

International Finance Corporation (IFC) in Bosnia and Herzegovina

Political approach

International Finance Corporation (IFC), a member of the World Bank Group, provides comprehensive solutions to address the greatest challenges that developing countries are facing, through support designed to meet the specific needs of our partners, with special focus on infrastructure, manufacturing, agribusiness, services, and financial markets.

IFC works mainly with the private sector to encourage entrepreneurship and build sustainable businesses, advising them on a wide range of issues, including environmental, social and governance standards, energy efficiency and supply chains.

Through financial support to the private sector companies, IFC enables them to broaden their access to foreign and domestic capital markets, while through advisory activities IFC helps unlock private sector investments, essential for expanding businesses, creating new jobs, and growing economy.

Bosnia and Herzegovina became a shareholder and member of IFC in 1996. Since then, IFC's long term finance investment in Bosnia and Herzegovina totalled \$398.3 million, including \$23.1 million mobilized from our partners, in 46 projects across a variety of sectors. In addition, IFC has supported trade flows of \$52 million through its trade finance program. Our committed investment portfolio in Bosnia and Herzegovina as of 30 June 2017, is \$60.70 million. In fiscal year 2016, IFC invested \$13 million in Bosnia and Herzegovina.

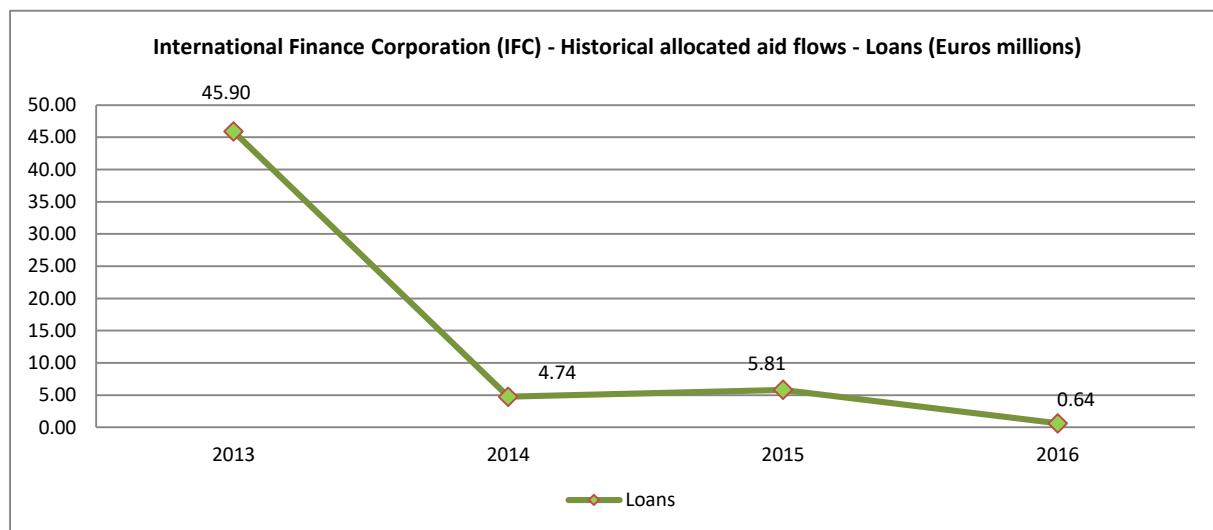
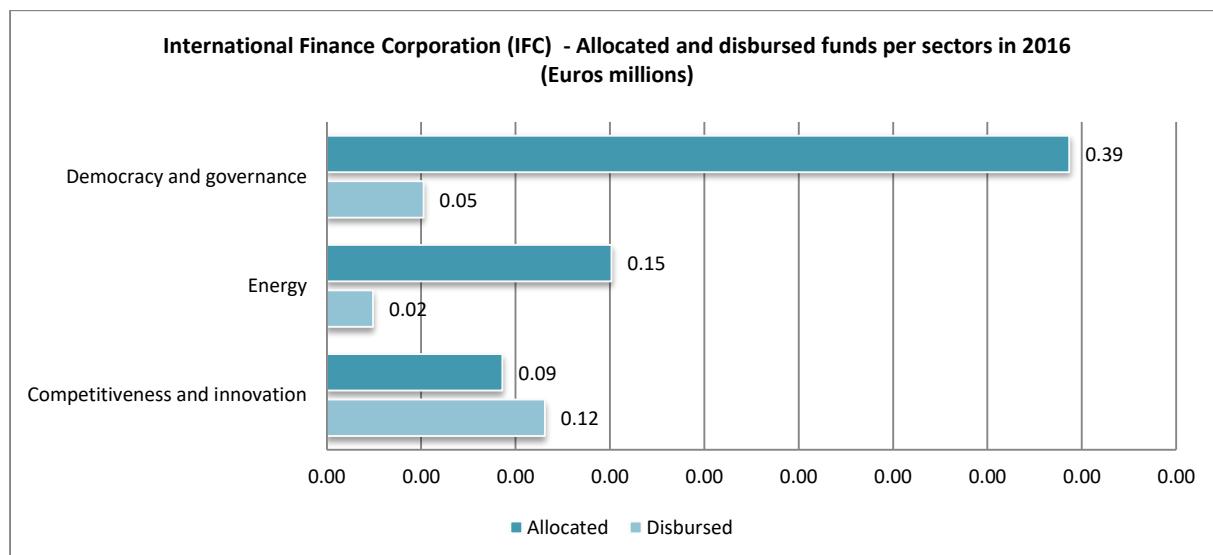
IFC strategy in Bosnia and Herzegovina focuses on the following priorities:

Through combination of investment and advisory services, IFC will continue to partner with clients in strategic sectors crucial for country's long-term sustainable development, with focus on:

- Financial sector with a special emphasis on small and medium enterprises and energy efficiency lending
- Climate change including investments in infrastructure and energy sectors
- Agribusiness with an emphasis on food retail and manufacturing
- Value-added manufacturing
- Business infrastructure with a focus on logistics and distribution
- Sub-national finance with a focus on municipal infrastructure and waste management
- Health and education

Key activities in 2016

International Finance Corporation (IFC) allocated **€ 0.64 million and disbursed € 0.19 million in 2016** in the form of loan to the following sectors: Democracy and governance, Energy and Competitiveness and innovation.



In fiscal year 2016, IFC disbursed **€ 0.19 million** to projects being implemented in Bosnia and Herzegovina. IFC is focusing its advisory services on increasing competitiveness of local governments by reducing the red tape, facilitating more efficient business services for local and foreign investments and by strengthening quality infrastructure. Additionally, IFC is increasing access to finance by supporting the development of local financial institutions, especially ones that concentrate on micro, small, and medium enterprises and by helping with the development of better insolvency framework to deal with existing stock of NPLs. In the past, IFC has invested in the country's health sector, municipal infrastructure, agribusiness, construction, and general manufacturing. Through the joint GPs and independently, IFC advisory services aim to improve the investment climate, performance of private sector companies, access to finance, and to attract private sector participation in development of infrastructure projects.

In 2016 IFC allocated and disbursed a total amount of **€ 0.19 million** in Private Sector Development through donor funded advisory projects, while its committed investment portfolio stood at **€ 60.70 million** (17 % in the Financial Markets and 82 % in the Manufacturing, Agribusiness and Services).

Additionally, total IFC funding for advisory support to Private Sector Development resulted in following outcomes:

- Provided continuous support to development of the RE market in the country, focused on delivery of targeted advice to private sector investments in wind parks and SHPP projects.
- Addressing the over-indebtedness of citizens by supporting establishment of counselling at select number of localities (totalling 27), and working with EFSE to ensure sustainability of Debt Advice Centre.
- Improving insolvency and debt resolution system in Republika Srpska; delivering 20 building capacity events, round tables and conferences for over 400 bankruptcy judges and bankruptcy trustees in Republika Srpska. Providing continuous support to the Federation Ministry of Justice in drafting the Insolvency Law.
- Strengthening financial institutions' capacity in the area of risk management through delivering specially tailored thematic trainings, workshops and conferences mobilizing international and local expertise.
- Reducing the cost and time required for approval and compliance with business administrative procedures for licenses; improving regulatory reform and establishing a transparent Registry for businesses and general public; implementing/monitoring of FDI registration procedures.
- Improving corporate governance standards; building local capacity to provide corporate governance advisory services.
- Simplifying tax administration procedures to reduce tax compliance costs; improving the legal framework and efficiency of administration of international taxation procedures, with a focus on transfer pricing and double taxation treaties.
- Reducing the number of documents and days needed for goods to be exported and imported; streamlining procedures for the flow of cargo by road, air, and river.

Donor coordination efforts

IFC in Bosnia and Herzegovina operates as part of the World Bank Group; as such, IFC aligns its operations and mandate with the joint strategies endorsed by the BH authorities. In addition, IFC has periodic coordination meetings with the international financial organisations and bilateral donors active in Bosnia and Herzegovina, as well as with other development partners through co-financing arrangements, policy dialogue initiatives or direct project implementation to maximize development outcomes of different programs through better coordination and partnership.

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