



Mikrokreditna Fondacija MI-BOSPO

Project Name
Women's Business Network.

Initiative Presented for the Award

The initiative concerns the project "Women's Business Network" started in December 2010 with the support of USAID. The project aims to support women entrepreneurs in the development of their businesses, and to strengthen the market position of businesses led by women, consequently increasing their business results. The project focuses on the provision of non-financial service activities including financial education/business skills training seminars, market connections within BiH for marketing, purchasing and/or selling services/products, advocacy activities - delivery of information about incentives or subsidies. So far, MI-BOSPO has organized 24 women's Clubs, for a total of 990 women members, as forums through which women members gather, exchange experiences, mutually learn, socialize and explore challenges faced by women.



Type of organization:..... Microcredit Foundation
Location:..... Bosnia and Herzegovina
Founded in:..... 1996
MF products offered:..... Microloans (business, agricultural, housing and multipurpose) and non-financial services
Portfolio:..... €12,348,526.71
Av. Loan size:..... €1,050.70
Number of Clients:..... 13,912

www.mi-bospo.org

Institutional Profile

MI-BOSPO Staff



MI-BOSPO client (network member):
Maksida Mujic in her optician shop

History

Microcredit Foundation MI-BOSPO is the legal successor of the Microcredit Organization that was established in 2000 by the Humanitarian Organization "Bosnian Committee for Help". However, operations started in March 1996 as a pilot project of the World Bank with the purpose of researching the needs and possibilities for the establishment of micro-lending in BiH. Only in 2008 was it registered as a Foundation. Its mission is to provide access to loans and non-financial services to low-income people, mainly women, in order to strengthen their entrepreneurship and their economic and social position.

Structure

The institution has a dedicated department for every function and activity: management, finance, IT, risk, legal and human resources. MI-BOSPO also established a special department within the organization, which deals exclusively with these non-financial services, with a special focus on the empowerment of women. MI-BOSPO has 136 employees who share the mission of the Foundation; among them more than 50% are credit officers. Credit operations are managed through the 24 branches spread throughout the north-eastern part of BiH.

Governance Structure

The Board of Directors is composed of five independent members: a consultant in business communication at the BIT Centre, the director of finance and accounting at 'Umel Ltd', a retired director of Interšped Tuzla, one lawyer and a Professor at the School of Economics and Business in Sarajevo. The Board of Directors has established an Internal Audit Committee and a Risk Management Committee. MI-BOSPO operates under the supervision of the banking agencies and is a regulated microcredit foundation.

Target Clients and Operational Area

MI-BOSPO started and remained loyal to its first clientele, self-employed women and women who are on low salaries. In 2009, a quota of 25% of male clients was introduced. Geographically, MI-BOSPO's operations are mostly concentrated in the area of North-East BiH but it is present over the whole country.

Products and Services

The products offered are agricultural loans, business loans, multipurpose loans and housing loans. Loans are tailored in a way to meet family and business cycles. Non-financial services are currently in rapid development. As market demand changed, MI-BOSPO adjusted its service from Solidarity Group methodology only to Individual Lending only. Products are also tailored to be offered to a broader clientele of entrepreneurial women.

Funding sources

MI-BOSPO operations are financed from its own equity (approx. €7.9 million) that consists of 19% (€1.49 million) donated funding and the rest of retained income and loans from EBRD, EFSE, the Spanish Government and other lenders.

Diploma distribution for the attendance of MI-BOSPO financial educational training



MI-BOSPO client (network member):
Faketa Huseinbasic in her greenhouses

The story of Edisa Haračić

The family of Edisa's husband has been engaged in glazing work for many years. As for any business, there were ups and downs. However, since the business was registered in 2005, running the business became much easier for the Haračić family. They had regular customers and a well-organized business. Edisa's will to work made her see an opportunity and take a big step: in 2011 she registered the trade shop "Art Color", which is engaged in the sale of equipment for pictures and framing of pictures and art works. "When I decided to run the business myself, my dream of becoming a proprietress, of making decisions on my own and of running my own business came true" states Edisa. Her competitive advantage is that this type of business in not developed in Tuzla, consequently Edisa has regular customers who always attract new customers. As a member of the Network, Edisa had manifold benefits: she had undertaken education designed for young entrepreneurs, gained knowledge of grant funds from the Employment Bureau and participated in Fairs.

Selection criteria

Innovation

The project is the result both of more than 10 years of experience and of internal research, and it responds to women entrepreneurs' needs, apart from financial products, namely loans. This belief and approach are innovative in themselves: none of the MFIs in BiH offers this wide range of non-financial services. The network itself is innovative in the BiH context where there are no purely business related networks of women, even if there are many networks related to many women's issues including economic issues. Another innovative element is the establishment of a special department within MI-BOSPO which has 15 trained employees who deal exclusively with non-financial services which are offered free of charge.

Sustainability

As an institution, MI-BOSPO recovered the loss caused by heavy arrears and delinquency from 2009 and brought the OSS back over 100%. Regarding specifically the Women's Business Network initiative, at the moment MI-BOSPO covers 20% of the project budget. Sustainability is planned to be achieved through the following distinct channels: i) secured external funding from USAID until 2013; ii) search for additional funding from development oriented Companies/Organizations; iii) MI-BOSPO funds; iv) (symbolic) financial support – fee – from network members.

Financial Achievements

	Dec 09	Dec 10	Dec 11
Portfolio at Risk	5.66%	5.97%	2.08%
Write-off Ratio	5.58%	10.23%	4.44%
Portfolio Yield	22.01%	20.54%	21.11%
Debt to Equity Ratio	3.05	1.73	1.05
Operating Expense Ratio	9.5%	12.15%	20.50%
Cost per Borrower	€110.95	€124.24	€184.07
Staff Productivity	161	126	102
Return on Equity	-9.85%	-11.79%	2.26%
Return on Assets	-2.33%	-3.43%	0.95%
Operational Self-Sufficiency	89.37%	83.46%	105.05%

Impact – Outreach

All activities within the Network are tracked on the internal database, which is permanently updated. Additionally, all employees keep their own records and evaluation forms as feedback information from the Network's members. As a first result, 24 Clubs have been opened with 990 active members and membership is increasing daily. A total of 484 women have been involved in the training and educational activities and 356 women benefited from the other non-financial services. All these activities increased the revenues and scope of each business, improving the living standard of Network members. Another tangible result is the establishment of an Association of florists with MI-BOSPO assistance in line with the new goal of creating women's associations in different sectors.

Outreach Achievements

	Dec 09	Dec 10	Dec 11
Active Borrowers	23,799	16,195	13,912
Women	100%	100%	93%
Migrants, Minorities	2%	2%	2%
Youth	n.a.	n.a.	n.a.
Rural	64%	65%	67%
Below Poverty Line	21%	25%	29%
Average Disbursed Loans	€1,094.16	€951.51	€1,050.70
Portfolio	€26,180,675.72	€14,696,552.87	€12,348,526.71
Number of Branches	27	25	24
Staff	148	129	136
Loan Officers	86	67	72
Drop out ratio	60%	61%	52%

Replication

The project represents an example of best practice of enhancing the clients' businesses. Since most of the time only financial products are offered to clients, the project has the potential to be replicated and implemented by other Microfinance Organizations. The main reason for replicating is the reciprocal benefit that it delivers. On the one hand, the MFIs can increase the number of clients, attracting them also from different industries; moreover it allows risks and the delinquency rate to be reduced and a permanent system of feedback from clients to be established. On the other hand, the client increases her satisfaction and is able to communicate her needs: this translates into greater income, job generation and business development.