



PROJECT FACTSHEET

Bosnia and Herzegovina September 2017

MICROFINANCE PROJECT IN BOSNIA AND HERZEGOVINA Phase III

The project aspires to further developing the microfinance sector in Bosnia and Herzegovina by improving the conditions for microfinance institutions to conduct their business on a sustainable basis under post-crisis conditions. This project is implemented by the International Finance Corporation (IFC).

It is estimated that Bosnia became the second-largest microcredit market in the world in terms of lending per capita, with 15 percent of the adult population having an outstanding microfinance loan. After the 2008 financial crash Bosnia's microfinance industry fell victim to its own success: while the number of microfinance institutions mushroomed during the boom the much needed industry consolidation did not take place. Oversupply in the microfinance market led to subprime – like overlending, insufficient risk management, irresponsible business conduct and ultimately client indebtedness.

OVERALL GOAL

The project's overarching objective is to improve the framework conditions for microfinance institution operations in Bosnia and Herzegovina while ensuring that the citizens of Bosnia gain access to quality and responsible microfinance services.

OUTCOMES

- Create a better regulatory environment for the operations of microfinance institutions in Bosnia and Herzegovina conducive to responsible industry practice
- Improve and strengthen business responsibility of microfinance institutions through self- regulation
- Mainstream and broaden the countrywide availability of debt counseling services
- Improve financial literacy education

KEY OUTPUTS

- Increased regulator awareness of possible solutions and international practices with regard to microfinance sector
- Better awareness among microfinance institutions about the SMART Campaign's range of tools and ways of participating
- Microfinance institutions improve the level of adherence to internationally recognized consumer protection principles for responsible finance
- Support BiH municipalities in introducing professional debt counselling service into their offering
- Support relevant players to introduce financial literacy education in BiH

SECO PRIORITY THEME: Private sector and entrepreneurship
COUNTRY OR REGION: Bosnia and Herzegovina
CREDIT REGION: East
SECO CONTRIBUTION: 1,300,000.00 USD
UR00517.03.01 IFC: Microfinance Project III, BA, USD: 1,300,000.00 CHF
TOTAL PROJECT/PROGRAM BUDGET: 1,400,000.00 USD
CONTRACT PARTNER: International Finance Corporation
DURATION: 2017 – 2020 (phase III)

FURTHER INFORMATION AND CONTACT DETAILS

State Secretariat for Economic Affairs SECO
Holzikofenweg 36
CH-3003 Bern
Tel. +41 58 462 56 56
Fax +41 58 462 27 49
www.seco.admin.ch

Embassy of Switzerland in Bosnia and Herzegovina
Zmaja od Bosne 11, Zgrada RBBH objekat B
BiH-71000 Sarajevo
Tel. +387 33 27 58 50, +387 33 25 40 30
Fax +387 33 57 01 20
E-Mail: sar.vertretung@eda.admin.ch
www.eda.admin.ch/bosnia-and-herzegovina