



PROJECT FACTSHEET

Bosnia and Herzegovina January 2017

ECA STRENGTHENING FINANCIAL SYSTEM UKRAINE AND REGIONAL

The ECA Strengthening financial system programme supports the recovery of the financial system from the ECA region to overcome the financial crisis by addressing existing bottlenecks within financial institutions in risk management and by supporting SME lending growth. The Programme is implemented by the International Finance Corporation (IFC).

The global financial crisis of 2008-2009 and subsequently the sovereign debt crisis in Europe in 2011 has put the cross-border banking model, prevalent in many Central, Eastern and South Eastern European countries, to test. Credit growth remains slow as a result of supply and demand factors. This has had a particularly negative effect on SMEs which constitute the majority of business in the region and which are particularly vulnerable to the weaknesses in the credit environment. By improving risk management practices and successful work outs of nonperforming loans (NPLs) the project helps to preserve capital in banks and supports new lending to SMEs.

OVERALL GOAL

The overall goal of the regional program is twofold: (1) Support for Recovery: Support the financial sector in emerging from the ongoing financial crisis, by improving the risk management capacity of the financial sector, thereby creating a stable foundation; and (2) Support for Growth:

Support banks in resuming lending to the SME sector in a secure and sustainable manner to underpin growth of the economy.

OUTCOMES

- Increase awareness of best practice SME, risk and NPL management
- Improve capacity of financial institutions to implement best practices in risk and NPL management
- Improve the capacity of banks to develop their SME banking operations

KEY OUTPUTS

- Market awareness and trainings are conducted
- In-depth advisory services are provided to financial institutions on risk management and NPL
- In-depth advisory services are provided on SME banking

PREVIOUS PHASES RESULTS

The program helped to improve risk management and nonperforming units in three

client Banks in Azerbaijan and in six client banks in Ukraine

The project supported the development of the first internationally recognized risk certification in partnership with the Global Association of Risk Management (GARP) and trained 770 bankers in Ukraine

The project supported developing specific tools to manage risk in financial institutions in Azerbaijan and Ukraine

All the three Azeri bank clients reported improvements in governance and organizational structure, credit, market and operational risk management

The project supported the development of alternative disposition vehicles and thereby increased the market from USD 4.1 million in 2008 to USD 60 million in 2011 removing a substantial amount of bad assets from balance sheets Improved risk and NPL management freed up potential capital in the amount of USD 282 million.

SECO PRIORITY THEME: Private sector and entrepreneurship

COUNTRIES OR REGIONS: Rest Eastern Europe, Azerbaijan, Ukraine

CREDIT REGION: East

SECO CONTRIBUTION: 4,446,297.35 CHF

UR00846.10.02 IFC: ECA Strengthening FS, ECA, USD: 2,907,297.35 CHF

UR00846.10.03 IFC: ECA Strengthening FS, AZ, USD: 665,000.00 CHF

UR00846.10.01 IFC: ECA Strengthening FS, UA, USD: 874,000.00 CHF

TOTAL PROJECT/PROGRAM BUDGET: 4,680,313.00 USD

CONTRACT PARTNER: International Finance Corporation

DURATION: 2014 - 2018

FOR 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, RBBH Building, object 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