

# NATIONAL SWOT ANALYSIS ON ECO- INNOVATION – BOSNIA AND HERZEGOVINA



<b>WP3</b>	<b>Strategy for eco-knowledge</b>
<b>ACTIVITY 3.2</b>	Analysing the environment for ecoinnovation in partner countries
<b>DELIVERABLE 3.2.4</b>	National SWOT analysis on Eco-innovation

<b>Project number</b>	DTP1-191-1.1
<b>Title of the project</b>	Eco-innovately connected Danube Region (Ecolnn Danube)
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<b>Author</b>	IPA PP1 Chamber of Commerce and Industry of Banja Luka Region, Vladimir Ćorda
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## 1. SWOT analysis: National (governmental) perspective

Internal factors	
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<p><b>STRENGTHS</b></p> <p>Favourable geographical position providing easy access to regional and EU markets</p> <p>Energy production from renewables receives support and subsidy from the entity governments</p> <p>Liberalized trade through signed different trade agreements (Stabilisation and Association Agreements, CEFTA, EFTA, as well as different bilateral trade agreements)</p> <p>Stimulating tax policies with low income tax rate, profit tax rate as well as stimulating Value added tax rate</p> <p>Favourable treatment of foreign investors where foreign investor has equal rights and obligations as local</p> <p>Progress made in implementing legal legacy of the EU in the field of energy efficiency, renewables, waste treatment</p>	<p><b>WEAKNESSES</b></p> <p>Financial support for R&amp;D and innovation development is on low level</p> <p>Lack of funds for investment and a large dependence of development from international sources of funding</p> <p>Insufficient number of expert in the energy sector, particularly those dealing with energy efficiency and renewable energy sources and the lack of teaching staff at technical faculties</p> <p>Focus on large investments in energy sector which utilize existing technologies not focusing and providing programs for innovations development</p> <p>High tax burden in the form of taxes and social security contributions</p> <p>Low level of entrepreneurial culture and motivation for establishment and development of new companies</p>

External factors	
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<p><b>OPPORTUNITIES</b></p> <p>The upward trend in student's number in electrical and mechanical faculties</p> <p>Use of pre-accession fund and other international programs to acquire new skills and achieve international cooperation in the implementation of modern projects</p>	<p><b>THREATS</b></p> <p>Continuous political instability in the functioning of Bosnia and Herzegovina</p> <p>Brain drain of highly educated people and migrations of people toward EU countries.</p> <p>Environmental awareness and environmental friendly behaviour on low level</p>

Use of regional funds for energy efficiency and renewable energy sources in order to develop and strengthen national market	High level of corruption that exist in Bosnia and Herzegovina
Regional venture capital funds accessible to startups from Bosnia and Herzegovina	

## 2. SWOT analysis: National business perspective

Internal factors	
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<p><b>STRENGTHS</b></p> <p>Favourable geographical position providing easy access to regional and EU markets</p> <p>Majority of companies in BiH are SMEs which allows flexibility and relatively easy adaptation to market trends</p> <p>Small companies can easily be integrated in production of higher value added products</p> <p>Availability of skilled workforce at competitive price</p> <p>Increased number of introduced quality standards</p>	<p><b>WEAKNESSES</b></p> <p>Low efficiency of production capacities due to old technology and more labour intensive production capacities</p> <p>Low level of investments in new technologies and new equipment</p> <p>Cooperation between industry and universities is not developed</p> <p>Companies focuses more on service provision then on product development</p> <p>General liquidity problem that companies in BiH are facing slows down further company development</p>

External factors	
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<p><b>OPPORTUNITIES</b></p> <p>Easy access to regional market of approximately 20mil people without language barriers</p> <p>Liberalized trade through signed different trade agreements (Stabilisation and Association</p>	<p><b>THREATS</b></p> <p>Financial support for SME development is on low level at every level of governance.</p>

<p>Agreements, CEFTA, EFTA, as well as different bilateral trade agreements)</p> <p>Access to EU programs for development of innovative products and collaboration with EU companies</p> <p>Know-how and technology transfer through cooperation with companies from EU</p> <p>Favourable treatment of foreign investors where foreign investor has equal rights and obligations as local</p>	<p>Support for product development (idea, development, prototyping, market testing, etc.) does not exist</p> <p>Insufficient number of expert in the energy sector, particularly those dealing with energy efficiency and renewable energy sources and the lack of teaching staff at technical faculties</p> <p>High tax burden in the form of taxes and social security contributions</p> <p>Low level of entrepreneurial culture and motivation for establishment and development of new companies</p>
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