

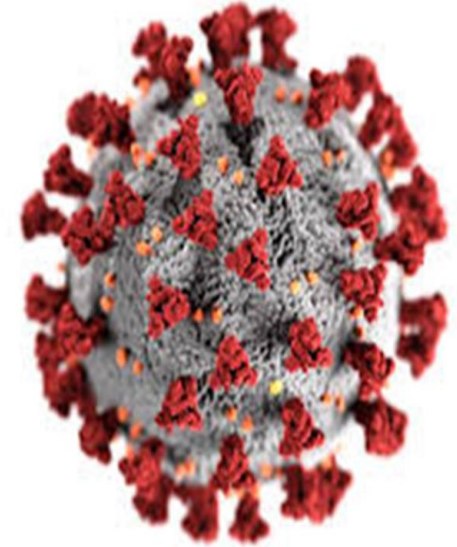
„COVID – 19“ PERIOD

Association of Microfinance Institutions in B&H - AMFI

AGENDA

- 1. NATIONAL MEASURES IN THE COVID PERIOD**
- 2. MEASURES TAKEN BY ENTITY REGULATORY ORGANIZATIONS**
Banking Agency of the F B&H and Banking Agency of RS
- 3. MEASURES TAKEN FROM ASSOCIATION OF MICROFINANCE INSTITUTIONS IN B&H - AMFI**

NATIONAL MEASURES IN THE COVID - 19 PERIOD



NATIONAL MEASURES IN THE COVID - 19 PERIOD

The FB&H proclaimed "The state of the accident caused by the corona virus" on April 8, 2020, while in the RS the state of emergency was proclaimed on April 3, 2020.

Total infected by May 6, 2020: 1,946 Total dead: 79 Total recovered: 911
The number of infected is declining and the number of recovered is increasing, which is good news.

Measures have been introduced to stabilize the economy at all levels of government: the State of B&H, the entities of the FB&H and the RS, the Canton.

Legal aspect

Economic aspect

OVERVIEW OF NATIONAL MEASURES

Legal stabilization measures in the Bosnia and Herzegovina



Labor Law

Public procurement

Court and administrative procedures

Economic stabilization measures in the Bosnia and Herzegovina



Tax aspect

Economic aspect

LEGAL AND ECONOMIC STABILISATION MEASURES IN THE B&H

In the **Labor Law**, employers are obliged to provide, in accordance with their possibilities: reorganization of working hours, work from home, absence of one parent with a minor up to 10 years, cancel all trips and meetings, enhance hygiene measures, ensure the use of annual leave for workers, etc, and apply instructions in case of disability to work caused by the corona virus

In the area of public procurement, the negotiated procedure is used without the publication of a procurement notice.

All court and administrative, civil, non-contentious and enforcement proceedings are postponed in court during an emergency. Prosecution activities are also delayed, except in individual cases.

Deadlines for filing tax returns have been extended.

ECONOMIC STABILIZATION MEASURES IN B&H

The MMF has allocated € 330 million to Bosnia and Herzegovina to help repair coronavirus damage.

As of May 1, nearly 30,000 people remained unemployed in B&H.

FEDERATION B&H
62%

The FBiH Corona Law was adopted on
4 May 2020.

A Guarantee Fund of KM 80 million
was formed

REPUBLIC OF SRPSKA
38%

In RS, the government is not in session.
Decisions are made by a decree of the
President of RS

ECONOMIC STABILIZATION MEASURES IN F B&H

- ✓ The FB&H Corona Law was adopted on 4 May 2020. The law provides for the subsidization of contributions for compulsory insurance, suspension of calculation and payment of default interest on public revenues, interruption of all administrative, civil, non-litigation and enforcement proceedings during the state of an accident, as well as the establishment of a Guarantee Fund. It prescribes the abolition of the obligation to pay the advance on corporate income tax and the abolition of the obligation to pay the advance payment of personal income tax.
- ✓ Decision of the FB&H Government on the further operation of the Banking Agency of FB&H.
- ✓ The FB&H government has established trade margins (calculative values), especially for petroleum products.
- ✓ A decision was made to reduce the rent by 50% owned by the FB&H.
- ✓ Contributions for detached workers were reduced by 10 KM each.
- ✓ Cantonal governments have adopted additional measures.

ECONOMIC STABILIZATION MEASURES IN RS

- ✓ A decree has been passed in the RS on tax measures to mitigate economic consequences.
- ✓ Decision on the further operation of the Banking Agency of RS.
- ✓ In RS, the tax on total income of small businesses is reduced by 60%.
- ✓ The lump sum annual income tax is reduced from 600 KM to 240 KM.
- ✓ For prohibited companies, taxes and contributions on the net salary for March and minimum salary for April are secured.
- ✓ In the RS, a one-time aid measure of 500 euros was passed to medical staff.
- ✓ A Solidarity Fund has been set up for workers affected by emergency measures.
- ✓ The government will co-finance taxes and contributions for workers affected by government decisions that pay employers a net wage.
- ✓ IFAD KM 2.2 million was raised for agricultural production. A decision was made to exempt gambling fees, as well as changes to education law.
- ✓ The RS government has established trade margins (calculative values), especially for petroleum products.

DECISIONS OF THE COUNCIL OF MINISTERS OF BiH

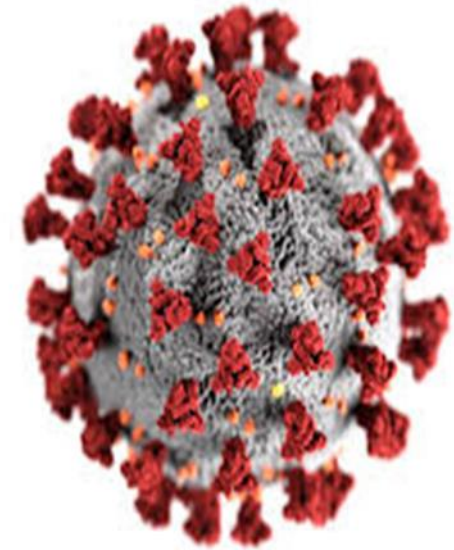
- ✓ Closed air traffic except cargo traffic, humanitarian flights, emergency medical transport;
- ✓ Suspension of visa issuance at diplomatic missions and consular posts;
- ✓ Additional conditions for entry of foreigners into BiH;
- ✓ Determination of border transportation of goods in road transport in transit in BiH;
- ✓ Exemption from indirect taxes on equipment and assets donated to combat the virus corona;
- ✓ Facilitating the transport and trade of basic goods for the Western Balkans.

CIVIL PROTECTION MEASURES IN B&H

- ✓ PROHIBITIONS OF: movement from 8:00 pm to 5:00 am; relocation outside the place of residence (except with the confirmation of the employer); movement of persons over 65 and under 18 (new changes are allowed in the morning); all public gatherings; public city traffic suspended; all schools, kindergartens and children's playrooms are closed; operation of all malls, shops, food and beverage establishments, and non-food markets; operation of sports organizations, fitness centers, swimming pools, wellness and spa centers; performing services and crafts activities that require direct contact with customers (hairdressers and beauty salons); dental clinics and private dental categories
- ✓ PART – TIME WORK: grocery, animal feeds, bakeries and public kitchens; pharmacies and agricultural pharmacies; gas station.

MEASURES TAKEN BY ENTITY REGULATORY ORGANIZATIONS

Banking Agency of the F B&H
Banking Agency of RS



MEASURES TAKEN BY ENTITY REGULATORY ORGANIZATIONS FOR THE MICROFINANCE SECTOR

Banking Agency of Federation B&H



DECISION ON OF LEASING COMPANIES
ATEMPORARY MEASURES ND MICRO
CREDIT ORGANISATIONS TO MITIGATE
NEGATIVE ECONOMIC CONSEQUENCES
CAUSED BY „COVID-19”

Banking Agency of Republic Srpska



DECISION ON TEMPORARY MEASURES OF
MICRO CREDIT ORGANISATIONS TO
MITIGATE NEGATIVE ECONOMIC
CONSEQUENCES CAUSED BY „COVID-19”

SUBJECT DECISION OF THE BANKING ENTITIES AGENCIES

Banking Agency of Federation B&H

Banking Agency of Republic Srpska

This Decision determines temporary measures aimed at mitigating negative economic consequences caused by a pandemic of the virus disease “COVID-19” and at preserving stability of the financial sector.

1. Approving relief measures to customers of micro credit organisations being directly or indirectly impacted by the negative effects.
2. Special rules of credit risk management rules of micro credit organisations. implement upon approval of special measures to customers.
3. Preventive measures aimed at preserving capital.

SPECIAL MEASURES OF THE BANKING ENTITIES AGENCIES

Banking Agency of Federation of B&H

Banking Agency of Republic of Srpska



1. Moratorium, i.e. postponement of obligation repayments;
2. „Grace“ period over repayment of obligations for obligations being repaid in annuities for a period of up to 6 months;
3. Final maturity prolongation for obligations being repaid in annuities;
4. Prolongation of obligations with one-off maturity up to 6 months;
5. Approval of an additional exposure amount for bridging over their current liquidity problems;
6. Other MFI measures.

Specific measures may include other modalities of adjusting method and dynamics of obligation repayments, adequate relief measures and other forms of NFIs' support to private individuals and legal entities as their customers. Treatment of special measures may refer to measures approved that rest on individual analysis of credit risk or portfolio risk and/or product risk, as well as sector structure of exposures.

MORATORIUM

Banking Agency of Federation of B&H

Banking Agency of Republic of Srpska

1. According to these Decisions, the moratorium shall mean postponement of obligation repayments.

2. The moratorium may last up to 12 months.

2. The moratorium may last up to 6 months.

3. During the moratorium, MKO shall not calculate default interest related to past due receivables.

4. The nominal interest rate and any fees may not exceed those defined in the existing contract.

4. The nominal interest rate and all quantities can be up to 75% of the contractual use.

OTHERS MODIFICATIONS

Banking Agency of Federation of B&H

Banking Agency of Republic of Srpska

- (1) Modification of a contractual obligation may include an extension of principal repayment and / or interest, a reduction interest, partial write-off, approval of new funds or other important changes to the contractual terms.
- (2) The interest rate on modified exposures may not be higher than the rate defined in the existing agreement in the FBiH, while in RS it should be less than 75%.
- (3) In the case of a special measure, the microcredit organization shall not be entitled to charge an additional service fee.
- (4) In the event of a change of the original loan terms microcredit organization should get the approval of all other parties in the arrangement of the Loan Agreement

MFI shall publish information on possible modifications of loan obligations at its official web site.

SPECIAL RULES OF CREDIT RISK MANGEMENT

Banking Agency of Federation of B&H

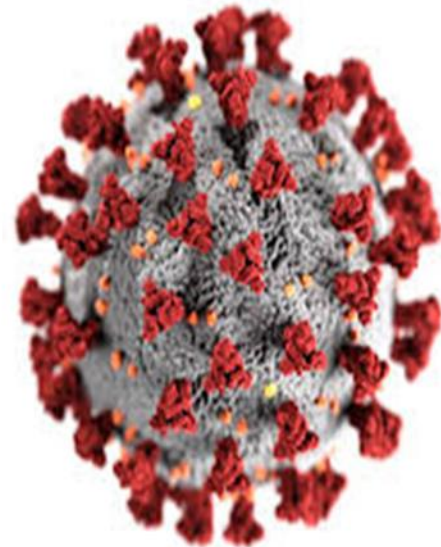


Banking Agency of Republic of Srpska

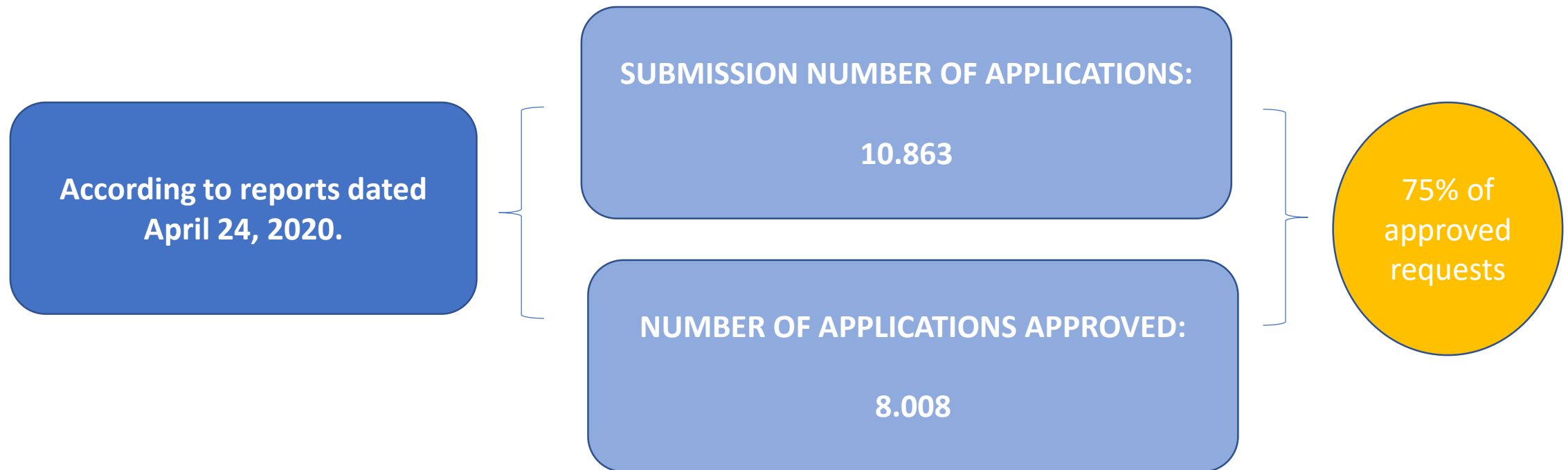


If microcredit institutions approves a moratorium over obligations in sense to these Decisions, it may keep such customers in the classification category with relevant provisioning percentage and classification of receivables in the Central Loan Registry (CLR) with the Central Bank of Bosnia and Herzegovina that they had as of 29.02.2020 and stop the days-past-due counter for the duration of the moratorium.

**MEASURES TAKEN FROM
ASSOCIATION OF
MICROFINANCE INSTITUTIONS
IN B&H - AMFI**



REPORTING OF ASSOCIATION OF MICROFINANCE INSTITUTIONS IN B&H - AMFI



In the FBiH, 13.5% of financial sector clients requested a moratorium. It is estimated that the number is approximate in RS as well.

MEASURES TAKEN FROM ASSOCIATION OF MICROFINANCE INSTITUTIONS IN B&H - AMFI

The Association of Microcredit Organizations has prepared survey questionnaires for timely information and further action. In agreement with the members, the Association is also provided with a monthly report on interim measures including the number of client requests, approved measures and other details.

1. Coronavirus Impact Survey (COVID-19) on AMFI Members' Business

2. Modality application survey

3. Portfolio risk report and interim measures COVID-19.

R.B.	Mikrokredit	Broj podnesenih zahtjeva za odobrenje	Iznos (000 KM)	Broj klijenata kojima su odobrene ostale posebne mjere			Ukupan broj klijenata	Iznos (000 KM)	Broj klijenata kojima su odobrene ostale posebne mjere od strane MKO			Ukupan broj klijenata	Iznos (000 KM)	Ukupan broj klijenata (H+M)	Ukupan iznos (000 KM) (H+M)	Privremeni moratorij									
				od čega: Moratorij	od čega: Grace period	od čega: Ostale mjere			od čega: Moratorij	od čega: Grace period	od čega: Ostale mjere					Broj podnesenih zahtjeva za odobrenje privremenog moratorija	Iznos (000 KM)	Broj klijenata kojima je odobren moratorij	Iznos (000 KM)	Broj klijenata kojima je odobren moratorij od strane MKO	Iznos (000 KM)	Ukupan broj klijenata (S+U)	Ukupan iznos (T+V)		
1	Privremeni Iscrpni																								
a.)	usludne djelatnosti						0,00					0,00													
b.)	proizvodnja						0,00					0,00													
c.)	poslovanje						0,00					0,00													
d.)	ostalo						0,00					0,00													
e.)	Iskustvo						0,00					0,00													
2	UKUPNO 1	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
3	Privremeni Iscrpni																								
a.)	usludne djelatnosti						0,00					0,00													
b.)	proizvodnja						0,00					0,00													
c.)	poslovanje						0,00					0,00													
d.)	ostalo						0,00					0,00													
e.)	Iskustvo						0,00					0,00													
f.)	Iskustvo						0,00					0,00													
4	UKUPNO 2	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
5	UKUPNO (1+2)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00

COMMUNICATION IN THE PANDEMIA

- ✓ Association adapted the communication to the current situation (phone, skype, zoom, e-mail, written communication);
- ✓ The Association is in constant communication with stakeholders, especially members of the Association, regulatory bodies to overcome new situations caused by this crisis situation, as well as transparent communications.
- ✓ Four extraordinary crisis meetings have been held with the members of the association and we are in constant communication to respond in a timely manner to the sector's demands on the government, parliament, entity agencies.
- ✓ According to the Entity agencies, in order to get some clarification and give their views and suggestions in the interest of their members, we sent during the crisis seven letters.
- ✓ We were active in adopting the "Corona of the Law", twice we had written proposals and comments. We also asked the banks to participate in the use of the Guarantee Fund, which we addressed to the government, parliament, development bank, etc.
- ✓ We have also contacted the Ministry of Civil Affairs regarding BiH's accession to the European Union's Employment and Social Innovation Program (EaSI). The Ministry of Civil Affairs of Bosnia and Herzegovina has this year (2020) started planning the ratification of the Agreement between the European Union and Bosnia and Herzegovina on Bosnia and Herzegovina's participation in the European Union Program for Employment and Social Innovation (EaSI) for the period. 2021-2027.

PR ASSOCIATION ACTIVITIS

Two interviews on the most read portals in B&H
Two interviews on radio stations in B&H

The news is divided into 47 portals in B&H.

**Two public statements on the measures taken
and the situation in the sector.**

**We created the brochure Responsible Financing
- Financial Literacy**

**We are actively working with the PR committee
on crisis strategy setting activities.**

**We are in the process of finding a digital
magazine partner.**

Thank you for your attention!



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