



# GF Srpska / Bosnia and Herzegovina

**Total outstanding guarantee volume** increased by **40.7%** over H1 2020 and reached a level of **mEUR 7.9**

**42 supported SMEs** (H1 2020)

**New production** (in EUR) H1 2020 is **3.3 times** the one in the previous semester

Just like many other guarantee schemes, also the **Guarantee Fund of the Republic of Srpska** (an institution that implements the Guarantee Program in the name and on behalf of the Government of the Republika Srpska) had operated changes in their legal framework in order to mitigate the negative effects of the COVID-19 crisis and help SMEs to overcome difficulties related to the pandemic.

Till the end of year 2020, a total number of 33 guarantees were issued in total amount of about mBAM 10.5 (mEUR 5.4), from the regular operations of the Fund.

Also, immediately after the outbreak of the crisis, the Ministry of Finance of the Republic of Srpska proposed a decision on the organization of the Guarantee Program. This program is managed and implemented by the **Guarantee Fund of the Republic of Srpska**, and the Fund is obliged to take all actions in order to preserve and exercise the rights and fulfil the obligations from the issued guarantees in accordance with the Guarantee Program. Republic of Srpska guarantees the obligations of the Fund, based on guarantees issued in accordance with the Guarantee Program.

The assets of the Guarantee Program managed by the Fund are completely separate from the assets of the Fund and may be used exclusively separately in accordance with the rules established by the Guarantee Program.

At the end of 2020, the Ministry of Finance proposed changes relate to increase of the repayment period of the aid from 4 to 7 years as well as the increase of the maximum amount as following:

- for micro enterprises from kBAM 30 (kEUR 15.3) to kBAM 50 (kEUR 25.6)
- for small enterprises to kBAM 200 (kEUR 102.3)
- for medium enterprises to kBAM 400 (kEUR 204.6).



The guarantee rate is 70% of each individual loan and is offered not only for working capital loans but also for technological improvement, in order to facilitate the continuation of business during the pandemic.

Further, following a direct dialogue between the **Guarantee Fund of the Republic of Srpska**, banks, microcredit organisations and potential future borrowers, where impediments related to better use of the **Guarantee programme** were identified, some other changes were implemented aiming at improving the use of the **Guarantee programme**.

The adopted changes allow for refinancing of the existing loans, under the following conditions:

- obligations under these loans are properly established
- the new loan from the Guarantee Programme provides more favourable conditions for the client
- the need for refinancing is caused by the pandemic.

The **Guarantee programme** is implemented through 9 banks and two microcredit organisations. In addition to micro, small and medium enterprises, the beneficiaries of the **Guarantee programme** can also be agricultural farms as well as independent entrepreneurs.

The advantages of this type of financing consists in lower interest rates at which banks approve loans, lower fees, the possibility of using the loan deferral period of up to 12 months, as well as longer loan repayment period to finance current operations compared to standard financing conditions. It is important to note that final beneficiaries do not bear the costs of the guarantee, meaning that the guarantee is free of charge. Loans secured by a guarantee have simpler approval procedures so that the required funds are obtained in a very short period of time.

So far, a total number of 94 guarantees have been approved from Guarantee program with a total amount of about mBAM 6.8 (mEUR 3.5).

More information on the **Guarantee Fund of the Republic of Srpska's** measures can be found under the following link: <https://garantnifondrs.org/>

Latest update: 8<sup>th</sup> February 2021