

Annex B. The Small Business Act assessment's scoring model for Bosnia and Herzegovina

Constitutional set-up of Bosnia and Herzegovina

The governance structure of Bosnia and Herzegovina (BiH) comprises the institutions of the state of Bosnia and Herzegovina, the governments of the two territorial and administrative entities – the Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska (RS) – as well as Brcko District (BD). At the entity-level, both the Federation of Bosnia and Herzegovina and Republika Srpska have significant constitutional autonomy and regulate independently the matters which the Constitution of Bosnia and Herzegovina has not assigned to the state government.¹ The entities' parliaments have jurisdiction over a range of policies, among them healthcare, education, agriculture, culture, labour, police and internal affairs. Both entities have a president, prime minister and 16 ministries. The Federation of Bosnia and Herzegovina is furthermore divided into ten federal units (cantons), each with its own constitutions that prescribe their legislative, executive and judiciary authority, as well as the functioning of government authorities.

The 2022 SBA Assessment of Bosnia and Herzegovina

Bosnia and Herzegovina submitted three assessment questionnaires for the SBA assessment, one for the state and one each for both entities. Information from all three questionnaires has been taken into account in the analysis. Given that the Brcko District only represents approximately 1% of the total population of Bosnia and Herzegovina, it has not been included in the scoring but information related to policy developments in the Brcko District has been included in the narrative where relevant.

SME policy making in Bosnia Herzegovina is much more decentralised than in the other economies covered by the SBA assessment. Therefore, information from the two entities has been taken into account in the calculation of the total scores. Policy recommendations have been formulated to emphasise the importance of policy co-ordination in Bosnia and Herzegovina for averting the possibility that local policy measures infringe on the principle of a single domestic market and distort competition among enterprises based in different entities.

Based on these considerations and the availability of data, a scoring system involving four models has been developed (Table A B.1)

Table B.1. Overview of the four scoring models

Model 1	Model 2	Model 3	Model 4
1/2 (FBiH) 1/2 (RS)	2/3 (state) 1/6 (FBiH) 1/6 (RS)	1/3 (state) 1/3 (FBiH) 1/3 (RS)	State level only

For most of the dimensions (Entrepreneurial learning and women's entrepreneurship, Bankruptcy and second chance, Operational environment for SMEs, Support services for SMEs, Enterprise skills, Innovation policy for SMEs, and SMEs in a green economy), a score has been derived by calculating a simple average of the two entities' scores. This approach (Model 1) has been adopted principally because major policies, mechanisms and institutions under these areas exist mainly at the entity-level and needed to be reflected in the scoring as such.

For two dimensions (Access to finance, and Standards and technical regulations), the second model was selected, giving two-thirds of the weight to the state and one-sixth to each of the two entities, since responsibilities under these dimensions lie mainly at the state-level. However, inputs from the entities were also recognised and included in the scoring.

For two other dimensions (Institutional and regulatory framework for SME policy making and Internationalisation of SMEs), a score has been derived using the third model, which allocates one-third of the weight equally to the two entities and the state. Finally, the Public procurement dimension only takes state-level information into consideration.

Table A B.2 gives an overview of all the SBA dimensions, providing the rationale for the selection of the scoring models.

Table B.2. Application of the scoring models to the SBA dimensions

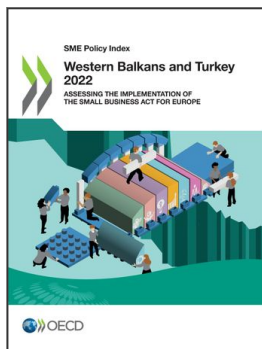
SBA dimension	2022 SBA assessment	Rationale
1. Entrepreneurial learning and women's entrepreneurship	Model 1	Competencies for this dimension are main held at the entity-level. However, inputs from the state-level are also recognized and included in the scoring.
2. Bankruptcy and second chance	Model 1	In Bosnia and Herzegovina there are no state-level responsibilities or programmes for this dimension.
3. Institutional and regulatory framework for SME policy making	Model 3	Legislative simplification efforts are being undertaken at the entity level. However, all three levels of government in Bosnia and Herzegovina have legal frameworks in place that define the general principles and procedures on conducting regulatory impact assessment (RIA) and public-private consultations (PPCs).
4. Operational environment for SMEs	Model 1	In Bosnia and Herzegovina, entities are responsible for their own company registration processes. Moreover, there are no services available for obtaining licenses for SMEs at the state-level. Although the state level has competences for tax compliance procedures, this policy area was not scored in this assessment cycle. State-level inputs were taken into account for sub-dimension 4.1 on digital government services as there has been some progress in co-ordinating public administration reform, and were factored into the score for this sub-dimension.
5a. Support services for SMEs	Model 1	Support services for SMEs are designed and implemented at the entity-level. Moreover, a dedicated agency for the provision of support services exists in each of the entities.
5b. Public procurement	Model 4	Public procurement is regulated by the state Law on Public Procurement.
6. Access to finance for SMEs	Model 2	Responsibilities under this dimension are predominantly at the state-level. However, inputs from the entities are also recognised and included in the scoring.
7. Standards and technical regulations	Model 2	The greater weight (2/3) is given to the state to recognise its competences in overall policy co-ordination and transposition of standards and technical regulations. However, entity performance was also scored, as the initiatives and programmes to facilitate SMEs access to standardisation are dominantly at the entity-level.
8a. Enterprise skills	Model 1	Competencies for this dimension are mainly at the entity level.
8b. Innovation policy for SMEs	Model 1 ¹	Since the mechanisms and institutions to support SMEs in innovative activities are generally at the entity-level, the scoring model accounts for their performance. Collaboration between SMEs and research institutions is also established and supported at the entity-level. However, the scoring model also recognises the importance of the state, particularly for overall policy co-ordination and intellectual property rights.
9. SMEs in a green economy	Model 1	SME greening policies are devised and implemented at the entity-level and there are no institutions at the state level that are in charge of promoting a green economy. Moreover, strategies and action plans that include goals for the green economy are adopted at the entity-level.

SBA dimension	2022 SBA assessment	Rationale
10. Internationalisation of SMEs	Model 3	This dimension covers policies which can be introduced at both the state and the local level. In Bosnia and Herzegovina, institutions that play a role in export promotion exist at both levels, however, programmes to support SME integration into global value chains and programmes to promote e-commerce, are implemented at the entity-level.

Note: 1. For Dimension 8b, model 1 is applied, with the sole exception of the thematic block on intellectual property rights which took into consideration state-level-inputs as well.

Notes:

¹ The competences of the institutions of Bosnia and Herzegovina are prescribed by Article III, paragraph (1) of the Constitution of Bosnia and Herzegovina. The competences of the entities are prescribed by the same article, in paragraph (2). Paragraph (3) of the article stipulates that all government competences not expressly assigned to the state-level government belong to the entities.



From:

SME Policy Index: Western Balkans and Turkey 2022

Assessing the Implementation of the Small Business Act for Europe

Access the complete publication at:

<https://doi.org/10.1787/b47d15f0-en>

Please cite this chapter as:

OECD (2022), “The Small Business Act assessment’s scoring model for Bosnia and Herzegovina”, in *SME Policy Index: Western Balkans and Turkey 2022: Assessing the Implementation of the Small Business Act for Europe*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/4197caef-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.