



> Bosnia and Herzegovina

Strengthening the Private Sector and Government Responsiveness

CHF International’s community-based development programs in Bosnia and Herzegovina are improving the social and economic circumstances of families and communities, while strengthening the use of democratic decision-making in governance.

Since gaining independence, Bosnia and Herzegovina has been gradually recovering from political turmoil and the volatile economy that marked the mid-1990s. The war that followed independence displaced 800,000 people across borders as refugees, and an additional 800,000 were internally displaced. The war also destroyed a significant amount of the country’s infrastructure, severely ruptured the social fabric of its communities, and impaired its economic base.

Through our programs, CHF International is helping the people of Bosnia and Herzegovina:

- > strengthen NGOs and cooperatives in the small business and housing fields;
- > foster multiethnic joint initiatives;
- > promote linkages between civil society and local governments to promote cooperative development.

Current Programs

IMPACTS (Improving, Measuring, and Promoting Poverty Alleviation by Cooperatives in Transition Societies), funded by the US Agency for International Development, is refining our understanding of the variables that impact cooperative effectiveness, develop better measures of cooperative impact, and enhance the conditions for cooperative development through social marketing strategies.

In addition, **LIDER (the Loan Initiative for the Development of Economic Regions)** is a locally registered micro-credit organi-



Micro-credit loans, business training, and improved access to consulting services are helping small and medium enterprises, such as one rural community’s honey industry, build their businesses and stimulate the local economy.

zation that has, over the last fiscal year, disbursed close to 7000 small business, home improvement, income generation, and consumer loans to financially under-served clients in the country.

Recently completed, CHF International’s **Regional Economic Development Initiative (REDI)** and the **Market-Based Enterprise Networking Initiative (MENI)**, funded by the Swedish International Development Cooperative Agency and the Royal Netherlands Embassy, respectively, have for the past three years been a key program in central Bosnia and Herzegovina. REDI was designed to strategically build the capacity of the REZ Regional Development Agency (RDA).

REZ RDA had been formed by CHF International’s initial intervention, **Municipal Economic Development Initiative (MEDI)**, funded by USAID, which aimed to bring together associations and local government officials for business development purposes. REZ, meaning “to cut” (as in to cut through obstacles), has since grown into a self-sustaining local organization that is now providing consulting services, financial resources, and business tools, while creating critical market linkages for thousands of members.

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A Success Story: Cooperatives and Economic Innovation

While many people have forgotten the devastation of war in the Balkans, more than 10 years later the people of Bosnia and Herzegovina are still struggling with their housing and economic circumstances. Many live in war-damaged multi-storied apartments that need major structural repairs and renovations. Most buildings also have no central heating, which means that families heat their units by burning wood and venting smoke through make-shift vents in their walls.

In the town of Maglaj, however, residents have come together to collectively improve their living conditions. Known as the Maglaj Homeowners' Association, this group is raising awareness among the town's residents about the importance of maintaining common property, and is providing a range of services to members, such as registration guidance, legal advice, and assistance in obtaining group loans for the management and maintenance of common areas in their communities.

In war-damaged Maglaj, residents have come together to collectively raise awareness about the importance of maintaining common property and improve their living conditions.

Last year, this group devised an innovative strategy to generate revenue, while effectively contributing to sustainable waste management in the area (a particularly important topic in the European Union context). Recognizing that many residents and businesses in the area use and waste paper every day, the association decided to collect the waste and sell these resources to a nearby paper production facility for a fee. With support from USAID and CHF International, the group purchased recycling boxes, organized resident and student education efforts, and actively launched a media campaign throughout the town. Only a few months later, an astounding 78 resident buildings and 42 businesses and municipal offices had joined the campaign. Participants have generated over US\$1,500 in revenue for the Association, while serving over 1,100 residents.

In addition, the Association has begun to promote the development of a property management agency in Maglaj. CHF International helped members form a transparent, sustainable, and representative housing organization and develop a revenue



Under the recycling initiative started by the locally created Maglaj Homeowners' Association, each participating multi-story housing unit has received its own box for recycling waste paper, and the association organizes its transport and sale to a local paper factory.

model to provide quality services to residents. The Association has plans to offer accounting services to housing cooperatives, and to establish a rotating savings and credit association (ROSCA) that would provide small loans to home-owners in multi-storied units for repairs and improvements to their apartments.

The Association is working on improving the performance of management agents, and is also helping develop accurate resident records. Through the USAID-funded IMPFACTS program, CHF International continues to work with Maglaj Homeowners' Association to expand its services and revenue base so that it may continue to improve the lives of residents over the long run.

Noticeable Numbers:

- > In June 2007, 3,419 beneficiaries received loans worth USD\$6,073 to improve their homes, finance their small businesses, and enhance their agricultural practices.
- > 1,638 of program participants are women.
- > Programs have generated 34 new jobs and maintained 1,491 jobs.
- > Over 3,000 members had joined 16 CHF-supported established business associations.