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**ENTREPRENEURSHIP AND SME DEVELOPMENT  
STRATEGY IN ZENICA MUNICIPALITY  
2003-2008**

Zenica  
July 2003

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## INTRODUCTION

Zenica was one of the most important economic centers in the former Yugoslavia, with its developed industry, organized city structure, developed educational, health, scientific, sport and cultural institutions and multiethnic population as well.

The inherited economic structure, which was dominated by the steel industry, has been an obstacle for Zenica to go successfully through the transition process in the economic and social spheres, and therefore it is lagging behind in comparison with some other areas that implemented the transition process more successfully.

Starting from the current needs of the population, available resources and experiences, Zenica is in the stage of adopting a new development strategy, aimed at changing the economic structure, higher employment rates and creating an environment for the overall accelerated development. Both local and foreign scientific institutions, representatives of large scale and small businesses and the local authorities have been engaged to develop this strategy.

Special part of the strategy refers to the development of the entrepreneurship and SMEs in the Zenica Municipality. The whole process of the strategy development was organized by SEED (Southeast Europe Enterprise Development), in cooperation with the local government. SEED has also provided the methodology and the consulting team comprising representatives of the Center for the Entrepreneurship Development of the Economy Faculty of the Ljubljana University, Regional Development Agency BSC Ltd. from Kranj and consulting firm Sinergija Ltd. from Zagreb.

The strategy gives the vision of the Zenica Municipality economic development by the year 2015 through the development of the entrepreneurship and SMEs, strategic development goals for the period 2003-2008 as well as programs for the realization of these goals and concrete projects. Zenica Municipality has already initiated some measures for improvement of business environment. In that respect, it already works on decreasing land and communal fees, enhancing the efficiency of the municipal administration, shortening period for getting permits for building, establishment of the Business Zone with business incubator, linking up local authorities with private sector. In addition to this, the Municipality of Zenica, in cooperation with other Municipalities, and coordinated by OHR, has been actively involved in preparatory activities related to the establishment of the economic region Middle Bosnia.

Through the work on the development of this Strategy, Zenica Municipality, its population, entrepreneurs and other organizations active in the Municipality, accepted the new concept of the municipal development and defined goals and directions of the economic development, which represent a drastic change in comparison with to-date economic orientation of Zenica. The goals that have been defined demand substantial reorganization and change in the ways of work of the existing organizations and institutions, the establishment of new mechanisms for cooperation between public and private sectors as well as the establishment and capacity building of the new institutions and organizations. Aiming at accomplishing the above mentioned, Zenica Municipality will mobilize and engage all available resources. Initial estimates clearly indicate that these resources will not be sufficient for the implementation of the defined plan and programs. In order that this strategy is fully implemented, Zenica will require strong support of other government levels in BiH, as well as the support of the international organizations, which knowledge, experience, technical and financial assistance would help Zenica to translate this vision and goals into reality in the shortest period possible.

**Prof. dr. Zakir Pašalić,**  
**Mayor of Zenica Municipality**

Zenica, 27.06.2003

## ACKNOWLEDGEMENTS

I wish to reiterate that the openness and willingness for cooperation as well as enthusiasm of the Municipality Government, representatives of the Faculties and scientific research institutions, representatives of the business associations and other institutions, organizations and individuals, have turned the work on this project into genuine pleasure.

During the past year of our work here, we have always had on disposal more than 40 representatives of different institutions and organizations, who have voluntarily contributed significant time and efforts to different activities within this project.

All these people, working in the team for local economic development, four working groups, stakeholder's forum and project teams, with their professionalism, experience and expertise, have provided an enormous contribution to the success of this project.

Beside the above mentioned participants in the project, I wish to address special gratitude to the members of the SEED consulting team, Prof. Dr. Miroslav Glas, Mr. Bogo Filipic, MSc, and Prof. Dr. Darko Tipuric, who have been, very often, investing a lot more efforts, time and energy into the activities, some of which were not even in their Terms of Reference, and which contributed a lot to the quality of the project itself.

This project sets a good foundation and designs a platform which can serve to all those who have possibility to help the Municipality and private sector in Zenica in creation of the better business environment, establishment and initiation of the efficient organization and institutions for provision of different kinds of support to private sector as well as to enhance and develop human resources in accordance to the new needs arising from the economy of today.

Work of local organizations and institutions, resources and efforts they invested so far as well as their commitment to this project, represent a guarantee to all domestic and international organizations and institutions that they would be serious and sincere partners, ready for cooperation with all interested in change of currently unfavorable economic situation in Zenica and improvement of the quality of life and standard of Zenica citizens.

Davorin Pavelić  
Business Development Analyst  
Southeast Europe Enterprise Development - SEED

## VISION

### VISION OF THE ECONOMIC DEVELOPMENT OF THE ZENICA MUNICIPALITY ENTREPRENEURSHIP, SMALL AND MEDIUM ENTERPRISES

By creating the institutional, human and material conditions for a faster growth of the existing and emergence of a bigger number of new enterprises, Zenica will become a center of the regional development for Central Bosnia with dynamic and diversified economy by 2015. In order to accelerate the economic development, the Zenica Municipality will work on mobilization and efficient usage of the existing resources. It will invest and provide support for their further development, work on creating the business enabling environment, which would be, in combination with a favorable geo-strategic location, one of the elements for attracting local and foreign investors and entrepreneurs. Focusing on the development activities, the Municipality Zenica will increase the employment, primarily through the development of the private sector and small and medium size enterprises.

Zenica will realize this vision through the development of a modern, entrepreneur oriented and cooperative local administration; through activities and cooperation on the regional, entity and state level; gradual improvement of the economic infrastructure and investments in the human resource development.

By establishing partnership with the private sector, by promoting cooperation among enterprises and encouraging a stronger flow of ideas and exchange of resources, Zenica will create an environment enabling the creation of new enterprises and the development and growth of existing small and medium size enterprises. It will enable the improvement of the living standards of the population, job creation, and it will prevent brain drain of young people.

## SITUATION IN ZENICA MUNICIPALITY

This document is a summary of a more extensive development document on Entrepreneurship and SME Development Strategy, elaborating the situation in the Zenica Municipality after almost ten years of the economic stagnation, caused by the war destruction and economic transition, that has severely affected the economy in Zenica. The Zenica Municipality initiated the process of reviewing the economic problems and finding solutions through organized activities of the people from the Zenica Municipality. For the accelerated development, it is necessary to have support from the other levels of authorities, organizations and institutions in Bosnia and Herzegovina as well as support from international institutions and organizations through the transfer of knowledge, experiences and financial support for the efforts of the Zenica Municipality. Based on the analysis of competitiveness and SWOT analysis of entrepreneurship in Zenica, the development vision has been defined, which will become the reality through implementation of numerous development programs and projects. The Entrepreneurship Development Strategy will become an important chain link within the general Development Strategy in the Zenica Municipality because the entrepreneurship sector has to be a driving force of the economic and social changes in the Zenica Municipality.

The Zenica Municipality was a strong industrial center before 1990. In the economic situation of that time the basic industry enabled the development of the town of Zenica, immigration of a bigger number of people, development of specialized two-year colleges and institutes. After 1990 the Municipality has found itself in a very difficult economic situation due to the tradition of production center for iron, steel and coal and because this production can survive in this location only at a smaller specialized scale. This industry is facing with a very strong competition of European and world manufacturers, with whom it is not able to compete due to the outdated technology and logistic problems. A radical change of the economic structure of the Municipality is necessary. The preconditions for the change is to change the educational system, the educational structure of the population fit for work and to provide access to new knowledge, promote entrepreneurship and entrepreneurial initiatives. In addition, the key for implementation of these changes is to find and define significant financial sources needed for implementation of new projects.

With the population of 128.000 in the Municipality, Zenica has happened to be in the situation that only 26 000 of them have regular jobs, and even among them there is redundant working force. The unemployment rate is 36,6%, and among the unemployed, there is a significant percentage of qualified workers. There are approximately 1.200 enterprises and approximately 1.250 active independent entrepreneurs in Zenica. In addition to this number of formally registered legal entities, there is a significant percentage of the gray economy in the Zenica Municipality. Zenica is in the situation that it is lagging behind the neighboring municipalities regarding the dynamics of creating new enterprises and jobs, while at the same time the educational system is producing more than 2000 of new qualified personnel with secondary and university degrees, who have weak chances to find jobs. On the other hand, Zenica has at its disposal significant unused resources within former enterprises, particularly within the Steel Factory. Due to the reduction of the production level, a part of the land, premises and equipment are becoming available for creating new enterprises, expanding the existing ones and for accepting enterprises-investors from the other areas. Therefore, Zenica is focusing on entrepreneurship as a concept that will enable activating of those resources and it will become an important leverage of the economic development of the municipality.

During the preparation of the strategy defining the developmental directions, the Municipality, in cooperation with SEED and its consulting team, has adopted and modified principles, experiences and best practices of the World Bank for planning the local economic development. The organizational framework has been created for engaging interested individuals, organizations and societies, leading people in the economy and municipal administration, who can contribute to radical changes in the economy of Zenica through their professional knowledge and experiences as well as their reputation and personal integrity. During the discussion, four areas have been identified, which require significant changes in the material balances and behavior of legal entities. The working groups, consisted of experts, entrepreneurs and clerks of the municipal administration, have been formed for those areas:

1. Development of economy through entrepreneurship and SME development.
2. Development of physical and business infrastructure as a base for development of economic activities.
3. Human resource development in accordance with the needs of a new economic structure.
4. Restructuring of agriculture and entrepreneurship development in rural areas.

Based on the statistical data, surveys among entrepreneurs and organizations that are supporting SMEs, interviews with reputable entrepreneurs and discussions of working groups and stakeholders' forums, and by reviewing experiences of other municipalities in BiH and good practices from abroad, an assessment of four groups of factors related to competitiveness of the economy in the Zenica Municipality has been prepared. By this the assessment of the situation in the Zenica Municipality has been done for all areas that are of importance for its economic development.

## COMPETITIVENESS ANALYSIS

<b>ANALYSIS OF FACTORS RELATED TO COMPETITIVENESS OF ECONOMY</b>	
Economic structure	<ul style="list-style-type: none"><li>➤ Production by activities</li><li>➤ Employment</li><li>➤ Investments, local and foreign</li></ul>
Territorial advantages	<ul style="list-style-type: none"><li>➤ Location and physical infrastructure</li><li>➤ Natural resources</li><li>➤ Business and cultural facilities</li><li>➤ Living and business costs</li><li>➤ Image of the city and Zenica Municipality</li></ul>
Human potential	<ul style="list-style-type: none"><li>➤ Population (demographic structure)</li><li>➤ Employed</li><li>➤ Education and training</li></ul>
Institutional environment	<ul style="list-style-type: none"><li>➤ Cooperation between the municipality and businessmen</li><li>➤ Existence of the stakeholders' network</li><li>➤ Impact of norms, habits and conventions</li></ul>

Simultaneously with the preparation of the Entrepreneurship and SME Development Strategy, an expert group consisted of scientific institutions and institutions of higher education in Zenica has prepared a general development strategy for Zenica, including all other areas of the economy and social activities.

In spite of undoubted economic problems in the Zenica Municipality, which are the problems that the entire economy of Bosnia and Herzegovina is facing, the existing resources and resoluteness of the Municipality and entrepreneurs to create conditions for development of entrepreneurship through the activities defined by this document are opening new perspectives and possibilities for development of Zenica. With the summarized outline of the strategy and the most important development projects, this document provides both local population and business people in the Zenica Municipality and foreign donors and potential investors with an insight into the development directions and possibilities for engaging into development projects in the Zenica Municipality. At the same time it represents also an assumed responsibility by the Municipality and entrepreneurs to follow the defined directions and by doing this to contribute to creating new possibilities for entrepreneurs, creative and professional people of Zenica.



## SWOT ANALYSIS

Within the work on four important development areas, SWOT analyses were completed for each of these areas, and finally they were compiled into one general SWOT analysis of the entrepreneurship and SME development in the territory of the Zenica Municipality.

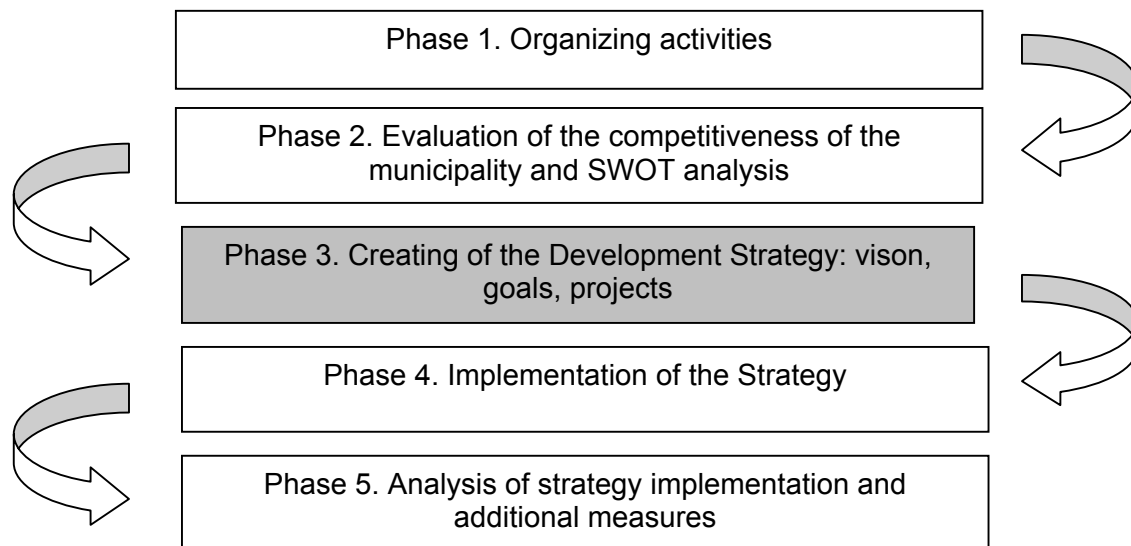
<b>FACTORS</b>	<b>INTERNAL</b>	<b>EXTERNAL</b>
<b>POSITIVE</b>	<b>S – STRENGTHS</b>	<b>O – OPPORTUNITIES</b>
	<ul style="list-style-type: none"> <li>• Geographical location along the European corridor and transport network</li> <li>• Industrial and artisan tradition and culture</li> <li>• Urban planning of Zenica well arranged</li> <li>• Relatively cheap, educated and trained labor force</li> <li>• Schools for secondary and high education and institutes as a base for creating knowledge</li> <li>• Sports and cultural capacities, places for recreation and tourism enabling a good quality of living</li> </ul>	<ul style="list-style-type: none"> <li>• Improvement of logistics through construction of a highway and reconstruction of the old ones</li> <li>• Vicinity of the developed EU countries and perspective for EU membership</li> <li>• Possibilities to use the old facilities for new industrial activities and services</li> <li>• Political commitment to change the situation</li> <li>• Development of entrepreneurial infrastructure to support SMEs</li> <li>• Existing experienced entrepreneurs</li> <li>• Opportunities for agriculture and small processing capacities</li> <li>• Multi ethnicity of Zenica</li> <li>• Acceptance of Zenica as a regional developmental center</li> </ul>
<b>NEGATIVE</b>	<b>W – WEAKNESSES</b>	<b>T – THREATS</b>
	<ul style="list-style-type: none"> <li>• Tradition of large enterprises</li> <li>• Monolithic economic structure</li> <li>• Lack of entrepreneurial and managerial knowledge and skills</li> <li>• Lack of support for entrepreneurs</li> <li>• Lack of finance for SMEs</li> <li>• Bureaucratic behavior of one part of the municipal administration</li> <li>• Competition of the “gray” economy</li> <li>• Fragmentation of the agricultural land</li> <li>• Small number of students and a need to reform the educational system</li> <li>• Unfavorable image of Zenica</li> </ul>	<ul style="list-style-type: none"> <li>• Anti-entrepreneurial mindset</li> <li>• Small number of people oriented to modern understanding of work</li> <li>• Passivity and waiting for actions from the state and cantonal government</li> <li>• Delay of privatization</li> <li>• Impact of politics on business decisions in enterprises</li> <li>• Financial exhaustion related to social problems</li> <li>• Corruption and private means</li> <li>• Lack of financial resources</li> <li>• Non-existence of coordination or combining development activities</li> </ul>

Zenica has a cultural heritage and significant potential for development, which is possible to mobilize and use for a stronger economic development. However, the local entrepreneurial

strengths and the investment potential of the existing enterprises are not sufficient for a faster development and overcoming the existing situation of lethargy. Therefore, Zenica has decided to encourage local entrepreneurs in an organized manner and to attract entrepreneurs and investors from other regions and countries.

## ENTREPRENEURSHIP AND SME DEVELOPMENT STRATEGY

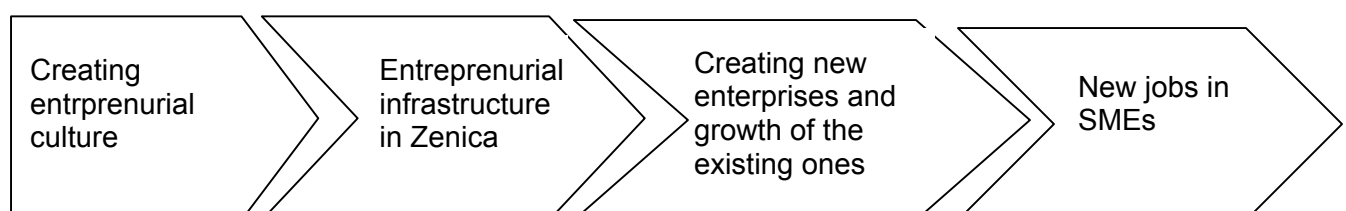
The results of the research and SWOT analysis direct the Zenica Municipality towards entrepreneurship as a positive strength for better usage of the identified advantages and conversion of the opportunities into the factors, which will enable a bigger number of new enterprises and development of the existing ones, and job creation as well. In that sense Zenica has already passed a section of the road towards the development and implementation of the development strategy.



This material is one of the implementation results of the third phase related to the planning process of the local economic development, through which the Zenica people defined and accepted the development vision of the Zenica Municipality requiring:

- Development of new production and services for the purpose of diversification of the economy,
- Development of numerous SMEs, encouraging mutual cooperation, linking and cooperation with larger enterprises,
- Strong support for the quality development and application of modern technologies,
- Partnership among entrepreneurs, developmental and educational organizations and institutions, municipal authorities and NGOs,
- Equal development of the city of Zenica and other places in the territory of the municipality,
- Development of Zenica as a regional center with strong educational, health, cultural and other social facilities.

From 2003 to 2008 Zenica needs to focus on new development directions, create a base for a faster economic development, achieve tangible results regarding the transformation of the economic structure and encourage people and organizations to firmly commit themselves and accept the concepts of entrepreneurship as one of the leverage for the future development.



Simultaneously with the entrepreneurship development and dynamic economic development, Zenica has to gradually revitalize the city with all its facilities, which will enable more comfortable life with better offer of products and services. A lot of efforts have to be put into the development of the city as an educational, administrative, cultural and sports center in the region, with simultaneous and equal distribution of the economic and production activities into smaller settlements in the territory of the municipality. All that has to be done with an aim to transform the entire Zenica Municipality into a dynamic, entrepreneurial center, rich with different facilities in Central Bosnia.

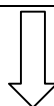
## STRATEGIC GOALS OF ENTREPRENEURSHIP AND SME DEVELOPMENT IN ZENICA

Zenica was one of the most important industrial centers in Bosnia with its dominant metallurgical production, based on which scientific-research and educational infrastructure was built. After radical reduction of production, Zenica has to build a leading position on new economic foundations. The Development Strategy of the Zenica Municipality expands ambitions beyond the reconstruction of the city and municipality and is focusing on:

- Development of the entrepreneurial climate and infrastructure, which will enable a dynamic growth in the future,
- Faster strengthening of its own entrepreneurial potential,
- Attracting enterprises from the other regions and countries,
- Positioning of Zenica as a broader regional development center.

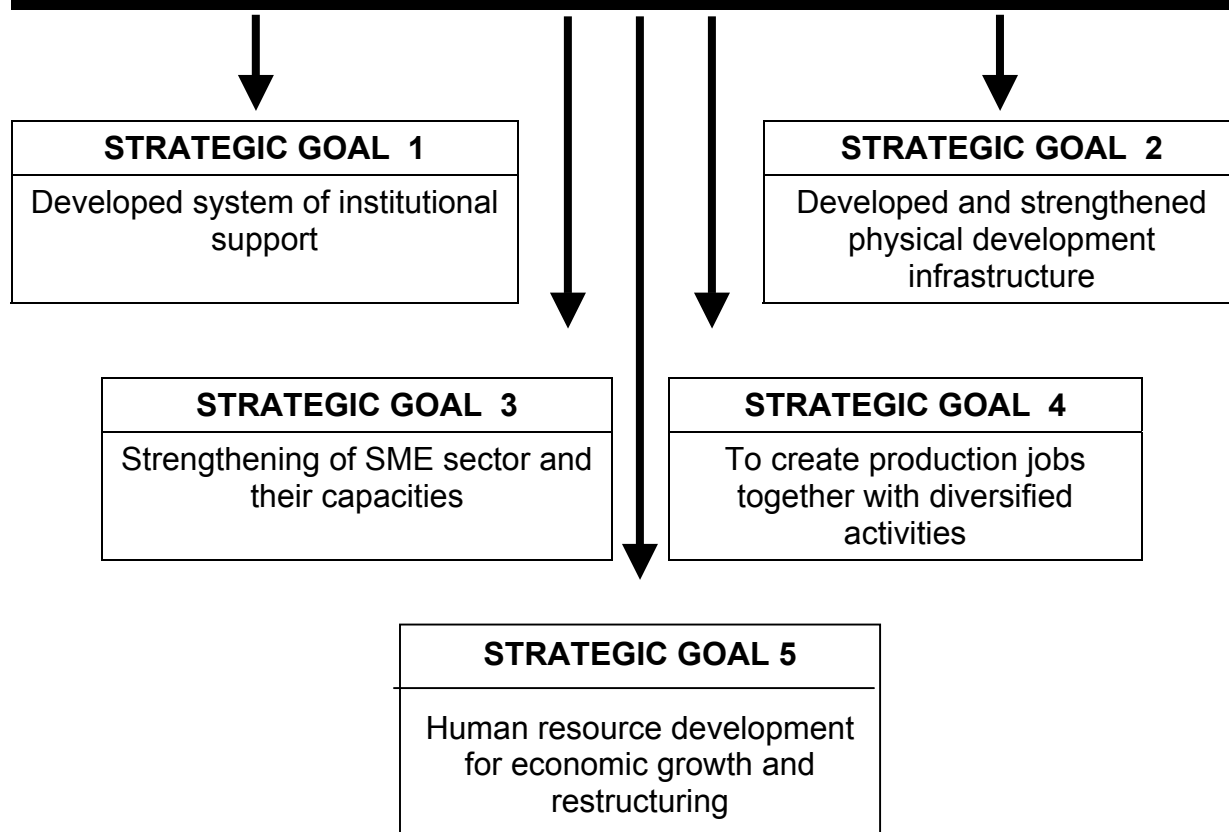
### ESSENCE OF DEVELOPMENT VISION OF ZENICA AS CENTRAL REGIONAL DEVELOPMENTAL LEVERAGE

*In ten years we will transform the Zenica Municipality into a strong entrepreneurial center in Bosnia and Herzegovina, with modern, dynamic and diversified economy.*



### Entrepreneurship and SME Development Strategy

#### STRATEGIC GOALS



## STRATEGIC GOAL 1

### Developed system of institutional support

*In the Zenica Municipality there is no cooperation or link between the municipal and cantonal authorities with entrepreneurs, managers and experts. Establishing partnership through institutionalization of the development coalition will enhance the relations between the public and private sector and it will create such a sector, which will become a real "service" and support for entrepreneurs and the private sector. It will enable easier and faster resolving of problems SMEs are facing, it will remove obstacles for creating new enterprises and growth of the existing ones. It will also create a favorable entrepreneurial climate and attitude of the community towards entrepreneurship and entrepreneurs.*

**Operational goal 1**  
To improve entrepreneurs' satisfaction with the operations of the Municipality

*The Municipality still does not have any important leverage or resources to encourage development, but with its support for entrepreneurs and their development projects it can encourage individuals to establish new enterprises and to invest in the growth of the existing ones. Due to the partnership relations, the satisfaction of entrepreneurs will increase and dynamic of the SME development will become better*

**Operational goal 2**  
Active work of the stakeholders' forum (development coalitions)

*Commitment to entrepreneurship development has to come out from consensus of businessmen and the Municipality, which has to be transformed into cooperation and a coordinated effort related to the activities for achieving the developmental goals. The Stakeholders' Forum will enable an agreement on the development priorities and directions, on joint projects as well as easier and faster resolving of problems in the relation of Municipality – enterprises-social activities*

**Operational goal 3**  
To build positive entrepreneurial climate

*In Zenica, a positive attitude will be established towards entrepreneurs, through their promotion and raising awareness on their contributions to the welfare of the community. The Municipality and entrepreneurs will create a positive attitude towards entrepreneurship through media, round tables, seminars and other forms of support to entrepreneurs.*

#### PROGRAMS TO ACHIEVE GOALS

1. Program to establish development coalitions
2. Program of non financial support to SME development
3. Program to promote entrepreneurship
4. Program to enhance local business environment

#### PROJECTS TO BE IMPLEMENTED

1. Continuation of activities of the Stakeholders' forum and establishing other development coalitions (entrepreneurs' associations, development coalitions for selected projects)
2. Staff training in the Municipality and institutions for supporting SME development
3. To establish an office for handling all administrative activities at one place (One-Stop-Shop)
4. To develop municipal programs of non-financial support for entrepreneurship development
5. Promotion of entrepreneurship, its importance and possibilities it opens for entrepreneurial individuals
6. Promotion of entrepreneurial achievements and successful entrepreneurs
7. Promotion of joint projects and cooperation
8. Co-financing of promotional material, business meetings and business connections

## STRATEGIC GOAL 2

### Developed and strengthened physical development infrastructure

*When creating new enterprises and strengthening the existing ones, entrepreneurs and SMEs are facing with difficulties related to impossibility to acquire a location, land, business premises at the market acceptable and affordable prices. Due to the previous extensive industrialization, Zenica does not have large areas of free land, but it can use a large portion of the former location of the Zenica Steel Factory that is available because of the reduced steel production. We will establish a development agency as a coordinator of development activities and we will create other elements of the entrepreneurial infrastructure, which will enable efficient usage of materials, human and financial resources.*



#### Operational goal 1

To establish the most important institutions of physical infrastructure



#### Operational goal 2

To create business infrastructure for SME development

*Zenica has not developed any forms of physical infrastructure for the existing and new enterprises, and therefore it will be intensively working on its development. The infrastructure will serve new and the existing SMEs, and it will encourage innovations as well as the usage and introduction of new technologies. The institutions of infrastructure will enable faster acceptance of investors and entrepreneurs from other regions and countries, providing them with support at one place.*

*Because of the domination of bigger enterprises, Zenica has not developed the business infrastructure needed by SMEs as support for their business operations. Therefore the Development Agency will encourage and develop different service providers to SMEs and potential enterprises/investors from other regions and countries. Those organizations will help donors and development coalitions by providing efficient support.*



#### PROGRAMS TO ACHIEVE GOALS

1. Program to develop support institutions and mechanisms
2. Transfer of knowledge and staff training in those institutions



#### PROJECTS TO BE IMPLEMENTED

1. To establish the Development Agency (later Regional Development Agency)
2. To establish the Financial Fund (micro-credit scheme, guarantee scheme, subsidies for interest rates) for SME development
3. To establish One Stop Shop
4. To establish Scientific-Technological Park and Technological Zone
5. To establish the Entrepreneurial Incubator in the Business Zone in the area of the Steel Factory
6. To establish the Business Zone in the area of Steel Factory with arranged utilities
7. To establish technological centers (agriculture, metal processing), enterprise clusters
8. To establish Agricultural Cooperative

## STRATEGIC GOAL 3

### Strengthening SME sector and their development capacities

*In the Zenica Municipality the number of SMEs (according to the population) is lagging behind the average at the level of BiH, and particularly behind the standards of developed countries. The changes of the economic structure require creation of a big number of new SMEs as well as development of new products and services in the existing SMEs. Therefore, the capacities of those enterprises have to be enhanced for introducing innovations with a specific focus on support for dynamic SMEs like "champions" and driving forces of the development.*

**Operational goal 1**  
To increase the number of small and medium

**Operational goal 2**  
To encourage growth of dynamic SMEs

**Operational goal 3**  
SMEs entering BiH markets and markets in neighboring countries

*Structural changes and accelerated business dynamics will be partly caused by new SMEs. Therefore we will encourage accelerated creation of SMEs, and also inclusion of enterprises from the "gray" economy to transform them into the formal sector and legal entities. Through a bigger number of SMEs there will be more jobs in SMEs, which will cause the significant reduction of the unemployment rate.*

*Development achievements will primarily occur with dynamic and growing SMEs, "champions" of the local economic development, regardless of their activities. These enterprises create jobs in the easiest way, but for their development they need professional, financial and other support. Grouping SMEs into a network and clusters will increase the market, financial and development strengths of SMEs and Zenica.*

*Due to the narrow and poor local market, the SME development is possible only if SMEs enter the BiH markets and markets of the neighboring countries. In order to achieve that SMEs must become capable through implementation of experiences of successful exporters, through mutual cooperation, introducing the quality standards, using modern IT technology and through development of new distribution channels.*

#### PROGRAMS TO ACHIEVE GOALS

1. Support Program for new entrepreneurs
2. Support Program for developing enterprises
3. Program to include the gray economy in the legal economy

#### PROJECTS TO BE IMPLEMENTED

1. Simplifying registration procedures for new companies
2. Introducing voucher and other support schemes for dynamic SMEs (consulting, preparations of business plans for banks, consulting for internationalization of activities)
3. Support projects for quality development and introducing ISO and CE standards in SMEs
4. Projects for grouping enterprises into the network and clusters
5. To organize meetings, exchange of experiences and cooperation with SMEs from neighboring countries
6. Support for internationalization (organizational and financial) of SMEs to participate at fairs, exhibitions, conferences



## STRATEGIC GOAL 4

### To create production jobs with diversified activities

The Zenica Municipality is in a very difficult economic situation because of the dominant heavy industry, which lasted for decades. It is no more competitive and currently it is operating at lower capacities. Therefore, Zenica needs to develop diversified processing activities and services. The uncontrolled development has resulted in a huge number of trade companies, and the modern economy has to develop production jobs through the development and application of new technologies and their transfer through cooperation of enterprises with educational institutions and research centers. The dynamic economy can attract both entrepreneurs and investors from other parts of the world.

**Operational goal 1**  
To increase the number of the employed in SMEs

Encouragement of creation and growth of SMEs is aimed at increasing the number of the employed in SMEs. Due to the high unemployment rate and longtime inactivity of individuals, it is necessary to train them for the needs of new jobs in SMEs. The structure of professions is not adequate to new SMEs.

**Operational goal 2**  
To increase the share of new industries in GDP

Instead of the basic industry, Zenica has to develop as faster as possible new industries with new products, services and technologies. These industries are being developed partially according to the needs for products and services in the local markets in Central Bosnia and Sarajevo. However, they have to be made capable for entering foreign markets, which will enable faster growth and employment.

**Operational goal 3**  
Growth of actual salaries

Due to the institutions created in the past, Zenica provides a relatively high quality of life by offering cultural, sport and other facilities. That offer, particularly maintenance of personal standards can be achieved only through the growth of actual salaries. It can be realized through the development of competitive industries, better education and trained labor force, and cooperation with SMEs to create value added chain.

#### PROGRAMS TO ACHIEVE GOALS

1. Program of active employment policy
2. Program of entrepreneurial initiatives for women
3. Rural entrepreneurship program
4. Youth entrepreneurship program

#### PROJECTS TO BE IMPLEMENTED

1. Analysis of human resources and needs of SMEs and larger enterprises according to the number and type of qualified labor force
2. Analysis of the existing educational and training programs
3. Development of new training programs and modifications/adjustments to the existing needs of SMEs
4. Development of the financial scheme – subsidies for job creation
5. Entrepreneurship training program for the youth
6. Supporting employment of young graduates
7. Supporting development of additional activities in rural areas
8. Support for networking and entrepreneurial initiatives for women
9. Supporting employment of the disabled and people with limited working abilities

## STRATEGIC GOAL 5

### Human resource development for the economic growth and restructuring

Zenica used to have a big number of educated and trained employees, educated primarily for the needs of metallurgy and accompanying activities. Because of the war caused discontinuity of the activities, deterioration of the former dominant production and difficult economic situation the knowledge and experiences are outdated and they have not followed the development of new technologies. Also, there has been brain drain of young people. For the development of new activities and entrepreneurial initiatives, numerous people have to be retrained, including entrepreneurs, managers as well as experts and qualified workers, particularly the unemployed. A larger number of women, students and graduates need to be involved into the working contingent in order to stay in Zenica and contribute to its development.

**Operational goal 1**  
Educational system for entrepreneurs

Zenica needs a bigger number of entrepreneurs. They have to be trained for modern production and to accept rapid changes at work and activities. They have to be continuously trained in new skills, to be informed about changes in the environment, particularly in the EU countries and new technologies, regulations and market entry.

**Operational goal 2**  
Educational system for SME workers

The SME competitiveness depends on technologies, knowledge and motivations of workers. The knowledge of workers is even more important due to the lack of modern technologies. Workers have to be trained for more diversified operations in SMEs, for higher initiatives to assume assignments and modern, team work.

**Operational goal 3**  
Educational system for the rest of population

SME development has to be supported by all other organizations in the environment. Therefore, employees of the administrative bodies and social activities have to be involved in educational programs in order to perform more efficiently in accordance with the SME needs. The entrepreneurial approach has to be embodied in other activities.

#### PROGRAMS TO ACHIEVE GOALS

1. Educational (training) programs for the purpose of competitiveness
2. Entrepreneurship training for other activities

#### PROJECTS TO BE IMPLEMENTED

1. Development of special training programs for entrepreneurs and workers from different sectors
2. Development of general educational programs for start up entrepreneurs, pupils and students
3. Development of public educational programs for people, who want to acquire additional knowledge
4. Development of a financial scheme for co-financing training of some target groups

PROJECT LIST	GOALS					Value	SOURCE OF FUNDS %				IMPLEMENTER	START	DURATION
	Partnership	Infrastru cture	Strengthen ing of SMEs	Job creation	HRD	EURO	Donors	State	Municipality	SME			
1.Continuationo of activities of Stakeholders' Forum and other development coaliftions	X	X				3,000			100		Municipality	09.2003	Continuously
2 Staff training for Municipality and institutions supporting SME development to perform better and remove obstacles	X	X			X	5,000	50		50		Municipality	09.2003	03.2004
3. Improvement of performance of One Stop Shop	X	X			X	5,000	50		50		Municipality	09.2003	12.2003
4. Creating municipal, non-financial forms of support for entrepreneurship development	X	X	X	X		100,000			100		Municipality	09.2003	Continuously
5 Promotion of entrepreneurship and opportunities offered by entrepreneurship	X		X		X	20,000	40		40	20	Agency	09.2003	Continuously
6. Promotion of entrepreneurial achievements and successful entrepreneurs	X		X		X	20,000	40		40	20	Agency	09.2003	Continuously
7. Promotion of joint projects and cooperation	X		X		X	15,000	40		20	40	Agency	09.2003	Continuously
8.Co-financing of promotional materials, business meetings and business networking	X		X			40,000	50		20	30	C. of Commerce	01.2004	Continuously
9.Establishment of Development Agency for Zenica Municipality	X	X	X	X	X	100,000	50		50		Municipality	06.2003	Continuously
10. Establishment of Financial Fund (micro-credit scheme, guarantee scheme, subsidies) for SME development	X	X	X	X		300,000	60	20	20		Agency	01.2004	Continuously
11. Establishment of One Stop Shop	X	X				30,000	70		30		Agency	10.2003	03.2004
12. Creation of Scientific -Technological Park	X	X	X	X	X	1,000,000	50	30	20		Faculty of Mechanical Engineering	09.2003	06.2005
13. Creation of Entrepreneurial Incubator	X	X	X	X	X	200,000	50	30	20		Agency	11.2003	09.2004
14. Creation of Business Zone with arranged utilities	X	X	X	X		1,000,000	50	30	20		BZZ1	09.2003	09.2005
15. Creation of Technological Park (agriculture, metal processing)	X	X	X	X	X	250,000	60	20	10	10	Agency	11.2003	12.2004
16. Creation of Center for development of rural areas	X	X	X	X	X	200,000	70	20	10		Agency	11.2003	Continuously
17. To simplify registration procedures for new company	X	X	X			10.000			100		Municipality	09.2003	Continuously
18. Consulting for internationalization of activities		X	X			50.000	60		20	20	Agency	01.2004	Continuously

19.Introducing voucher and other schemes to support dynamic SMEs (consulting, preparation of PN)	X	X	X			200.000	50	30	20		Agency	01.2004	Continuously
20.Projects supporting quality development and introducing ISO and CE standards in SMEs		X	X			300,000	50	30	10	10	C. of Commerce	01.2004	Continuously
21. Projects for grouping enterprises in a network and clusters	X	X	X	X	X	100,000	70		20	10	Agency	03-2004	Continuously
22.To organize meetings with SMEs from neighboring countries	X		X			40.000	50	20	20	10	C. of Commerce	03.2004	Continuously
23.Support (organizational and financial) for SMEs to participate at fairs, exhibitions, conferences	X		X			40.000	20	20	10	50	Agency	01.2004	Continuously
24.Analysis of human resources and needs of SMEs and larger companies by qualification of workers				X	X	40.000	80		20		Agency	10.2003	04.2004
25.Analysis of existing educational and training programs				X	X	5.000	80		20		Agency	10.2003	04.2004
26. Development of new training programs and modifications/adjustments of the existing ones according to the needs of SMEs	X	X	X	X	X	40.000	80		20		Agency	03.2004	12.2004
27. Development of financial scheme- subsidies for new jobs	X	X	X	X		500.000	60	30	10		Agency	01.2004	06.2004
28. Entrepreneurship training for the youth	X	X		X	X	50.000	70	20	10		Agency	10.2003	05.2004
29. Support for employing young graduates	X	X	X	X	X	100.000	50	40	10		Agency	02.2004	05.2004
30. Support for development of additional activities in rural areas	X	X	X	X	X	200.000	60	30	10		Agency	03.2004	Continuously
31.Support for networking and entrepreneurial initiatives for women	X	X	X	X	X	50.000	50		25	25	Agency	02.2004	Continuously
32. Support to employ the disabled and people with limited working capabilities	X	X		X	X	100.000	50	40	10		Agency	01.2004	Continuously
33. Development of special training programs for entrepreneurs and workers from different sectors	X	X	X		X	50.000	70		30		Agency	11.2003	02.2004
34. Development of general educational program for start up entrepreneurs and for schools	X	X	X	X	X	30.000	70		30		Agency	11.2003	02.2004
35.Development of general educational programs for people, who want to get additional knowledge	X	X	X	X	X	100.000	70		30		Agency	01.2004	12.2004
36.Development of financial scheme to co-finance training of target groups	X	X			X	50.000	60	30	10		Agency	05.2004	10.2004

