

## Document Title

# Pilot Innovation Environments (Project Region: Prijedor, Republika Srpska/Bosnia and Herzegovina)

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## **1. EXECUTIVE SUMMARY**

Within implementation of the FORESDA Project, a number of dedicated pilot activities are realized, with the purpose to enhance local and transnational innovation environments and promote the concept of cross-sectoral cooperation and the potential behind it. In line with the planning conducted in drafting of the proposal and agreements reached by the FORESDA Consortium, on the level of dedicated work package 4 pilot activities in Prijedor region were concentrated on the creation of tangible outputs and impact in local and transnational terms. An innovative model of support to cross-sectoral cooperation of forest-based industries has been developed, introducing Co-working concept in local innovation environment. Potential of cross-sectoral cooperation between forest-based industries and IT/Creative sectors was under particular attention. Infrastructure of Co-working HUB Prijedor is developed to serve as a reference point, providing access to new technologies, devices and know-how, as the base for innovative and business connections, especially for start-ups. Networking will be an important element in the concept of Co-working HUB Prijedor. It will be practiced on local and transnational level in order to reduce the gaps of local innovation environment and embed beneficiaries in transnational business and social framework.

Apart of co-working, pilot activities in Prijedor region had an additional tangible impact. Group of local companies, producing furniture are joined in interaction with local IT/Creative sector in development of digital marketing tools as “proof of concept” on the potential of cross-sectoral links in favour of the competitiveness of forest-based industries and other traditional sectors. Furthermore, one set of pilot activities supported the process of development of forestry tourism concept – Adventure Park facility, located in the area of National park “Kozara” (Prijedor region).

Visibility of undertaken pilot actions is high and will serve as model for dissemination on local and national level. Implementation was under surveillance of policy makers – Ministry of economy and entrepreneurship of Republika Srpska (Associated Strategic partner in FORESDA), and intention of dissemination of the model has already been announced.

## **2. MOTIVATION FOR PILOT INNOVATION ENVIRONMENT**

### **2.1 BACKGROUND**

Forest-based industries of Prijedor region are a strategic sector of economy functioning on the principles of traditional business models. Competitiveness of the sector is not based on the innovation capacities. The level of performed R&D is low, 0.14% in Bosnia and Herzegovina (EU27 average is 2.03% in 2012). Consequently, links between Science/Research and economy are missing. Furthermore, understanding of digital transformation on arise (or in progress) is still below the desired level. There is an enormous potential for development of added value and finished products on the level of FBI sector and in terms of cross sector value chains involving FBI. However, SMEs have significant gaps in terms of design, marketing and branding and do not have the capacity neither to set development paths in these fields neither to understand their marketing positioning. Potential for cross sector cooperation of FBI on local level exists, with options for cooperation with other traditional industries, ICT, creative and cultural industries and tourism. However, systematic support in connecting this community with traditional sectors is not developed.

Pilot activities of FORESDA in Prijedor region were concentrated on the development of enabling an environment, in which the demonstration of impact and potential of cross sectoral cooperation and innovation will have a tangible dimension. The purpose of pilot activities was to demonstrate “proof of concept” and create local point of reference – physical capacity in the form of co-working HUB, for transnational cross sectoral connections involving forest-based industries and community of beneficiaries representing IT/Creative sector. Additional efforts are invested within FORESDA, supporting tangible cross sectoral interactions on development of digital marketing tools (digital content and social network promotion) for forest-based SMEs and development of Forestry tourism services.

## **2.2 OBJECTIVES**

Objectives of the Pilot action in Prijedor were:

- To create new opportunities for development of forest based industries through the environment which enables cross sector cooperation with other sectors, traditional and modern (ICT and creative industries).
- To introduce co-working as the essence of the approach, providing physical capacities (infrastructure), technology (tools and devices) and networking/collaboration opportunities (sector and cross sector; locally, regionally, nationally, transnationally).
- To create tangible products of the co-working process as an evidence of cross sector cooperation based on FBI.
- To develop and perform new models of promotion for local SMEs in forest based industries, based on „in-house“ fair concept, emphasizing cluster and cluster companies as main beneficiaries and promoting the event as one of the models for territorial promotion connecting stakeholders from the Danube region.

## **3. SHORT DESCRIPTION OF PIE**

Focus of the approach applied through pilot activities in Prijedor region was on the creation of tangible proof of concept, confirming the potential of cross sectoral cooperation for the competitiveness of forest-based industries. Main issues addressed by the pilot are structured in three pillars:

1. Development of the physical capacity in the form of co-working hub in the premises of local business centre and office of regional Wood and Furniture Cluster in the city of Prijedor. For this purpose, a number of activities were undertaken, including:

- Interiour design and Plan of construction works for Co-working space,
- Small scale infrastructure works in Co-working space,
- Equipping of the Co-working space (furniture, IT and other equipment)

2. Concentration of relevant know-how and competences in the Co-working HUB in Prijedor, primarily in relation to IT/Creative sector, with the purpose to facilitate interactions with regional forest-based industries and support implementation of innovative marketing activities (digital promotion tools, social network campaigns). Following activities within the pilot concept have been implemented:

- Promotion of services available in newly developed Co-working HUB
- Registration of beneficiaries of Co-working HUB
- Developing IT/Digital tools for SMEs involved in exhibition of furniture companies, organized in Linz, Austria (Photo material, video material, digital catalogues, Social network promotion).

3. Development of services in forestry tourism – Concept of Adventure Park located in the National Park „Kozara“ ([www.npkozara.com](http://www.npkozara.com)), supporting the process of provision of legal requirements for further development of the concept. Set of performed activities included provision of construction, location and security permits, by the authorised institution, enabling:

- Development/Design of infrastructure for Forestry Tourism (Adventure Park Kozara)
- Set up of forestry tourism infrastructure (Adventure Park Kozara)

## 4. *PIE* ACHIEVEMENTS

Innovation capacities and practice in forest-based industries are still considered as a weak spot of the sector. However, with the effort invested in development of supporting structures within FORESDA concept, understanding of the problem is raised. Furthermore, with the instruments and outputs created in pilot actions, local innovation environment is improved, becoming more:

- Supportive to the innovation and entrepreneurial ventures,
- Inclusive, expanding the groups of potential actors,
- Interactive on the base of facilitation support,
- Responsive to the cross-sectoral cooperation opportunities.

Main features of the Innovation environment supported through pilot activities are:

- Co-working HUB Prijedor, with the useful surface of app. 160 m<sup>2</sup>, and capacity of 15-20 co-workers. Supported by Agency PREDa and City of Prijedor, HUB provides pre-incubation, incubation and acceleration services to start-ups, involving forest-based industries and other sectors. Networking is the essence of the approach applied, being performed on local level (targeting vocational schools, universities, students, business support organizations, Clusters and SMEs) and transnational level (primarily leaned on the capacities of FORESDA consortium and Collaborative Network Creative Hubs). Specific contents have been promoted, targeting potential for cooperation between forest-based industries and IT/Creative sector, ensuring requested cross-sectoral concept. In the initial phase, Co-working HUB Prijedor provides access to new technologies directly (3D software, 3D printer, Audio/Video devices) or indirectly, throughout the facilitation of interactions with actors on local and transnational level (SMEs, schools, institutes, Centers of Excellence, FORESDA partners, hubs and co-working spaces).



- Concentration of cross-sectoral know-how and skills around created Co-working HUB Prijedor. Survey conducted in 2018 confirmed presence of 72 subjects active on the local level in IT/Creative sector. However, the actual number is expected to be much higher considering the type of business and presence of free-lance business models. This sector is considered as the main target group of Co-working HUB Prijedor. Potential of cross-sectoral cooperation became more visible with set of supporting services provided by local IT/Creative sector to the group of companies – furniture makers. Facilitated by Agency PREDA and Wood and Furniture Cluster DRVO-PD, companies are supported with digital marketing tools (video clips, professional photography, digital catalogues) and social network promotions actions:

- <https://www.facebook.com/gavranovicp/>
- <https://www.facebook.com/JAVOR-namjestaj-919169721462851/>
- <https://www.facebook.com/Karpenteri-Vitorog-2147764642182121/>
- <https://www.facebook.com/Masterwood-402899257235727/>

Activities have been coordinated with the joint exhibition organized by the Regional chamber of commerce of Banja Luka, in Linz, Austria, in order to boost the potential impact of the activity. Particular relevance is in the demonstration of the concept, which basically represents cross-sectoral value chain development and the model selected to be dominant in the activities which will be performed by Agency PREDA in the near future.

- Recognition and support to development of infrastructure for forestry tourism, as an innovative approach in development of services for visitors of the National Park Kozara. Adventure Park is supported by provision of legal documentation (Main construction project for legalization, Information on the quality of performed works, Location permits and Fire protection documents).



#### **4.1 CONTRIBUTION TO NATIONAL STRATEGY (RELATED TO FBI/FORESDA)**

Efforts invested in development of supportive innovation environment are in line with relevant strategic documents on national (Bosnia and Herzegovina/Republika Srpska) and local level (City of Prijedor). On the national level (Strategy of development of SMEs in Republika Srpska 2016 – 2020), activities made contribution to the achievement of each of the three (3) main objectives:

- Objective 1. Strengthening of competitiveness of SMEs (in the section dedicated to support to innovation development)

- Objective 2. Creation of favourable business environment for SMEs (in section dedicated to the development of entrepreneurship infrastructure)
- Objective 3. Stimulation of development and promotion of entrepreneurship and entrepreneurial skills (in sections dedicated to the development and promotion of entrepreneurship).

On the local level (Development Strategy of City of Prijedor 2014 – 2024), pilot activities have contributed to the achievement of the Objective 1. Competitive local economy, which is using all available resources of the City and relevant surroundings, within the dedicated measure – 1.4.5.4. Support to development of wood processing industries.

#### **4.2 CONTRIBUTION TO NATIONAL/REGIONAL DEVELOPMENT AND INNOVATION POTENTIAL**

Within the concept of FORESDA Project, a new approach for support to innovation development is initiated, focusing on cross-sectoral cooperation potential of forest-based industries and other sectors. The model created should be considered as a bottom-up initiative, which purpose is to ensure inclusive opportunities for local participants to get engaged in cross-sectoral cooperation, on the local, as well as on the transnational level. Through the facilitation support of Agency PREDA, missing links with the education institutions (secondary and high education instances) are created, with an intention to standardise the process in the near future. Generally, with the availability of Co-working HUB infrastructure, basic preconditions are met to initialize next phase in the process of improvement of the local environment in terms of innovation development, which is the programming of innovation policies and measures.

#### **4.3 CONTRIBUTION TO THE OBJECTIVES OF FORESDA**

Pilot Innovation Environment, as developed in the pilot actions in Prijedor region, is fully in line with the objectives of FORESDA Project.

Infrastructure of Co-working HUB Prijedor is developed in correspondence to the FORESDA objective “to address the challenge of weak quadruple helix linkages, low

collaboration levels along the value chain and the need for providing physical or virtual collaboration spaces bringing together multiple stakeholders and contributing to joint innovation”. With 160m<sup>2</sup> of Co-working space and concentration of relevant local and transnational actors engaged in forest-based industries, IT/Creative sector and other business activities, basic preconditions are provided to intensify efforts on cross-sectoral cooperation and innovation development.

Model of cross-sectoral cooperation is supported within the time frame of FORESDA, supporting forest-based industries in establishing and experiencing cross-sectoral cooperation with IT/Creative sector on development and application of innovative business tools and processes (digital marketing and social network promotion campaigns) in regular business operations). This is fully correspondent to FORESDA objective “to enhance existing and foster new products, processes, business concepts showcasing the possibilities of wood and fibre in tomorrow society”.

#### ***4.4 HOW DOES THE PILOT CONTRIBUTE TO THE PROGRAMME PRIORITY “INNOVATIVE AND SOCIALLY RESPONSIBLE DANUBE REGION”?***

With developed Co-working HUB infrastructure in Prijedor and concentration of actors originating from forest-based, IT/Creative and other industries, FORESDA and the Innovation environment provided contribution to the DTP Priority “INNOVATIVE AND SOCIALLY RESPONSIBLE DANUBE REGION”. Considering the social dimension of co-working concept and support provided to beneficiaries in the form of facilitation of cross-sectoral interactions, innovation and entrepreneurship ventures, pilot activities were in line with both specific objective of the priority:

- Framework conditions for innovation are improved in an innovative and attractive way, implying cross-sectoral links in the process.
- In the local context of support to business and entrepreneurship, co-working HUB will also have the function of pre-incubation support, implying continuous work on increase of competences for business and social innovation.



#### **4.5 HOW DOES THE PILOT FIT INTO EUSDR?**

Concept of pilot activities and their outcomes are in line with PA8 of the Danube Region Strategy, dedicated to improvement of business support to strengthen the capacities of SMEs for cooperation and trade. Specific infrastructure and facilitation services are created and promoted, targeting potential for cooperation between forest-based industries and IT/Creative sector, ensuring requested cross-sectoral concept. Particular relevance in terms of EUSDR have practical and tangible support actions for local companies provided within the pilot activities, ensuring enhancement of capacities for application of innovative approaches in doing business, particularly digital marketing tools. Companies were the direct beneficiaries, experiencing tangible benefits for their competitiveness on the transnational level. Considering the long term scope of created infrastructure and model of support, it is likely to expect expansion of the concept on other industrial sectors and business.

## 5. CONTINUATION OF PIE

The implementation of pilot activities have introduced a series of innovative approaches and instruments of support to cross-sectoral cooperation of forest-based industries. Pilot actions have created tangible results and significantly contributed to the process of raising of the awareness of local actors on innovation development issues and cross sectoral potential. Additionally, exchange of information and communication on the level of FORESDA Project has revealed a number of opportunities for closer and diversified cooperation on the transnational level. Particular benefit is also in the economic concept of the model. The space provided for co-working HUB is the result of re-composing of the actual technical and financial resources of City of Prijedor and Agency PREDA. Newly created infrastructure and services will have no significant impact in terms of sustainability of the model. Basic costs for maintenance will be borne by the City and Agency PREDA, and their level is not significantly increased. In the process of final evaluation of performed pilot activities and outputs, pilot working group has reached following conclusions:

- Networking of co-working HUBs across the Danube area, particularly the ones in close connection to FORESDA partnership (CyberForum co-working space in Karlsruhe and Bulgarian Furniture Cluster Co-working HUB in Sofia), introduced during the project, should be continued. There is a significant potential for promotion of FORESDA HUBs services, as specialized spaces for forest-based industries and related cross-sectoral innovation, and/or their involvement in the global networks. In the methodology for functioning of co-working HUBs, advices of Innorenew CoE from Slovenia are accepted, where the methodology of LivingLabs – quadruple helix approach, has been identified as appropriate for the pilot innovation environment. Cooperation established with DTP project Accelerator has revealed the potential of established co-working space as the central point of facilitation services to start-ups and young entrepreneurs.
- With support provided to the development of the concept of Adventure parks in forestry areas (pilot activities in National park “Kozara”), opportunity for networking in forestry tourism is opened. In favor to networking opportunities are contacts established

during the study visit to Bad Wildbad (Germany), which included acquaintance with the models of forestry tourism infrastructure.

- Support to local furniture companies, provided within FORESDA has raised the visibility of the potential and competitiveness of cross sectoral ventures of forest based industries and IT/Creative sector. Total of 7 local companies/service providers were involved in the pilot, providing proof of concept on the subject of cooperation of forest-based industries and IT/Creative sector in local innovation environment in Prijedor.