

Arminio Rosic - 1013-FIN-ROS-YU
Scaling Up Microfinance to Increase Access to Financial Services in Serbia

Activity Report from March to July 2004

In this reporting period numerous activities contributing to the realization of the project have occurred.

Conferences, seminars and workshops

First of all, in March the first IPF seminar was held in Budapest, Hungary.

In April, the Serbian Ministry of Economy has hosted the “Conference on SME Financing”, where Microfinancing has played an important role. This was a good occasion for networking and lobbying for Microcredit in Serbia. One of the conclusions from the Conference was to build a legal framework for microfinance. Venue: Belgrade, Serbia.

Beginning of May, ILO has hosted the Conference on: “Social Finance for Support to Self-Employment” pointing out microfinance as the vehicle to support self-employment. Venue: Belgrade, Serbia.

In May, have attended the 7th Annual Conference of the Microfinance Institute in Warsaw, Poland. This conference was attended by speakers and participants from all over the world, and we have discussed different options for MFIs having in mind their social mission.

In June, had a presentation on microfinance, results achieved so far and some preliminary recommendations in the SDC/seco “Private Sector Development Workshop” held in Budva, Montenegro. The title of the presentation was: “Alternatives for Swiss Involvement into Microfinance Programs in Serbia”.

End of June, the Serbian Ministry of Economy has organized a conference on the: “National Report of the Republic of Serbia on Small Enterprises”, where microfinance was mentioned as an important developmental tool for Serbia. Venue: Belgrade, Serbia.

Governmental authorities and bodies

In April the World Bank in Belgrade has hosted a series of round tables with the Serbian authorities and international donors. I have attended the meetings with the Ministry of Finance, Ministry of Economy and the Serbian National Bank and during the venue have discussed issues of Microcredit regulation and supervision in Serbia.

In April and in June, have met the Assistant Minister for Economy and during the occasion have discussed future developments of microfinance regulation and supervision in Serbia. During the meetings we have also exchanged ideas about possible cooperation on microfinance programs.

In May, had a discussion with the Vice Governor of the National Bank of Serbia regarding the current standpoint of NBS towards microcredit and learned that things are moving forward.

In June have met the senior staff management of NBS to discuss possible microfinance programs.

In July, a meeting with the Assistant Minister for Labor and Employment on the topic of microfinancing for supporting employment and self-employment was held.

Also in July have met the Serbian Agency for Small and Medium-sized Enterprises Development collecting ideas, exchanging opinions and discussing potential cooperation.

End of April, have met the Local Initiatives Program – LIP, which is the implementing body of the Federation of B/H (one of the existing two entities in B/H) in charge of microfinance programs. This is an apex institution having the role of steering activities, promoting new legislation, communicating MFIs requirements to the Government etc. During the occasion, I have received very useful insight regarding the possible inter-linkages between MFIs and the formal banking sector from the Bosnian perspective. This perspective is very useful having in mind that Bosnia was an example of the microfinance boom in the beginning of this century having 42 MFIs on the population of 3.5 million.

Serbian Microfinance Policy Working Group

The Serbian Microfinance Policy Working Group meetings hosted by UNHCR take place bi-monthly and most important microfinance stakeholders are present to discuss issues of mutual interest. During and after the meetings, I shared ideas about the project and some preliminary policy recommendations.

Micro Finance Institutions

During the reporting period, I have continuously met with the existing MFIs in Serbia, Microfins, Micro Development Fund and World Vision. We have discussed constraints in their operations from the point of their view, requirements for legislative changes and plans for the future.

In Bosnia, the Federation of B/H, have met several MFIs: LOK, EKI, Sunrise, Micra etc. This was the opportunity to learn about their operations and plans for the future. Most of them have expressed their wish to expand into other fields such as micro-leasing, micro-insurance, micro-housing loans, even into deposits to which all have agreed to be hardly possible. This discussion was made in the midst of preparing the new Microfinance law which shall introduce new actors in the field of microfinance, such as financial companies.

Donors, existing and potential

In April have met ILO who has a plan for establishing a Microcredit project for Serbia, Romania and Bulgaria, with the aim of increasing employment. We have discussed possible cooperation and possible synergies with existing projects.

Also in April, have met SIDA – the Swedish International Development Agency, which has been the donor in two (out of three existing) MFIs in Serbia, Microfins and World Vision. We have discussed the constraints MFIs face in their operations and possible plans for their future operations. SIDA has conducted an evaluation on all three of the existing MFIs in Serbia and their report was valuable for my project.

After an exchange of information in June, CIDA who was initially a donor for microfinance projects in Serbia has informed that they have pulled out and will not contribute any more.

In July, the World Bank has communicated their interest to re-start their involvement in microfinance programs in Serbia.

Microfinance Banks

In June, have exchanged opinions with the ProCredit Bank, regarding their constraints in work and recommendations for improving access to microfinance. ProCredit Bank is the only Serbian Greenfield microfinance bank.

In July, I have met the Opportunity Savings Bank from Novi Sad. This is so far the only example of a Savings Bank in Serbia with the aim to scale-up into a commercial bank.

Other Stakeholders

In May, have meet LFS who is heavily involved in the process of downscaling commercial banks in Serbia, so they would serve the purpose of issuing micro credits to clients.

Also in May and June, have met a number of consultants involved in microfinance issues in Serbia

In June have discussed with SEED (South-East European Enterprises Development) about their project for supporting start-ups through microfinance.

Also, in June have met the European Movement for Serbia who is conducting a research on microfinance in Serbia on behalf of the World Bank.

During the whole reporting period, the EAR SME experts working for the Serbian Ministry of Economy have been a valuable source of information for the project.

Also, during the whole reporting period I have been exchanging ideas between seco and SDC experts on microfinance.