

# Self reliance assistance - business micro loans

## Serbia



*"I managed to become self-reliant with the support received through this project. Now I feel able to plan my future and look ahead with confidence"*

- Ljiljana Mandić  
a refugee from Sarajevo

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### LOCATION

Pančevo,  
Serbia

### DURATION

Project implementation started in 2001 and it is ongoing

### IMPLEMENTING PARTNER

MicroFinS  
[www.microfins.org.rs](http://www.microfins.org.rs)

### DONOR

UNHCR

### BUDGET

revolving fund currently managing  
USD 3,000,000

## OVERVIEW

Serbia hosts the largest refugee and internally displaced (IDP) caseload in Europe. Currently there are over 200,000 internally displaced persons (IDPs) who have arrived from Kosovo since 1999. There are also 86,000 refugees who fled Croatia and Bosnia Herzegovina fifteen years ago. Approximately 144,000 refugees opted for local integration and acquired Serbian citizenship.

Many people of concern are still vulnerable and need support. Their situation is worsened by the weak state of the local economy, and has consequently entered into transition phase resulting in restructuring, layoffs and a low rate of employment. In addition, refugees and IDPs do not usually meet the loan criteria set by commercial banks.

## AIM OF PROJECT

- To provide sustainable access to loans for those refugees and IDPs who wish to become entrepreneurs and have concrete business plans.
- To increase borrowers capacity to take initiatives and develop business ideas/plans which will consequently boost their self confidence.
- To offer loans at favorable conditions. Micro loans are currently offered at 3,29% declining monthly interest, with repayment period up to 24 months.
- To support the participation of female borrowers.

## PROJECT OUTPUTS / RESULTS

- By introducing micro loans in Serbia, UNHCR enabled access to a steady source of financing, viable self employment and livelihood to persons of concern.
- Women steadily represent 35%-40% of the clients, while almost 50% of the loan users are first-time borrowers.
- Currently there are over 2,600 active clients in the UNHCR portfolio, employing 25% additional labour. The number of dependants benefiting from this project has tripled.
- MicroFinS Portfolio at Risk > 30 days late is below 1%.

## IMPACTS

The project provides concrete financial support and opportunities for self employment to people of concern. Sustainable access to micro loans allows clients to develop their small businesses, while generating income for themselves and increasing their security and living standard. The project also helps to create jobs for others, to help other communities benefit as well. The project has a significant impact on the beneficiaries right to employment, especially in the environment where local unemployment rate is high.

## LESSONS LEARNED

- In order to be successful, the project needs to be adjusted to prevailing local conditions (lending methodology, interest rate, collateral etc).
- Aim for balance between retention of successful clients and being open to first time borrowers. This is the best way to simultaneously maintain project's stability and extend opportunities to new clients, which might represent a potential risk.
- Women have proven good and responsible clients in micro-credit schemes.
- Monitoring is an important component, especially in the early stage of the loan.
- Good quality Loan Tracking System secures easy data processing and enables early prevention of delinquency.
- It is important to prepare an exit strategy – identify a local partner organization and build its capacity, in order to be able to phase out and successfully hand over the revolving fund.

## THE STORY

### FROM START-UP TO A STABLE BUSINESS

**Ljiljana Mandić** has fled from Sarajevo/Bosnia and Herzegovina, with her parents, as an eight-year old girl. They came to the small town of Pančevo in Serbia, and started trying to rebuild their life.

With the tight family budget, they have never managed to construct or buy their own house, but instead paid the rent for modest accommodations. Ljiljana completed the Economy High School and was eager to add to her skills in order to improve chances for employment. She completed the training for a licensed accountant/ book keeper. Still, it was not easy to find a job.

This young woman decided she would try on her own. Bank criteria were impossible to meet and lending conditions were unfavorable. She heard about the micro-loans scheme from a neighbor who has already taken one, and applied with MicroFinS. Ljiljana received a loan and her parents helped as much as they could, too. Some basic office equipment was bought and this was the beginning...

When the small business was established, Ljiljana wanted to expand it and take on more clients. As she was regularly repaying her installments and had a good credit history, MicroFinS approved two repeated loans: for a "stronger" computer and for an updated accounting software.

Things started looking up: the business gradually expanded and Ljiljana was married to a young man from Pančevo. She finally got out of rented accommodation and created her own home. She is happy with her situation today, feels more independent and secure. She plans to continue keeping up with new accounting technology and never stops thinking about her job. Except, perhaps, she might give priority to children in immediate future.