enterprise skills
8a
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5b
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4
HARMONIZATION OF SME POLICIES
FINANCIAL SUPPORT SIEM
HARMONIZATION OF THE LEGAL FRAMEWORK FOR SMEs
STRATEGIC FRAMEWORK FOR SME AND ENTREPRENEURSHIP DEVELOPMENT
STRENGTHENING PUBLIC-PRIVATE DIALOGUE FOR SME DEVELOPMENT
HARMONIZATION OF SME POLICIES
FINANCIAL SUPPORT SIEM

Change of Paradigm

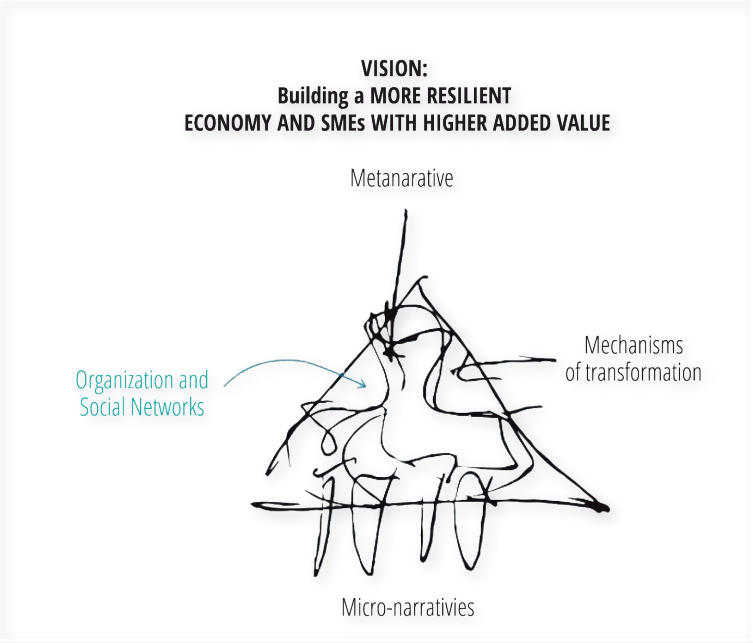
In the meantime, a pandemic crisis and war in Ukraine happened, with significant actual and potential negative consequences for the domestic economy and the growth and development of SMEs as its key drivers. It seems that the stability of planning and action is permanently lost, as it becomes increasingly clear that the order and reasons behind events and actions are unpredictable. The paradigm of management is changing, so planning is no longer seen as a linear process based on an envisioned (often idealized) future in the form of a vision and strategic development goals, to be achieved through a series of pre-planned measures that are systematically elaborated, implemented, and monitored. Such approach is ineffective as soon as we step out of the realm of organized systems and predictable situations. Contemporary and future economic development, especially after recent global shocks, has shifted into the realm of complexity and unpredictability, often on the edge of chaos.

The new paradigm significantly relaxes the terms of management and development planning, giving the strategy meaning of a coherent action guided by an understanding of the long-term direction (perspective) and aimed at transforming processes that create (added) value, with a network of stakeholders involved in such actions and arguments that indicate why such direction is chosen and how the strategy will contribute to its achievement[2].

This sets significant challenges for our team as well as our partners in terms of development management, where the critical capability becomes resilience to sudden shocks, enabling survival and growth in complex situations and conditions of uncertainty.

[2] Wauters, B. (2019). *Strategic management in the public sector and public policy-making: friend or foe?* European Social Fund Public Administration and Governance Network. Retrieved November 16, 2021

To outline, initiate, and facilitate the change to which we are dedicated, we will use the meta-tool of the Change Triangle 3.0[3], which serves as a "scaffold" for designing the ecosystem of change. It focuses on creating and applying instruments that encompass changes related to the context, i.e. to the whole, not just changes within the context. It includes a long-term vision (being used as motivation and orientation), a metanarrative (providing orientation and translating the vision into narrative terms that resonate with the values and culture of the context, organization, or the system we want to shape), micronarratives (stories built from experiences, being used to build a shared identity that resonates with the macro-narrative), mechanisms (the mechanisms do the work, creating means through which the desired outcome or purpose is achieved—realizing the vision), organizational and social networks (facilitating the exchange between metanarratives, micronarratives, and mechanisms).



[3] Pendleton-Jullian A., Brown, J. S (2018). Design Unbound: designing for emergence in a white water world, Volume 2, The MIT Press Cambridge, p. 276

VISION:

Building a MORE RESILIENT ECONOMY AND SMEs WITH HIGHER ADDED VALUE

The main direction of development support that Eda will provide over the next five years is the BUILDING OF A MORE RESILIENT AND RESPONSIBLE ECONOMY, WITH HIGHER VALUE-ADDED AND HIGHER-QUALITY JOBS, THAT INCREASINGLY CONTRIBUTES TO THE PRESERVATION OF THE NATURAL AND TRANSFORMATION OF THE SOCIAL AND MENTAL ECOSYSTEMS IN BOSNIA AND HERZEGOVINA AND THE WESTERN BALKANS REGION. This is how we understand the long-term direction that enables the economic development of the country and the region we live in.

It means building an economy that gradually transitions to SMART GROWTH, that is more INNOVATIVE, GREEN, and DIGITALIZED, but also more INCLUSIVE. In the case of small and medium-sized enterprises, our main target group, this means supporting the transition to the SMART ENTERPRISE model, which is INNOVATIVE in terms of products/services, processes, and business models, and aligns its DIGITAL TRANSFORMATION and ENERGY TRANSITION, primarily investing in human capital and demonstrating a high degree of CORPORATE SOCIAL RESPONSIBILITY. These mutually coherent paths enable synchronized progress towards the main direction of BUILDING A MORE RESILIENT ECONOMY AND SMEs WITH HIGHER ADDED VALUE.

25 YEARS eda

Building a MORE RESILIENT ECONOMY AND SMEs WITH HIGHER ADDED VALUE
vision
HIGHER VALUE-ADDED
preservation of the natural ecosystems
TRANSFORMATION OF THE SOCIAL AND MENTAL ECOSYSTEMS
HIGHER-QUALITY JOBS
ECONOMY
more innovative, green, digitalized and inclusive economy
CORPORATE SOCIAL RESPONSIBILITY
DIGITAL TRANSFORMATION AND ENERGY TRANSITION
SMART AND INNOVATIVE SMEs
vision

METANARATIVE:

From Reactive to CREATIVE - by Creating vs Corrupting

We start from our mission: facilitating and accelerating the transformation of management from reactive to creative, primarily within enterprises, using targeted policies and support instruments that promote such changes by the public sector. We start with the assumption that only through creation (of new ideas, products, processes, networks, business models, better jobs, and more stimulating work environments, as well as policies and instruments that enable them) we can stimulate, shape, and promote new patterns of values, behavior, and cooperation, gradually decreasing the expansion and impact of currently dominant patterns of economic and societal corruption (politicization, subservience, sycophancy, crime, corruption). Our aim is to achieve a common purpose, which consists of COLLECTIVE AND SUSTAINABLE VALUE CREATION.

In this endeavor, our main role is FACILITATION, and the key resources at our disposal are a deep UNDERSTANDING of the local context and the hidden factors that enable or hinder the success of development endeavors, coupled with the CREDIBILITY we have with companies, domestic institutions, donors, and international organizations, as well as a CONSTANT LEARNING of new approaches, methodologies, and tools, which we creatively apply in response to the challenges faced by our partners and collaborators.

We are ready to facilitate and support the strategic introduction and implementation of SMART SPECIALIZATION, both methodologically and substantively. Similar to the strategic framework for SME development, we also need a harmonized framework in this case, which will overcome the existing constraints of an asymmetric administrative structure of the country and economy with low coordination levels, without undermining and politicizing matters of competence.

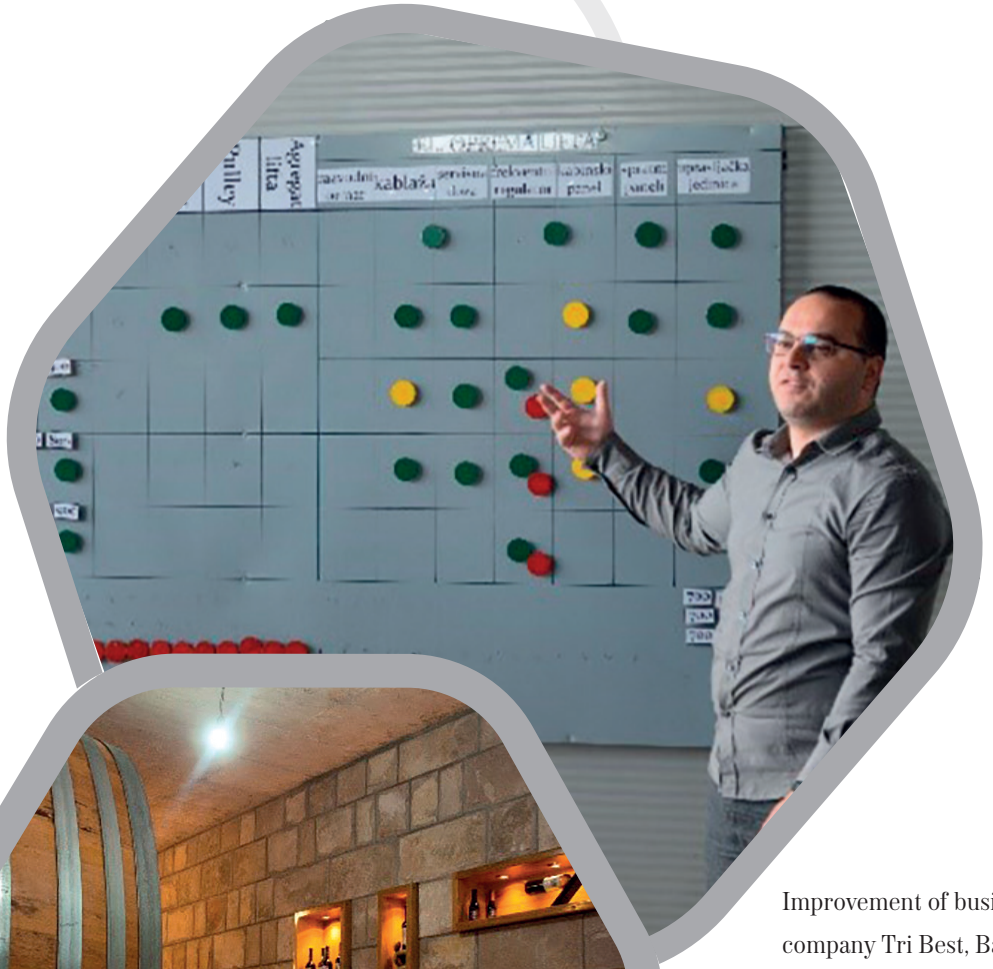
Furthermore, the research and decision-making on the focuses and priorities of smart specialization should significantly involve representatives from the private sector, especially from growing small and medium-sized enterprises, which constitute our priority target group and where our credibility is unquestionable.

In a similar manner and with similar motives, we are ready to support the overcoming of the longstanding stagnation regarding quality infrastructure and make a strategic breakthrough in this area, in the best interest of SMEs.

MICRONARRATIVES

Instead of systematic and ineffective advance planning of short-term activity results (outputs), expected changes in target groups or areas (outcomes) and multiple long-term impacts based on the projection of a desired state, we will focus on the potential for change that can be observed in the existing state, in the relevant context and with the actors with whom we work, so that we can identify and support opportunities that are ADJACENT POSSIBLES, i.e., achievable and desirable because they are on the main path of change. Together with partners, we will test and develop new tools and practices that support and achieve innovation, greening, and digitization of SMEs, while developing networks that increasingly include educational and research and development organizations, as well as other support institutions, in addition to SMEs in leading sectors.

The correctness and feasibility of such an orientation are confirmed by a series of individual stories from our common experience with partners, clients, and associates. These are stories of innovative companies, such as those we presented in the publication "How to achieve greater added value - Stories of innovative companies from our environment" and those whose initiation and development we supported in companies such as: Spektra DMG, ELAS Metalexpert, Masterwood, Topling, Tikt, Reflex, Tri Best, MP Panduevic, MIP Prijedor, FOD - Final Woodworking, Soligna, Tapetarija Matic, Euro znak, to name just a few, where innovations in products, processes, and even business models have led to greater added value. Such is the story of Trebinje, whose development strategies we have been working on since 2008, setting the vision of becoming "the most desirable small city in the Western Balkans," which is getting closer to its realization, as well as the story of Trebinje's winemakers who have seized a strategic opportunity and significantly contributed to the desirability of their city. Or the story of East Ilidza, which, back in 2005, when we started working together, was among the underdeveloped municipalities and now is in the exclusive circle of developed ones, even though it was not among the favorites of higher levels of government. There are about fifty such stories of local development, each with its own peculiarities, challenges, and flows, in which we have participated so far.



Improvement of business processes in the company Tri Best, Banja Luka

Detail from Anđelić winery, Trebinje

MECHANISMS OF TRANSFORMATION

Policy level:

- Strategic management of SME development (with a complete cycle of planning, implementation, monitoring and evaluation, and updating/revising), harmonized externally (with the SBA framework) and internally (in accordance with jurisdictions) with a focus on the meso-level of systemic competitiveness (targeted policies, organizations and support instruments);
- Smart specialization with simultaneous technological, institutional, social and cultural transformation (FutureArt model);
- Transition to ESG (Environmental, Social and Governance) principles and standards.

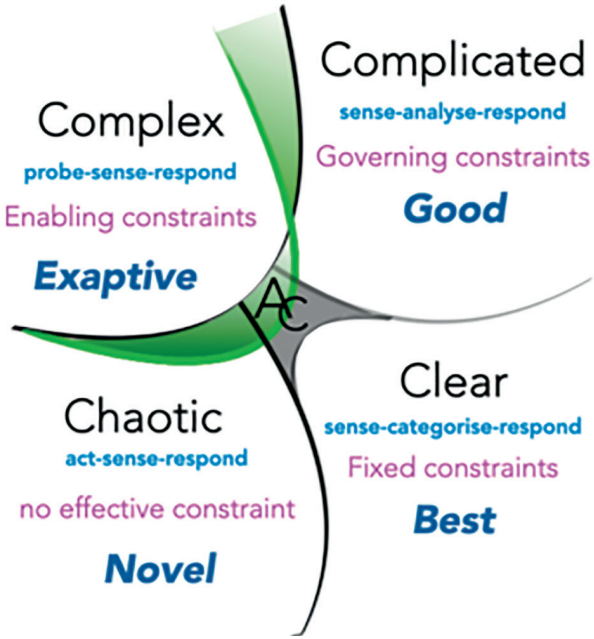
Method level:

- Project management (with a stronger focus on outcomes)
- Use of frameworks, models, tools and methods that can lead to systemic impact and are sensitive to complexity (The Flow System, Cynefin, Systemic Competitiveness Framework, Change Triangle 3.0, Sensemaker, Scaffolding, Ritual Dissent...)
- Facilitation, with a focus on discovering potential for changes in the current state and on adjacent possibles that are in the desired direction of change; control of unwanted consequences.

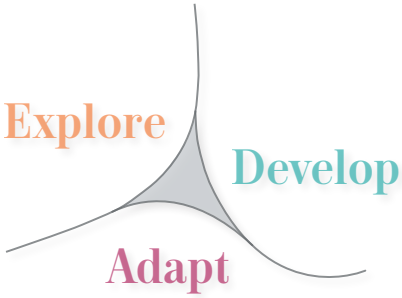
Project level:

- Line of policy development projects: SBA in BiH, SBA in BiH2EU, S4+...
- Line of support instrument projects: CREDO, C2C, ...
- Line of SME innovation and networking projects: KRIN, NOVALIS, READy...
- Line of employment projects: LEP 1 and 2, ...
- (New) line of human resources management projects,
- Local/regional economy transformation projects: CSO ATTEMPT, ...

Cynefin framework[4]



Our approach



We are not starting from scratch, but continuing our joint work by piloting innovation support instruments, innovation and energy transition networks in industry, DIHs (Digital Innovation Hubs), product and process development centers, and others. After testing and ensuring the functionality of such instruments, we will work on their integration into appropriate policies that facilitate wider use and application, as has already been done with the instruments we have developed (e.g. the CREDO Development Fund, which has been successfully transformed and is in growing use as the Support Program for the development of the economy, improving efficiency and introducing new technologies by the Ministry of Economy and Entrepreneurship of the Republic of Srpska). In addition, one of the focuses of our engagement will be on designing, piloting, and developing new models and practices of human resources management, based on distributed leadership, towards achieving the already defined vision of SME development in BiH: that by 2030, entrepreneurship and career in SMEs for young people and professionals become more attractive than working in the public sector or going abroad.

4 More information about the Cynefin framework is available at: https://cynefin.io/wiki/Cynefin

ORGANIZATIONS AND SOCIAL NETWORKS

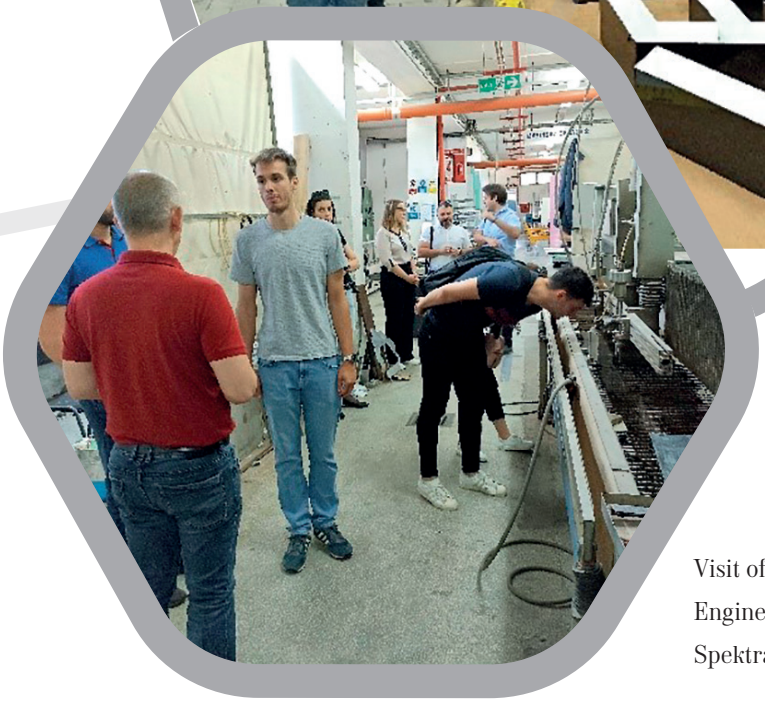
We have been working on connecting SMEs and creating networks that strengthen their competitiveness and innovation for ten years, since 2013, when the CREDO Krajina project initiated the work of sector boards in export-oriented sectors. Over time, the boards for metalworking and woodworking merged and grew into the Export-oriented Industrial Innovation Network, which developed forms and focuses through the KRIN and NOVALIS projects, involving new interested parties from SMEs, support institutions, educational, and research and development organizations. We now support the piloting of networks for the energy transition of SMEs, transitioning from the Triple Helix model to the Quadruple Helix.

In the coming period, we plan to encourage the creation of a network of practitioners to support the development of SMEs in Bosnia and Herzegovina, as well as to expand and strengthen networks for innovations and energy transition.

We plan to revitalize and improve our earlier rich "Edapedic" experience in forming and leading a wide network of local leaders in Bosnia and Herzegovina, occasionally reinforced by the most successful local leaders from neighboring countries[5]. Eda develops specific forms of applied knowledge and shares that knowledge with others, using the PKM - Personal Knowledge Management, whose motto is: seek - sense - share, encouraging members of our team and collaborators to create and expand their own personal networks, thereby contributing to the expansion of our common network and strengthening Eda's catalytic role in developing knowledge that can contribute to effective responses to challenges in the areas in which we operate[6].

We are active on several social networks (Facebook, Twitter, Linkedin and YouTube) in an effort to convey useful and interesting information about what we do, share our experiences and thoughts, and receive feedback from those who follow us and share our common interests.

5 Edapedia is Eda's interactive knowledge center based on the knowledge and experiences of the most successful mayors and municipal leaders from B&H and the region, as well as prominent experts and practitioners from various fields important for local community development. The project was active from 2009 to 2014, when annual consultations of local leaders were organized.



Visit of students from the Faculty of Mechanical Engineering and the Academy of Arts to the company Spektra DMG Banja Luka, organized by Eda.

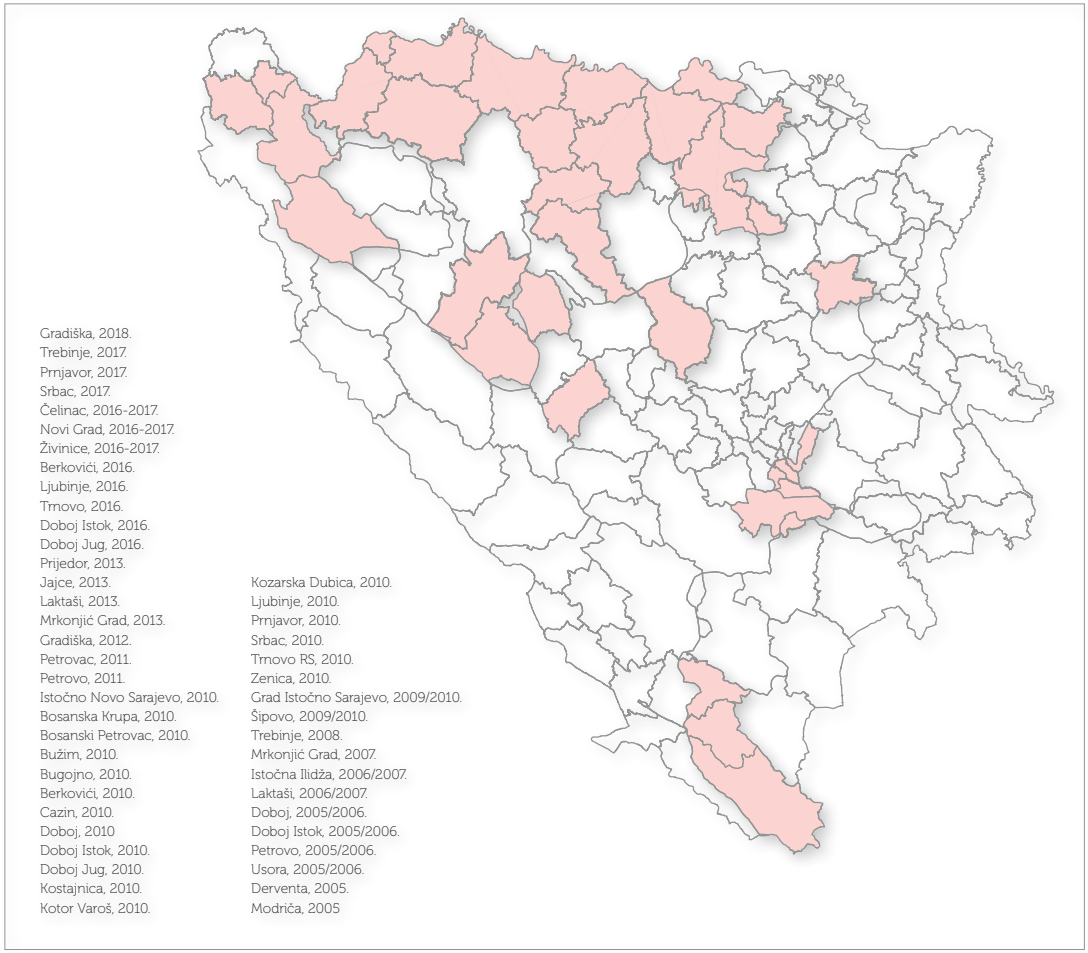
New Return to the Local Level

We worked intensively with municipalities and cities from 2000 to 2015, first on introducing the principles and standards of good governance, and then on local economic development, strategic integration of economic and social development with environmental protection, and promoting proactive and responsible local leadership. Our former institutional partners and proven practitioners at the local level have once again drawn our attention to the fact that this is the field that is closest to citizens and can significantly impact the quality of their lives. At the same time, our international partners are increasingly realizing that a change is necessary in the dominant linear, overly systematic, complicated, and often unrealistic approach in this area.

Our experience and implicit knowledge of the context and what is possible to do in such context, combined with pioneering work in introducing a new paradigm for development management in BiH, can contribute to the launch of a new development impulse at the local level, as has already happened in the decade starting 2005. Such an impulse is not possible to launch or sustain without a change in the paradigm of development management by local leadership and their partners, as well as without intensive cooperation with the private sector and alignment with new policies and instruments at other levels of government.

Therefore, to the extent possible, we will work with local and international partners on the development of cities and municipalities that create higher (added) value, are better managed, and more resilient to sudden shocks. This means an orientation towards inclusive economic development and better jobs, supported by innovation and a gradual transition to a green economy, with digitization and smart management of companies, cities, economy, society, and the environment.

Municipalities and cities in Bosnia and Herzegovina where Eda led the process of local development strategy creation.



With such clear and attractive orientation, the focus of our support will be on continuously improving instruments, practices, and policies that are adapted to the local context and enable continuous progress. Also, as we have done before, we will strive to contribute to improving the position and potential for the full exercise of the competencies of local self-government, in accordance with the principles of the European Charter of Local Self-Government.

Understanding and Changing the Context

We are aware that such orientation will not yield significant results if the context and dominant patterns of behavior remain unchanged. This means that if the politicization of all aspects of life continues and if corruption and crime continue to take the lead, leaving young and skilled people with a choice between the bad and the worse: to leave the country in search of a better life or to drown in dominant patterns by accepting subservient and sycophantic roles designated for the young in a negatively politicized domestic environment. If the context prevents, slows down, or devalues the changes that more creative, innovative, and proactive actors undertake and achieve, then we are ready to change it together with them.

Therefore, we will continue to direct part of our efforts and knowledge towards changing the context and patterns by working on creating a "critical mass" of positive individual and institutional stories and cases that strengthen the strategic orientation that we care about, as well as on identifying and changing deep-seated structures and mental models that question such orientation and lead it into a dead end.

reactive creative

Complex Projects in Bosnia and Herzegovina

Key donors in BiH entrust us with managing more and more demanding projects, and big international implementing agencies/donors engage us more and more frequently on implementing parts of projects which, besides deep and specific knowledge, require particular sensitivity to local context and relations between stakeholders.

Sweden
Sverige

Switzerland.

UNDP

International Labour Organization

giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

Kingdom of the Netherlands

Partner for Regional Projects

We will redirect a significant portion of our interests and resources towards participating in projects that align with our strategy and cover the Western Balkans region to much greater extent than before. Thus, in the wider area, we will be what we are already recognizable for in Bosnia and Herzegovina: a proactive and creative partner, who sees many opportunities for synergy in interactions. In addition to our role as a partner in implementation, we will strive to have a significant influence on shaping regional programs and projects, with a readiness to take a leading role when necessary and feasible.

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