

## EKI: Rebuilding Hope In Bosnia-Herzegovina

Three years of inter-ethnic civil strife ended with the 1995 Dayton Agreement. Unfortunately, the devastation and economic hardship wrought by war can still be felt in Bosnia and Herzegovina where people lost everything, including homes, jobs and loved ones.

Industrial production plummeted by 80% during the war in one of the poorest republics in the former Yugoslav Federation, causing unemployment to soar. People with previously sustainable livelihoods returned home only to live in poverty. Today, Bosnia and Herzegovina rely on the agriculture industry as a major source of income, most of which comes from small, private farms.

Ekonomaska Kreditna Institucija (EKI) was established in 1996 to reduce the economic causes of poverty in this war-torn region. A not-for-profit microcredit organization, EKI provides financial services and technical support to businesses in Bosnia & Herzegovina wherever there is need and opportunity. Their microloans enable entrepreneurs to create and sustain jobs where they are needed most. Today EKI has nine branches and 23 satellite offices, reaching approximately 80% of the population.

Tuzla lies in northern Bosnia and is one of EKI's busiest branch offices. Here, agribusiness provides the main source of income. Currently, the Tuzla Branch loan



portfolio exceeds 6,000,000 BAM (\$2,673,636) and reaches more than 3,500 borrowers. Nearly 80% of Tuzla Branch loans are smaller than 2,500 BAM (\$1,114).

Acknowledging EKI's tremendous effort to overcome poverty through microfinance, MicroVest loaned €600,000 to them in June of 2005, enabling EKI to expand the microfinance impact in Bosnia-Herzegovina.

Kastrati Jusuf is a Tuzla Branch client who runs a small family enterprise with start-up capital provided by EKI.

Jusuf has lived in Brcko all his life. Like many others, he lost his job when his state-run employer was devastated by the war. Although working part-time as a

night security guard provided his family with the bare necessities, life was never easy.

To improve household income, Jusuf applied for a loan from EKI to purchase a single cow.

The first cow brought pride and hope for the whole Kastrati family: "The children were thrilled when the cow arrived in our small stable," Jusuf explains. "For

me, having a cow meant better nutrition for my children, and some additional income from the sale of milk and cheese." Mrs. Kastrati adds, "Now I can earn some additional money to invest in my children's education and their welfare."

The impact of an EKI loan benefits more than just the immediate client. For example, a single EKI loan impacts the lives of all eight members of the Kastrati family. There is an even greater benefit when EKI clients use their loans to launch or expand businesses that impact the wider community.



Ms. Hanifa used her loan from EKI to invest in construction material and equipment to build a hair salon in her back yard.

Morankic Hanifa is a professional hairdresser and mother of two in the city of Zivinice. She opened her beauty parlor in rented business space, but the rent quickly became unaffordable. To reduce business costs, she applied for an EKI loan of 2,500 BAM (\$1,114) and used the money to build her own location.

Ms. Hanifa supported the local industries and jobs by investing the loan in construction material and equipment. Today, she operates out of her new space in her backyard. Not only does the location better enable her to work and raise her children, but the equity in the new building increases her net-worth. When she is ready to further expand her operation, more resources will be available to her.