



FIRMA Consortium BiH

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SME Access to Finance in BiH

Survey Findings

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FIRMA Objectives



Brief: USAID-Sida 5 year \$20 mm project

Purpose: “Capacity to cope with EU competitive pressure”

Goal: Increase Business Results

Including: Increase Access to Finance for Targeted-Companies by 40% after 5-years

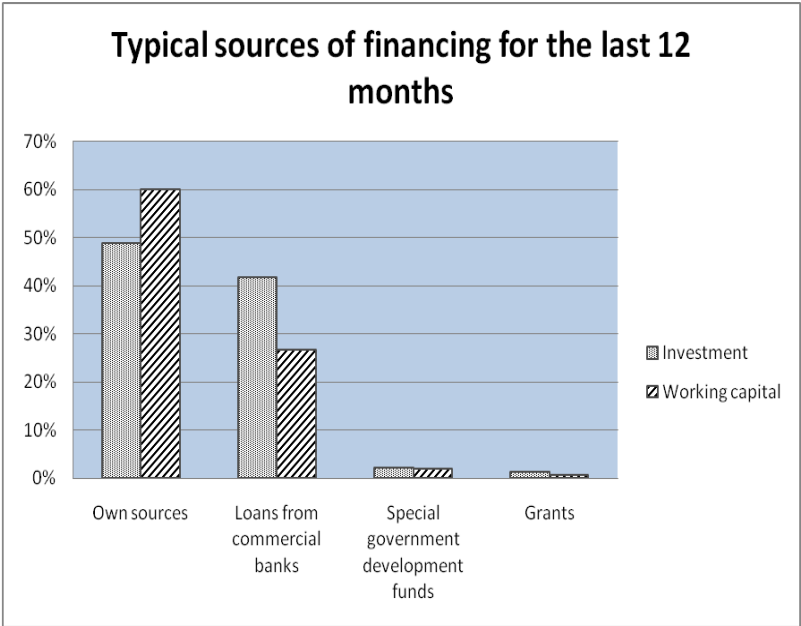
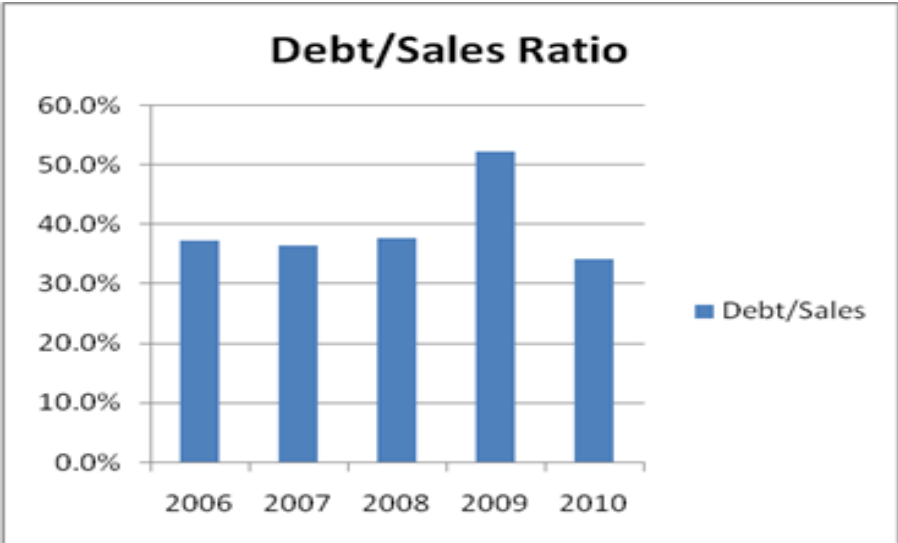
How did we start AF?

- Baseline Assessment of 504 companies to analyze demand side
- Supply Side: Interviewed over 15 FIs
- Action Plans developed

Supporting Value Chains

- Tourism
- Wood Processing
- Light Manufacturing

Demand Side Highlights



Priority #1 *More working capital loans*

Priority #2 *Reduce interest rates*

#3&4 *Lower collateral requirements, longer maturities*

Supply Side Highlights



Banks' Perception

- Poor/insufficient collateral
- Unrealistic projects presented by companies
- Weak financial indicators

- **173% avg. collateral req'd (medium SMEs 200% avg), compared to Croatia 126%, Serbia 137% (World Bank).**
- **Banks said they have poor sector analysis**
- **Little use of innovative trade finance products: P/O financing, factoring, and other asset based lending, inventory financing too complicated**
- **Leasing mainly used for vehicles, factoring barely used at all (7 from FIRMA Baseline Survey)**

Most Common Products

- "Working capital"
- Export financing
- Overdraft
- Term Loans
- LGF

Common forms of collateral

- Cash deposits
- Guarantees from other banks or companies
- Promissory notes
- Equipment, real estate



FIRMA Approach

