



IN BRIEF...

Private Sector Development

Sweden through Sida supports private sector development in Bosnia and Herzegovina within different levels of the society. On the governmental level, support is given to development of a legal and regulatory framework conducive for a poverty reducing private sector. Sida also supports the development of financial markets, an appropriate quality infrastructure and trade related issues aiming at increasing investments in the private sector. Assistance at the micro level with competence development of entrepreneurs in fields such as accounting, marketing, management, etc. are examples of other important activities of Sida's support to the sector.

In the mid-90s some early private sector support developed in the form of a guarantee scheme for emergency import to Bosnia and Herzegovina,

which was co-financed by Sweden through the World Bank. This was later institutionalised through the establishment of a state level Invest-

ment Guarantee Agency. Other early Swedish supported activities have been the privatisation of the banking sector in the country and development of financial sources for micro enterprise development where Sida was involved in the financing of the establishment of a local micro finance institution, EKI, which is today one of the largest micro credit providers in the country.

Ongoing projects:

During recent years the private sector development has taken a more holistic approach and some examples of ongoing projects are given below:

- Trade negotiations for free trade agreements on services;
- Regulatory and quality infrastructure development for food safety and quality;
- Reform of government inspectorate system in order to make it more effective and efficient for the development of a healthy business community;
- Inclusion of representatives of the private sector for deliberations in the development of the Poverty Reduction Strategy of the country;
- Business advice and micro finance activities for increasing job opportunities in poor areas of Eastern Republika Srpska;
- Housing micro finance in central and northern Bosnia supporting a stable local development in areas of minority return;



A business couple has received a micro credit from a Sida-financed program enabling them to expand their business.

- Business advice and training opportunities for small and medium size enterprises through consultancies of the Southeast Europe Enterprise Development Programme in collaboration with several donors;
- Credit line for development of sustainable partnerships between Swedish and Bosnian companies through the Sida funded programme, Start East;
- Support to the establishment of a regional development institution, REZ, in central Bosnia for improving the economic development and collaboration between the local authorities and the business community.

Future plans

Sida will actively seek to develop, through its programmes and international partners, the environment for local economic development. Sida is in this context planning to support initiatives to strengthen local organisations, which try to combine private and public efforts, especially on the municipal level. Such projects may include business development and advisory services, microcredit support, credit enhancement guarantee mechanisms, business incubators etc. On the central level and from a regional perspective, trade issues and quality infrastructure will become increasingly important and Sida will look at various possibilities of continued engagement.

Sustainability and local commitment are important factors for Sida-support. Any support within the private sector, be it regional development agencies, interest group associations etc., should always require some matching funds, either public or private.

Sida is planning to continue with its activities in building the capacity of the government to manage the economic reform process and to support government initiatives in improving the business environment. Continued co-operation with international partners, Poverty Reduction Strategy Paper, and others on the State level will be necessary.

Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



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