



# PROJECT FACTSHEET

Bosnia and Herzegovina April 2019

## IFC REGIONAL DEBT RESOLUTION PROGRAM

2019

The regional Debt Resolution Program contributes to effective debt management frameworks in Albania, Bosnia and Herzegovina, Serbia, North Macedonia and Kosovo. Effective insolvency regimes are key features of a modern market economy. They allow sound but temporarily troubled firms to keep functioning. Furthermore, they offer an alternative approach to bankruptcy in a way that protects lenders and employees' interests in the best possible way. As a result, modern insolvency regimes keep productive assets in the economy, free-up the unproductive ones and play a crucial role in retaining jobs that would otherwise be lost. The Debt Resolution Program addresses key constraints to economic development in the Western Balkan region and is well aligned with SECO's strategic objectives. The program is implemented by the International Finance Corporation (IFC).

### OUTCOMES

The program countries have a modern legal and regulatory insolvency framework that allows for effective corporate debt restructuring; The relevant actors (judges, administrators, etc) dispose of the necessary expertise to make effective use of the improved insolvency framework; The private sector (banks, companies, etc.) are aware of the improved insolvency framework and make active use of it.

### OVERALL GOAL

The objective of the program is to contribute to effective insolvency frameworks in order to reduce the level of non-performing loans (NPL) and to allow for currently unproductive assets to re-enter the investment cycle. This second phase will focus on the practical application of the newly introduced frameworks in Serbia, Albania and Bosnia and Herzegovina. Furthermore, it aims to replicate the success in improving the existing legal and regulatory framework in North Macedonia and Kosovo.

### KEY OUTPUTS

- Technical assistance in drafting relevant laws, bylaws and regulations tailored to the individual country context;
- Capacity development in the form of training for insolvency judges, practitioners, law enforcement bodies, etc;
- Peer learning opportunities through workshops and seminars;

- Awareness raising activities such as conferences, public discussions and media coverage.

### PREVIOUS PHASE RESULTS

During the first phase Serbia, Albania and Republika Srpska in Bosnia and Herzegovina have adopted improved insolvency frameworks in line with international best practice following an extensive consultation process involving all relevant stakeholders. As a result the debt recovery rates have improved pursuant to the program's targets from 21 cents/USD up to 30 cents/USD. Furthermore, over 500 jobs have been retained and compliance cost savings for the private sector of more than USD 200 million have been realized. Finally, high-level trends such as a declining level of NPLs and accelerating credit growth in the region confirm the overall relevance of the program although a direct attribution is obviously not possible.

SECO PRIORITY THEME: Private sector and entrepreneurship  
COUNTRIES OR REGIONS: Albania, Bosnia and Herzegovina, Republic of Serbia, Republic of Kosovo; North Macedonia  
CREDIT REGION: East  
SECO CONTRIBUTION: 4,350,000.00 CHF  
UR00832.20.01 IFC: Debt Resolution Project, AL, USD: 950,000.00 CHF  
UR00832.20.02 IFC: Debt Resolution Project, BA, USD: 800,000.00 CHF  
UR00832.20.03 IFC: Debt Resolution Project, RS, USD: 1,100,000.00 CHF  
UR00832.20.04 IFC: Debt Resolution Project, MKD, USD: 750,000.00 CHF  
UR00832.20.05 IFC: Debt Resolution Project, KOS, USD: 750,000.00CHF  
TOTAL PROJECT/PROGRAM BUDGET: 4,350,000.00 USD  
CONTRACT PARTNER: International Finance Corporation  
DURATION: 2017 – 2021 (phase II)

### 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