

FOCUS ON **GENDER** BOSNIA AND HERZEGOVINA

Issue 11

Access to finance for women in agri-business and rural tourism in Bosnia and Herzegovina



Sweden
Sverige



The primary objective of this edition of Focus on Gender is to assess all public and private stakeholders who can provide access to finance for women in rural areas. To accomplish this assessment, a mapping and analysis of the existing legal framework regarding access to finance were conducted. Additionally, a mapping of the public and private sector with potential opportunities for traditional or innovative sources of finance was also undertaken. Women who own agricultural businesses and women involved in rural tourism are the main target group for such funding.

The project funded by Sweden, implemented by UN Women BiH and the Food and Agriculture Organization, aims to empower women in agriculture business in both the Federation of Bosnia and Herzegovina (FBiH) and the Republika Srpska (RS). By addressing structural barriers through technology, innovative financing, and comprehensive training, the project seeks to improve the socio-economic status of rural women and their families. The intervention focuses on integrating gender equality into policies, institutional budgeting, and developing an integrated approach to enhance access to economic opportunities, leveraging public and private sector financing.

The assessment provides an overview of the current situation in terms of access to finance in the FBiH and the RS and six areas of focus defined, namely: Una-Sana Canton, Canton 10 and Zenica-Doboj Canton in the FBiH and Sarajevo-Romanija Region, Herzegovina Region and Krajina Region in the RS.

In order to identify relevant public and private sources of funding for women farmers and rural tourism, both secondary and primary data were collected. The secondary data is an assessment of the regulatory framework, in particular laws and policies related to financial institutions and access to financial instruments in both the FBiH and the RS.

In terms of primary data, a qualitative analysis was conducted with women and agricultural advisors actively involved in agriculture, distributed according to the six priority regions in Bosnia and Herzegovina (hereafter BiH). The participants were selected based on their involvement in diverse types of agricultural practices, including arable farming, livestock farming, agrotourism and others. The focus of the research was on awareness of available sources of funding and the barriers to accessing these sources. Finally, three profiles of women in agribusiness are identified and a set of recommendations for key stakeholders is provided.

In this issue of Focus on Gender, we present the findings of the study with a focus on rural women agri-business and rural tourism owners and their access to finance; the funding opportunities and the barriers they face in accessing finance and attempt to provide recommendations to address the relevant issues.



Photo: UN Women/Armin Durgut

Representatives of the Association of the Producers of Gacko “kajmak” (cheese spread) presenting their products at the Handicraft Products Fair, held within the first conference on women in tourism, organized in cooperation with USAID BiH Tourism, in March 2024 in Sarajevo, Bosnia and Herzegovina.

ANALYSING THE GENDER GAP IN AGRICULTURAL FINANCE IN BOSNIA AND HERZEGOVINA

SUMMARY

This study examines various aspects of women’s access to finance in agriculture, such as gender disparities in access to finance, especially in rural communities, awareness of available programs and current financial and digital literacy, and technical support available to women in various administrative units in our country.

In many parts of the world, women play a pivotal role in agriculture, making substantial contributions to vital areas such as food security, the rural economy, and their own empowerment and employment. Nevertheless, women engaged in agriculture often encounter specific challenges, such as limited access to financial resources. Insufficient financial opportunities limit their ability to empower themselves and improve agricultural practices.

The term “rural” serves as the cornerstone of this analysis. Therefore, the study uses a simplified definition of “rural” as non-urban areas characterized by low population density, small settlements and engagement in agriculture, forestry and/or aquaculture¹. In the rural economy, the International Labor Organization (ILO) defines the informal sector, which makes up a large part of the analysis, as a sector in which labor relations are based primarily on casual labor, kinship or personal

¹ Eurofound (2020) European Observatory of Working Life: Undeclared work. <https://www.eurofound.europa.eu/en/european-industrial-relations-dictionary/undeclared-work>

and social relationships rather than on formal contractual arrangements. The European Union introduces the term “undeclared work” which covers legal but undeclared paid work. It is important to note that the main burden of “unpaid work” is borne primarily by women. It includes household chores, care responsibilities and helping with family work, as well as volunteer activities and vital tasks such as water and fuel procurement.

Despite progress in gender equality, women entrepreneurs worldwide still grapple with limited access to credit and formal financial services compared to their male counterparts. This discrepancy stems from deep-rooted social norms, structural barriers, and regulatory constraints. Factors such as cultural expectations, financial literacy, geographical location, and demographic inequalities continue to hinder women’s entrepreneurial aspirations.

Policy makers have a central role to play in improving financial inclusion in rural areas, particularly through policy and regulatory frameworks. These frameworks must promote the inclusion of marginalized and vulnerable groups while ensuring innovation, financial stability, and consumer protection. Notably, the integration of digital financial services has gained momentum in rural finance strategies extending access to previously underserved population groups.

However, the expansion of banking agent networks brings both opportunities and challenges. While they can significantly

increase the reach of the financial sector in rural areas, their complexity, cost and susceptibility to monopolistic outcomes should be carefully considered. In addition, gender dynamics play an important role in agent banking, as women often prefer to work with female agents². Therefore, any expansion of agent provision must be gender sensitive and ensure that the needs of the entire population are met.

One of the biggest obstacles to increased lending in rural areas is the risk associated with agricultural activities. Information asymmetries between lenders and borrowers result in credit rationing and high interest rates, constraining the borrowing capacity of rural businesses. From a gender perspective, this problem is exacerbated as it is even more difficult for women to obtain credit. In response to this challenge, policy makers have developed guarantee programs, some of which specifically target women. These programs distribute the risks between financial institutions and the government, seeking to mitigate lending risks and stimulate the flow of capital into agriculture and rural areas.

This study was conducted in partnership with researchers from Enova³. The following text explains in more detail the opportunities for women to access finance in agriculture in Bosnia and Herzegovina. It examines the various barriers, opportunities and policy initiatives that shape their financial landscape.

² Alliance for Financial Inclusion (2022): Enhancing financial inclusion in rural areas guideline note. Guideline Note No. 50, https://www.afi-global.org/wp-content/uploads/2022/04/GN-50_Enhancing-Financial-Inclusion-in-Rural-Areas.pdf accessed 09/10/2023

³ Find out more at: <https://www.enova.ba/>, research team were: Maja Arslanagić-Kalajdžić, Melika Husić-Mehmedović, Amra Kapo, Lejla Turulja



Representatives of the Women's Association "Đul" from Velika Kladuša presenting their products at the Handicraft Products Fair, held as part of the first conference on women in tourism, organized in cooperation with USAID BiH Tourism, in March 2024 in Sarajevo, Bosnia and Herzegovina.

BiH CONTEXT

Bosnia and Herzegovina's economy is stabilizing after the turbulence due to the pandemic. Higher foreign demand and government support measures helped the economy to rebound in 2021⁴. This also benefited the labor market, although unemployment remains high and structural problems persist. The financial sector remained stable and credit growth picked up. The business environment is hampered by the

country's fragmented domestic market and a large informal economy. The rule of law and the functioning of the domestic market have been further weakened by the long-standing political crisis, which has also affected the quality of economic governance. The quality of public spending has not improved, while the public sector has remained inefficient and oversized, as the EU Commission's 2022 report shows.

Women in numbers in BiH labor

- Women make up 50.94% of BiH population
- Only 36.8% of women over the age of 15 are employed
- The activity rate for women in BiH is 36.1%
- The employment rate is 38.9% and the unemployment rate 19.8%

Source: BHAS. (2022). *Anketa o radnoj snazi. [Labor Force Survey] Sarajevo*. See: [https://bhas.gov.ba/data/Publikacije/Saopstenja/2023/LAB_00_2022_Y1_1_BS.pdf](https://bhas.gov.ba/data/Publikacije/Saopštenja/2023/LAB_00_2022_Y1_1_BS.pdf)

⁴ EU Commission (2022): Bosnia and Herzegovina 2022 Report, Communication on EU Enlargement policy, available at: <https://neighbourhood-enlargement.ec.europa.eu/system/files/2022-10/Bosnia%20and%20Herzegovina%20Report%202022.pdf> accessed 09/10/2023

Around 43% of the territory of Bosnia and Herzegovina is agricultural land (22 million hectares out of a total of 51.2 million hectares) and an additional 43% is forest area⁵. More than half of the total population lives in rural areas. In 2018, 15.4% of households reported agriculture and fishing as their main occupation. Agriculture is an important pillar of Bosnia and Herzegovina's economy, both in terms of its contribution to GDP and overall employment. While the contribution of agriculture to GDP in 2020 was 6.1%, 18% of the labor force in Bosnia and Herzegovina was employed in this sector, making it the third most important employment sector after services and industry⁶. Agriculture accounts for 2% of total exports and 3.8% of imports in BiH. However, agricultural exports have declined over the last four years and agricultural imports have recently started to decline due to increasing substitution by domestic production.

Nonetheless, there is a trend toward an increasing proportion of women in the total number of registered family farm owners, despite the lengthy, arduous, and costly

formal registration process. If they want to qualify for any kind of support, registration must be done according to positive regulations and instructions at the entity level and Brčko District level. In 2018, there was significant activity in farmer registration throughout Bosnia and Herzegovina, driven by the opportunity to withdraw financial resources from the Instrument of Pre-Accession Assistance for Rural Development (IPARD). Also, it is important to highlight that a considerable number of rural households engage in basic agriculture. These activities are often performed by women and are not formalized or directed towards the market, but they have a significant impact on household supply. For women farmers interested in formal registration, the cost, and the process itself can be prohibitive. Women face a number of difficulties when it comes to navigating the registration process and rarely have the support of lawyers or accountants. For this reason, many forms of women's agricultural production that they intend to run as businesses are not registered, making them ineligible for any financial support⁷.

SUMMARY

The potential of agricultural production in Bosnia and Herzegovina is reflected in the favorable agro-climatic conditions, preserved agricultural land and a large number of autochthonous varieties. However, agricultural production in Bosnia and Herzegovina is still characterized by low productivity, unfavorable structure and size of farms, insufficient and poor technological equipment, and high dependence on imports of agricultural inputs, equipment, and agricultural mechanization. Agriculture is mainly characterized by smallholder and subsistence farming, high land fragmentation, low access to and adoption of new technologies, limited compliance with quality standards, limited access to finance and in some cases high input costs. The result is low productivity and low value added per worker.

LEGISLATIVE AND REGULATORY FRAMEWORK

The identification of laws and policies related to gender equality, agriculture and rural development is very complex due to over 160 ministries and numerous agencies at various levels of government. Sectoral policies are

mainly interpreted and implemented at the municipal or city level, with a total of 145 local administrations. The political structure is not only extensive, but also inconsistent between the two main entities and from the state level to the entity level. This leads to a fragmented and inconsistent application of laws, especially in relation to gender equality, which poses a challenge for the creation of uniform national programs. Gender equality

⁵ FAO (2020): In: FAO Countries Rome. <http://www.fao.org/countryprofiles/index/en/?iso3=BIH>

⁶ OECD (2021): Competitiveness in South East Europe - Competitiveness and Private Sector Development

⁷ UN Women (2021): National gender profile of agriculture and rural livelihoods: Bosnia and Herzegovina

aspects are only sporadically integrated into rural development policy or the agricultural sector. Gender issues are either treated as separate topics or merely mentioned without detailed strategic guidance.

The Strategic Plan for Rural Development of Bosnia and Herzegovina for 2018–2021 emphasizes the importance of supporting farmers to diversify beyond agricultural activities. It also emphasizes support for the establishment of non-agricultural small and medium-sized enterprises (SMEs) in rural areas. Such an initiative has the potential to play a crucial role in promoting

entrepreneurship among women in these rural areas, giving them the opportunity to broaden their economic perspectives and contribute more to the local economy. New strategy at the state level, extending beyond 2021, has not been developed yet, however both entities, i.e. the Federation of BiH and the Republika Srpska, have new Strategies for rural development focusing on the period 2021–2027.

Policy documents relevant to gender equality, agriculture and rural development are presented in Table 1.

Table 1: Selected legal and policy documents relevant to gender equality, agriculture, and rural development⁸

STATE LEVEL BOSNIA AND HERZEGOVINA	<ul style="list-style-type: none"> ● Law on Gender Equality in Bosnia and Herzegovina (2009) ● Law on the Prohibition of Discrimination in Bosnia and Herzegovina (2016) ● Gender Action Plan of Bosnia and Herzegovina 2023–2027 	
ENTITY LEVEL	FEDERATION OF BOSNIA AND HERZEGOVINA	REPUBLIKA SRPSKA
	<ul style="list-style-type: none"> ● Women's Entrepreneurship Development Programme 2018–2020 	<ul style="list-style-type: none"> ● Action Plan for Improving the Situation of Rural Women in Republika Srpska to 2015 ● Action Plan for Improving the Situation of Rural Women in Republika Srpska 2019–2020 ● Action Plan for Improving the Situation of Rural Women in Republika Srpska 2022–2024 ● Strategy for the Development of Women's Entrepreneurship of Republika Srpska 2019–2023
	<ul style="list-style-type: none"> ● Rural Development Programme of the Federation of Bosnia and Herzegovina 2018–2021 ● Rural Enterprise Subsidy Programme of the Employment Service of the Federation of Bosnia and Herzegovina 	<ul style="list-style-type: none"> ● Action Plans for Employment in Republika Srpska (annual) ● Strategy for the Development of Small and Medium Enterprises 2016–2020 ● <i>Rules on the conditions and methods of achieving financial incentives for the development of agriculture and villages</i>
BRČKO DISTRICT	<ul style="list-style-type: none"> ● Statute of Brčko District of Bosnia and Herzegovina (a general prohibition on discrimination, including on the grounds of gender) 	
CANTON LEVEL, MUNICIPALITY AND CITY LEVEL	<ul style="list-style-type: none"> ● Local gender action plans 	<ul style="list-style-type: none"> ● Local gender action plans

⁸ <https://eca.unwomen.org/sites/default/files/2022-01/2021-09-01%20Gender%2C%20Agriculture%20an%20Rural%20Development%20in%20Bosnia%20and%20Herzegovina-min.pdf>

When it comes to laws regulating property ownership, women can legally own land and have the same rights as men. However, traditional attitudes often lead to men being favored in the inheritance of property. Particularly in rural areas, the prevailing attitude is that women should not inherit family property because of the marital bond. If women do inherit, they sometimes cede their rights to male relatives or are not named on property deeds, especially if they are married. This has limited women's rights and restricted their financial independence. Rural women heavily involved in farming often have no rights to land, which affects their economic status.

Even when formal laws promote gender equality, their implementation in practice is insufficient. This discrepancy between *de jure* rules and *de facto* practices needs scrutiny. In the agricultural sector of Bosnia and Herzegovina, women's access to finances and opportunities is largely influenced by legal instruments that promote gender equality, rural development, and other relevant areas. The country has created legal and political structures that emphasize gender equality in all areas, including agriculture. Nonetheless, the realization of these ideals is challenging, as there are inconsistencies between different levels of government and a perceived disconnect between gender-specific goals and overall development goals, particularly in agricultural policy. This inadequacy leads to a scenario where women in rural areas and agriculture continue to face challenges, despite the existence of frameworks designed to address these issues.

ACCESS TO FINANCE IN BOSNIA AND HERZEGOVINA

Credit growth picked up recently in BiH, but access to finance often remains challenging. Household loans account for around 30% of the total loan portfolio. Interest margins on consumer loans have declined, falling from over 6% to around 3% over the last 5 years. However, this level is still relatively high

and indicates increased risks and/or lack of competition. The five largest banks account for around 80% of the sector's assets⁹. The size of the alternative financing sector outside the banking sector and capital markets has remained small, with a market capitalization of the country's equity markets of around 17.5% of GDP in 2022. The use of venture capital remains very limited. Government loan guarantees have had a positive impact on the private sector's access to finance. However, it appears to have been difficult for many micro and small enterprises to gain access to these guarantees.

Bosnia and Herzegovina's financial sector is dominated by banks, which account for around 89% of total financial sector assets, significantly more than in the eurozone (around 45%). There is no specific legislation for private equity investment funds, venture capital and business angel networks in Bosnia and Herzegovina. Nevertheless, the laws on investment funds in the FBiH and the RS allow venture capital operations. None of the entity governments are conducting a review of the legal framework to address the needs of private venture capital funds, and there are no plans or initiatives by institutions to encourage or establish the creation of venture capital programs. In Bosnia and Herzegovina, the first Business Angels Network was launched only in 2022, on the initiative of the 787 Foundation, which then held the first Business Angel Summit, and in October 2023, the same event for the second time. Information about the network's activities is still not available, but it is being prepared on the website of this informal network¹⁰. Women entrepreneurs seek financing that is more diverse than those of men, including commercial banks, government agencies and leasing companies (with a small proportion turning to venture capital funds).

There are many international initiatives, such as the ongoing EU Support to Agriculture Competitiveness and Rural Development in Bosnia and Herzegovina (EU4AGRI). The project is a four-year initiative (2020-2024) aimed at modernizing the agri-food sector, creating new jobs, and maintaining existing ones, as well as supporting the recovery from the crisis caused by COVID-19 in Bosnia and Herzegovina¹¹. The EU4AGRI project is mainly

⁹ OECD (2021): Competitiveness in South East Europe - Competitiveness and Private Sector Development

¹⁰ Mreža poslovnih anđela u Bosni i Hercegovini: <https://bhban.com/>

¹¹ <https://eu4agri.ba/en/eu4agri-advancing-the-position-of-rural-women-women-have-the-skills-knowledge-and-potential-for-rural-development-to-build-on/>

funded by the European Union (EU) under the Instrument for Pre-Accession Assistance (IPA) and has a budget of around 20 million euros. BiH currently still does not have access to IPARD programme due to the lack of operational structure to manage it at the national level, and, to bridge this issue, there are EU4BUSINESS and EU4AGRI programs (implemented by the UNDP BiH) which are implemented on an IPARD-like principle¹².

Furthermore, this particular project funded by Sweden and implemented by UN Women and the Food and Agriculture Organization, aims to address structural barriers by introducing time-saving technologies, innovative sources of financing, and enhancing women's capacity to cope with challenges. It seeks to improve living standards, socio-economic status, and the lives of families in rural areas. Building on the gender assessment for BiH conducted by UN Women and FAO, titled "National Gender Profile of Agriculture and Rural Livelihoods"¹³, the project consolidates fragmented gender statistics, identifies critical obstacles faced by rural women, and underscores the urgent need for comprehensive action.

Financial literacy is limited, especially among small companies. In addition to the financial aspects, the level of digital and general literacy is also lower in rural areas, especially among marginalized groups, which makes access to finance even more difficult. It is therefore important that all financial inclusion initiatives in rural areas take into account the need to improve the skills of potential users to the extent that they can access and use financial services conveniently and safely.

Access to finance remains a major challenge in all Western Balkan economies, particularly

for micro and small enterprises. These businesses cannot meet the relatively stringent requirements for bank lending, including high collateral, turnover, credit history and other requirements. They also have limited alternatives to bank financing. In the absence of formal access to finance, rural areas around the world have developed their own informal financial systems that provide simple, local and community-run basic financial services such as savings and small loans. These are particularly common among women's groups. Typically, the money is saved in a "community pot" and lent within the group¹⁴.

For women in BiH, the picture appears to be just as diverse, but they are also less reliant on formal financial institutions. Women in rural areas raise their start-up capital from their own savings (personal capital), through loans from friends or family members, through illegal lenders ("loan sharks") or in the form of support from local or international CSOs (these usually provide women with start-up capital for very small and unregistered ventures, such as agricultural or handicraft production, which they can carry out at home¹⁵). Microcredit organizations are also an important source of financing for both rural businesses and low-income rural clients.

According to a comprehensive study conducted at national level in Bosnia and Herzegovina, which focuses on financial literacy in the country¹⁶, findings indicate a clear disparity between women in rural and urban areas, but also show a significant gender gap in financial account ownership between men and women in Bosnia and Herzegovina (see Table 2).

Table 2: Possession of the bank account

	WOMEN	MEN
RURAL	61%	79%
URBAN	88%	94%

Source: Zaimović, A. et al. (2023). Financial literacy in Bosnia and Herzegovina, Research project financed by the Ministry of Science, Higher Education and Youth in Sarajevo Canton

¹² Office for Harmonization and Coordination of Payment Systems in Agriculture, Food and Rural Development of B&H (2022). Work Programme 2023.

¹³ For more consult: <https://eca.unwomen.org/en/digital-library/publications/2022/01/national-gender-profile-of-agriculture-and-rural-livelihoods-bosnia-and-herzegovina>

¹⁴ Alliance for Financial Inclusion (2022): Enhancing financial inclusion in rural areas - Guideline Note No. 50, https://www.afi-global.org/wp-content/uploads/2022/04/GN-50_Enhancing-Financial-Inclusion-in-Rural-Areas.pdf accessed 09/10/2023

¹⁵ UN Women (2021): National gender profile of agriculture and rural livelihoods: Bosnia and Herzegovina

¹⁶ Zaimović, A. et al. (2023). Finansijska pismenost u Bosni i Hercegovini. Projekat finansiran od strane Ministarstva za nauku, visoko obrazovanje i mlade Kantona Sarajevo.

Although the data is incomplete, the general pattern of land ownership in Bosnia and Herzegovina is clearly in favor of men. Women are estimated to represent around 30% of landowners (and are mostly co-owners of land) – a pattern that has hardly changed in a decade. Agricultural households headed by women have significantly smaller plots of land than households headed by men. Women’s ownership of real estate and other property follows a similar pattern. Only 12% of women in rural areas are sole owners of a dwelling. The situation is slightly different in urban areas, where 19% of sole owners are women¹⁷. As partial co-owners, women generally own less than half of the property. Women’s right to ownership is enshrined in law, but in practice a traditional attitude

prevails whereby ownership is inherited by male family members.

Today, a corresponding proportion of family businesses are registered to women (18% in the Federation of Bosnia and Herzegovina register and 17.6% in the Republika Srpska register)¹⁸. In light of this, women tend to be over-represented in the use of financial initiatives among family farmers (e.g. 25.6% in FBiH, compared to 18% of farm owners). This raises the question of how women spend and voluntarily dispose of these financial incentives. It is therefore important to examine not only how they gained access to the funds, but also how and by whom the funds were used within family farms.

SUMMARY

Collateral remains the biggest obstacle and problem for women in general and for women in rural areas in particular. Around 67% of loans require collateral, which is above the OECD average (58%), while in Bosnia and Herzegovina 212% of the amount borrowed is required as collateral, more than double the average in OECD economies (88%) and the highest in the Western Balkans region. In both entities, regulations are largely harmonized and allow companies to use fixed and non-fixed assets as collateral for loans. This severely limits the number of potential businesses and even more so the number of women who can apply for a bank loan.

¹⁷ UN Women (2022): Feasibility study on women-owned businesses access to finance in Bosnia and Herzegovina

¹⁸ UN Women (2021): National gender profile of agriculture and rural livelihoods: Bosnia and Herzegovina



Homemade products from women across Bosnia and Herzegovina presented at the Handicraft Products Fair, part of the first conference on women in tourism, held in cooperation with USAID BiH Tourism (March 2024, Sarajevo, Bosnia and Herzegovina).



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RELEVANT SOURCES OF FINANCING FOR WOMEN-OWNED BUSINESS IN AGRICULTURE AND AGRI-TOURISM

In Bosnia and Herzegovina there are only a few specific financing programs exclusively for women-owned businesses. However, there are general programs for financing entrepreneurship, start-ups and micro, small and medium-sized companies for women business owners. They can be divided into three categories: specific programs, banks and microcredit organizations, and private and other types of financing.

1. Specific programs

- The EBRD's Women in Business program enables access to funding and offers assistance to women entrepreneurs while fostering networking and knowledge and experience exchange¹⁹. The EBRD facilitates access to finance for women-led businesses by providing credit lines through commercial banks.
- The European Union Support Project for Agricultural Competitiveness and Rural Development in Bosnia and Herzegovina (EU4AGRI) is a four-year initiative (2020-2024) aimed at modernizing the agricultural and food sector and creating new jobs.
- Federation Employment Service of FBiH manages the self-employment co-financing program offering grants to women who want to start their own business, regardless of their age or previous employment history.
- The Federal Ministry of Development, Entrepreneurship and Crafts in the FBiH entity runs a grant and loan program for groups that meet the requirements to

¹⁹ EBRD. Finance and advice for women in business. Available at: <https://www.ebrd.com/women-in-business/finance-and-advice-for-women-in-business.html>. Accessed: 15/10/2023

support private businesses, entrepreneurs, and non-profit organizations, among others.

2. Banks and microcredit organizations

Banks in Bosnia and Herzegovina play a crucial role in supporting and empowering women entrepreneurs. They promote economic independence and gender equality by empowering women to start and grow their businesses through the provision of specialized financial solutions. The banks offer financing and credit facilities for agriculture and enable farmers — especially women — to invest in state-of-the-art tools, machinery, and sustainable farming methods. This boosts the agricultural economy and ensures food security for the community. Banking products available for women in agriculture include the following:

- Agricultural finance in BBI
- Credit line from the assets of the counter value fund in Privredna banka Sarajevo
- Different loans by EBRD in Raiffeisen Bank dd Sarajevo
- Agricultural loans in Ziraat Bank
- Financing agricultural production and long-term financing of microbusinesses-crafts in Development bank of the Federation of BiH
- Different loans by Bank Poštanska štedionica, a.d. Banja Luka
- Loans with the guarantee of the Credit Fund of Republika Srpska by MF bank
- Credit lines by Naša banka
- Agricultural loans by Nova Banka
- Credit for agriculture by NLB Razvojna Banka ad Banja Luka
- Loans for agriculture IRBRS by Unicredit bank ad Banja Luka
- Loans for agriculture and micro-business

by Investment Development Bank RS (Investiciona razvojna banka RS)

Microcredit organizations in Bosnia and Herzegovina provide important support for women entrepreneurs, especially in agriculture. The microcredit products are aimed at supporting women who want to start or expand farms or businesses. In addition, these organizations offer funds and loans specifically designed to meet the needs of the agricultural sector and facilitate access to finance for farmers, including women.

3. Private and other types of financing

Private and other types of financing are the most common form of access to financing and support for women farmers in Bosnia and Herzegovina. There are also various forms of support, including private investment, donations, and incentives at different levels of government. At the BiH, entity and cantonal levels, there are special incentive programs for farmers, including sporadic programs that give preferential treatment to women. These incentives often include subsidies, low-interest loans, and other financial incentives to support agricultural development. These diverse financing opportunities enable sustainable agricultural development in the various administrative units and rural areas in BiH and provide the necessary support for the modernization of equipment, the implementation of sustainable agricultural practices and the self-employment of women. Incentives at the level of the competent ministries are aimed at the development of agriculture, which are intended for all and sometimes, depending on the call, contain elements of preferential treatment for women in the form of additional points.



Ahead of the International Day of Rural Women, a fair organized by the Women's Association "Izvor" showcased local products. UN Women Representative in BiH, Jo-Anne Bishop, visited the fair in Bužim, Bosnia and Herzegovina, held in October 2023.

AWARENESS ON AVAILABLE SOURCES OF FINANCE

The assessment gives an overview of the present state of the art in terms of access to financial resources in the Federation of BiH and the Republika Srpska, six geographical areas defined by UN Women and FAO (three in FBiH and three in RS). The primary research comprised interviews with a sample of women business owners in agriculture or agri-tourism (further **beneficiaries**) and agricultural advisors (further **advisors**) who are actively engaged in agricultural activities from different administrative units from rural parts of the country. Agricultural advisors were selected in line with the municipality or region where they are advising. A total of 18 participants were included, with 10 from the Republika Srpska (RS) and 8 from the Federation of Bosnia and Herzegovina (FBiH), distributed according to the regions of focus. In the RS, the interviewees comprised three advisors on access to finance, representatives from two women's associations, and five service users, i.e. women business owners in agri-business or

agri-tourism. In the FBiH, the participants included four advisors, a representative from one agricultural association, and three service users or beneficiaries. Participants were selected based on their involvement in various types of agricultural practices, including crop cultivation, livestock farming, agri-tourism, and others. The recruitment process included cooperation with local agricultural cooperatives, women's groups and non-governmental organizations (NGOs) dedicated to the empowerment of women in agriculture. Respondents were also users of some financial products in the previous period. The participants in our sample have a wide age range, with the youngest being 25 and the oldest 65. Their education varies, from those with basic formal education to others with master's degrees in agriculture or related fields.

The results show that they have sufficient knowledge of the regular incentives and loans available to them. The research

revealed that the following financing options are available: incentives announced by government programs within administrative units, incentives announced by programs of international organizations, financing through loans or microcredits, savings, and own investments.

Due to the unfavorable conditions, loans were considered the last source of financing in case of extreme need and were very rarely used by women. Women in rural areas rarely take loans to finance business development and the main reason is fear of insecurity. The following statements from the interviewees in the primary study support this conclusion.

“

When you take a loan, you don't know if you can pay it back. Everything is a risk. (Beneficiary from RS)

”

“

We prefer to save. We collect what we can and move on. (Beneficiary from FBiH)

”

“

Unfortunately, I don't consider taking a loan, I'm afraid of the uncertainty. (Beneficiary from RS)

”

Microcredit has been used sporadically, mainly because of the ease of access. Women take a small amount from microcredit organizations, but only as much as they need at the time.

One of the most important sources of funding they mentioned were non-repayable incentives and subsidies. Most of the respondents used or considered using these programs to support their jobs. Incentives provided by various levels of government, including municipalities, cantons, and entities, were often very important to the retention and growth of their businesses. These programs help cover a variety of costs, including the purchase of equipment, construction of facilities and the development of agricultural crops. Statements by respondents in the primary study have confirmed this.

“

If we didn't have these incentives, we wouldn't be able to work at all. (Beneficiary from FBiH)

”

“

I'm most interested in incentives with a small amount of participation. I wouldn't take out loans, that would be the last thing for me. (Beneficiary from FBiH)

”

In addition to using incentives, some women prefer to finance their businesses from their own resources. Reasons for this include a fear of loans and a desire to grow gradually to avoid debt. This strategy can be less risky, but it can also limit the pace and scope of business growth.

Another important aspect is financial and digital literacy. Financial literacy is defined as the cognitive understanding of financial components and skills, such as budgeting, investing, borrowing, taxation, and managing personal finances²⁰. Financial literacy, as defined, encompasses understanding how to create and manage a budget, the basic financial and accounting parameters, how to make informed investment decisions, borrow responsibly, understand taxation, and efficiently manage personal finances. Digital literacy refers to the ability to use, understand, and navigate digital technologies and information effectively. It involves the skills and knowledge required to access, evaluate, create, and communicate using digital devices, platforms, and tools.

The integration of digital financial services has gained momentum in rural finance strategies, expanding accessibility to previously underserved populations, hence it is important to raise both financial and digital literacy for women business owners in agriculture.

This study found significant differences in the level of financial and digital literacy among women in rural areas. Some women are very professional and use social media platforms effectively for marketing and sales and have

a strong digital presence, while others have significant problems with computers and are completely excluded from the digital sphere.

Furthermore, the desire to improve financial and digital literacy varies among women. While some actively sought education and attended numerous training programs, others express no desire to acquire new skills as pointed out by respondents during the interviews.

“
Women would gladly take educational program, and do it if it was a serious approach. I think many women would respond to it and would listen the lectures. (Beneficiary from RS)”

“
Women would respond poorly to such trainings. These are women who work in agriculture and do not have time to leave everything and go to lectures. (Beneficiary from FBiH)”

“
Unfortunately, I cannot leave the cows to anyone and spend two days educating. (Beneficiary from RS)”

It is also important to consider geographical location as a determinant of awareness of access to finance. In areas close to larger cities, women working in agriculture tend to have better access to information and markets. They are more aware of the various financial options available to them, often due to the existence of better-established extension services and a more developed network of support organizations. In more remote areas (e.g. Nevesinje), however, the situation is quite different. In these remote areas, the biggest challenge is the lack of access to markets and the difficulty of finding ways to distribute the products. Therefore, some advisors suggest setting up cooperatives in which several women come together to rent a stall or find a suitable distribution channel. These groups can rent market stalls together or develop innovative solutions for the distribution of products. Such initiatives can not only raise awareness of the importance of cooperative

approaches, but also address the challenge of limited access to markets. Geographical differences therefore play an important role in developing awareness and access to financial opportunities.

Financial responsibility was also mentioned as a factor influencing awareness. Some advisors believe that women are more adept at handling financial requests and are more responsible when it comes to returning funds. This factor can influence access to financial opportunities and awareness of the need for responsible financial management. The consultants believe that co-financing should always be planned, as this is a guarantee that the funds will be spent as planned.

The knowledge and awareness of the advisory organizations in the Federation of BiH and the Republika Srpska about the different sources of financing is not sufficiently developed. Although some respondents mention support programs for farmers, there seem to be no specific programs for women in agriculture.

“
We are not a financial institution like a bank, we only give incentives that are non-repayable if used properly. It is not specified whether it is for men or women. It is not the banking sector, so we have some special conditions, anyone who fulfills the prescribed conditions gets the same. (Advisor from FBiH).”

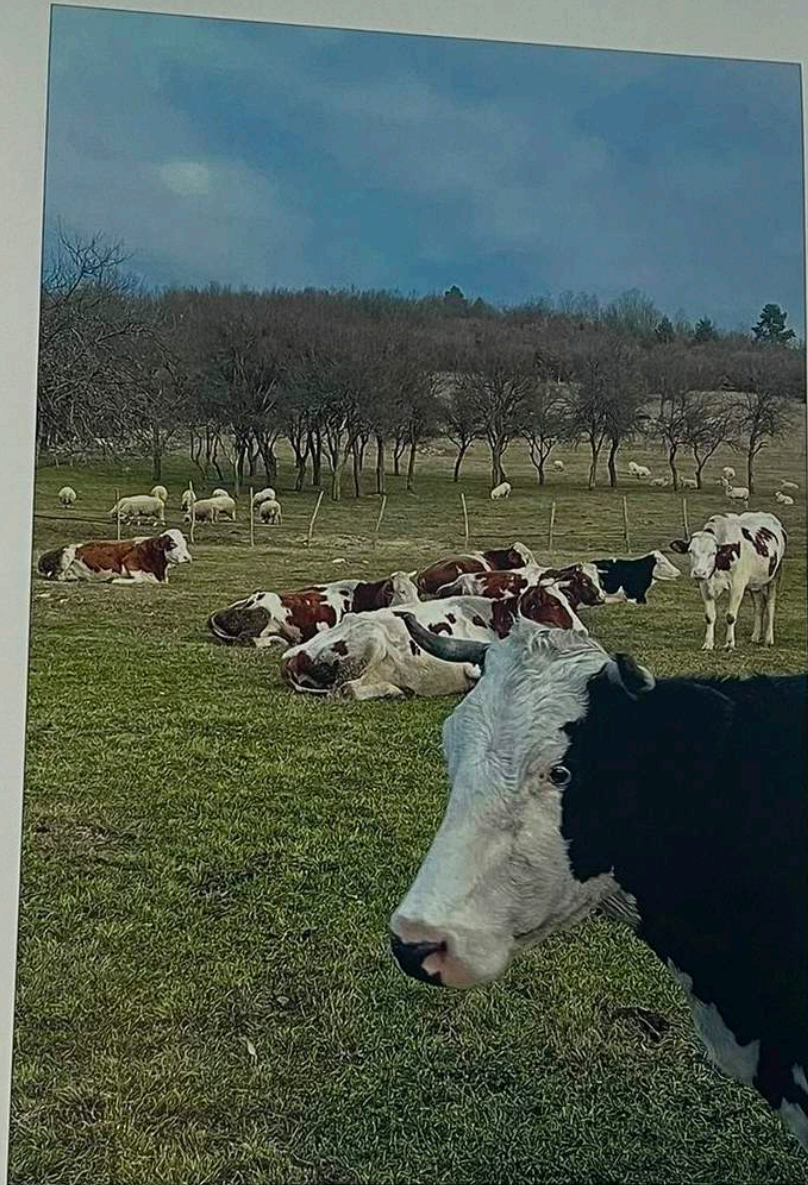
This may result in less awareness and less access to financing for women in agriculture in FBiH. Although funding sources are available, farmers, including women, can face barriers in accessing these funds. These include complex administrative procedures, difficulties in obtaining the necessary documentation and unequal access to information. It is important that advisors also highlight the issue of land ownership when accessing loans.

“
Most women often do not own land. They have received it from their father, brother, or husband for use. There are cases where they are actually owners, but this is to a lesser extent than for men. (Advisor from RS).”

SUMMARY

Women in agriculture are generally aware of the different sources of financing for their agricultural activities. Most of them mentioned only regular incentives and loans as sources of financing, but they are not aware of additional programs, benefits, or special incentives that they could take advantage of.

This suggests that women need to be better educated and informed about the different sources of financing available and that specific programs to support women's participation in agriculture need to be promoted.



Dusanka Borovcanin-Cekamo uzinu-

A snapshot from the "Village and Rural Motifs" exhibition, unveiled during the 9th Conference and Dairy Fair of Republika Srpska, held in Gradiška, Bosnia and Herzegovina, in February 2024.



On the occasion of International Day of Rural Women, UN Women Representative in BiH, Jo-Anne Bishop, visited the fair organized by Women's Association "Izvor", showcasing local products in Bužim, Bosnia and Herzegovina, in October 2023.

OBSTACLES IN ACCESSING FINANCE

The main obstacles are the following: (i) insufficient information, (ii) complicated application process for funding programs, (iii) professional support services/capacity building, (iv) lack of women-oriented programs for financial access, (v) traditional gender roles, (vi) lack of start-up capital.

Although these programs are reasonably well known, some women have had difficulty taking advantage of them. The bureaucracy and paperwork involved in applying for funding often seemed complex and demanding to them. They feel unprepared for such steps because they lack the necessary knowledge and confidence in the process.

“

In my experience, women don't understand each other. Above all, they do not know how to get information.

Often this information is somehow bypassed. There is no one to help them when there is a project. Only the chosen ones get the information, those who read more than the women who need it. Even if someone approaches them to help them, they have no confidence, they do not know, they do not understand each other, they are afraid of these projects because they do not understand them. They are afraid that someone will deceive them, that they will not fall into stupidity. Fear. When a person does not know something, they are afraid. They are very hardworking women. They struggle, they work. (Beneficiary from the RS)

”

In addition, barriers related to the complicated application process and professional support services were identified, which are mostly

overcome through advisory services. In the Republika Srpska and the Federation of Bosnia and Herzegovina, there are significant differences in the organization and effectiveness of advisory services.

“

In RS, there is an office in every municipality that helps farmers apply for various incentives. (Advisor from the RS)

”

These advisors on access to finance provide guidance, know everyone in their local community, and help women through the application process for financial opportunities. The advisors have insight into the programs and incentives available and are actively involved in providing important information and advice, which ultimately helps women make informed financial decisions.

In contrast, the situation in FBiH is less favorable. According to respondents in the primary study, beneficiaries of access to finance services consider these advisory services underdeveloped and advisors less willing to actively engage with women entrepreneurs, but this cannot be generalized as it varies from canton to canton and even among municipalities.

Some of the advisors in FBiH do not spend enough time in the field, which means that they do not understand the specific requirements of the agricultural sector and the challenges that women face in

this context. In FBiH, the lack of extension services is somewhat compensated for by various associations and support networks. These organizations play an important role when it comes to accessing finance. Women who belong to such associations are usually better informed about the financial resources available. Through membership of these networks, women gain access to valuable knowledge and support, which contributes significantly to their awareness and ability to access financing.

Another obstacle is the lack of start-up capital. Most women do not have sufficient funds of their own to invest in their business. This limits their ability to start or expand their business. In addition, the lack of physical collateral such as land or real estate makes access to traditional bank loans even more difficult. Lack of financial literacy also plays an important role. Some women do not know enough about financial products and services, which prevents them from making informed decisions about financing their business.

Gender stereotypes can also make it difficult for women to access financial resources. Prejudices against women entrepreneurs can lead to discrimination when applying for loans or seeking financial support. Geographical isolation, especially in rural areas, makes access to banks or credit institutions more difficult. Limited networking opportunities can also mean that women do not have the opportunity to establish contacts with financial institutions and potential investors.

SUMMARY

The barriers identified are:

- *Lack of information: Women are not fully aware of the various sources of funding beyond regular incentives and loans.*
- *Limited access to education and training: Respondents expressed the desire and need to participate in education and training, but pointed out that this is usually difficult due to farming commitments. Limited access to education and training can make it difficult for women to acquire the necessary knowledge about the financial aspects of an agricultural business.*
- *Lack of time: Women working on farms are often burdened with physical labor and responsibilities, which can limit their time and ability to research, apply for funding or attend training. Lack of time can be a significant barrier to participating in funding processes.*
- *Fear of borrowing: Most respondents are afraid of taking out a loan and prefer to use savings to fund their activities. Many women are afraid of getting into debt, especially if they do not know how to repay the loan.*
- *Lack of support: Some respondents pointed out that they do not receive support from government institutions, which leads to limited access to information.*
- *Traditional gender roles: Some interviewees pointed out that traditional gender roles prevail in their community, where men are often responsible for land and property. This can make it difficult for women to access resources and support for their agricultural activities.*
- *Lack of specific programs for women: Respondents indicated that they do not receive special benefits or incentives for women and that they were not aware that such programs exist. The lack of specific programs and incentives to promote women in agriculture can be a barrier to their progress.*

Agricultural extension organizations in the Federation of BiH and the Republika Srpska strive to help farmers, including women, to overcome these obstacles, i.e. to apply for financial programs, develop projects and improve their agricultural activities. There are several specific services identified through primary research. First of all, these organizations provide services to help farmers apply for various financial assistance programs, such as incentives and funds. These include preparation of necessary documents and guidance on application procedures, while facing the problem of transporting women to the organization's location.

“

We draw up business plans for our users, we help them fill out and obtain the necessary documents required for public tenders. This is often complicated and requires a lot of documentation. Maybe it would be good if it went directly to the local level, a local organization, so it would be easier to help. We help them this way, but we don't have a mechanism and we can't charge a fee if the woman doesn't have a ticket to come to the organization that prepares it for us. (Advisor from RS)

”

In addition, they occasionally help women access information, training, and resources to help them get into farming and apply for financial programs. From time to time, there is also technical support, training, and recommendations to improve the quality of products, as well as helping farmers, especially women entrepreneurs, develop new production ideas and businesses.

“

Our office provides support to all farmers who wish to apply for funds. For example, now our ministry is involved in the program of the Hungarian government. We support our beneficiaries who wish to purchase agricultural machinery from Hungary. (Advisor from RS)

”

This can include mentoring, training and help with the planning and implementation of new business projects.



Women from across Bosnia and Herzegovina showcasing their products at a workshop held in December 2023 in Zenica. The workshop aimed to support women who are starting their own businesses in agriculture, as part of the project “Women Driving Resilience in Agriculture and Rural Areas”, funded by Sweden, and implemented by UN Women BiH and FAO.

PROFILING WOMEN IN RURAL AREAS

In the context of women in agriculture business and rural tourism in Bosnia and Herzegovina, three profiles are defined and created to identify different groups of women entrepreneurs based on their demographic and psychographic characteristics, level of empowerment and access to finance. This process helps to better understand their needs and challenges and enables the development of targeted support programs to improve their success in these sectors. The profiles and names are fictitious to allow for

better matching to a specific target group. However, the profiles are based on the real data collected in the interviews and on the real quotes of the representatives of the respective profile. Three distinctive groups of women in agri-business are portrayed and named as:

- Empowered Entrepreneur
- Farming Pioneer
- Encouraging Self-Discovery.

Profile 1: Aldijana – Empowered Entrepreneur

- **Name:** Aldijana
- **Age:** 40 years
- **Profession:** President of the local women's agricultural association
- **Education:** Holds a degree in agronomy with additional courses in leadership and organizational management.
- **Experience:** Aldijana has been an active community member for over a decade. Starting as a farmer, she quickly engaged in the women's association. Through her dedication, she became a leader, empowering other women in agriculture. Aldijana produces a variety of goods, including eggs, milk, and greenhouse-grown fruits and vegetables. She sells her products through social media and is seeking additional funds and knowledge to further expand her business through project applications.

We work on some projects through the American Embassy, through EU4AGRI, through the municipality... It was challenging to find the first one, but after that one, projects started coming one after another.



Profile 2: Milica – Farming Pioneer

- **Name:** Milica
- **Age:** 50 years
- **Profession:** Co-owner of a family farm with her husband
- **Education:** Practical knowledge gained through years of hands-on experience in agriculture. Registered the farm under her name for government incentives.
- **Experience:** Milica and her husband run a successful agricultural operation, managing livestock, and cultivating the land. The farm is officially registered under Milica's name to access government subsidies. Despite their success, Milica is now seeking the courage to approach banks for a business loan. She aims to expand their enterprise, find new markets for their products, and continue contributing to the local farming community.

I wouldn't take on the bank loan. I'm not registered; I operate solely in Bosnia and Herzegovina, and I don't export anywhere. I really wouldn't want to incur debt; I am afraid of it. I don't know how that would work out further.



Profile 3: Jovanka - Encouraging Self-Discovery

- **Name:** Jovanka
- **Age:** 55 years
- **Profession:** Homemaker, husband works in a factory
- **Background:** Limited formal education, primarily focused on household duties
- **Challenge:** Jovanka lacks confidence and ambition to explore new opportunities. Her husband works in a factory, and she believes her contribution to the household budget is minimal. Fearful of failure, she has never considered trying something on her own. Jovanka needs empowerment and an opportunity to discover her potential. Encouraging her to step out of her comfort zone and providing support will be crucial in helping her gain confidence and contribute more.

I am too old to start something new now. And whatever I would create, where would I sell it, to whom? I would end up spending more money than I would earn.



Women across Bosnia and Herzegovina presenting their homemade products at the Handicraft Products Fair, organized in cooperation with USAID BiH Tourism, in March 2024 in Sarajevo, Bosnia and Herzegovina.

RECOMMENDATIONS

Based on a detailed situation analysis of access to finance for women in agriculture and agribusiness in Bosnia and Herzegovina, policy and programming recommendations were formulated to create an enabling environment for women in agribusiness and agriculture to overcome existing challenges, as well as realize their full potential as important contributors to the rural economy and society at large. The recommendations aim to address the multiple barriers faced by women and provide a comprehensive approach to empowerment and economic inclusion.

Although almost all recommendations are cross-cutting in nature, e.g. the promotion of public-private partnerships is not the sole responsibility of the government but requires close cooperation with the private sector and financial institutions, the main responsibility for the activities should nevertheless lie with the government. Therefore, with this in mind, the recommendations were categorized according to the main actors: (1) government – at different levels depending on the recommendation, some focusing on local communities, others on the RS and the FBiH governments, (2) financial institutions – including banks, microcredit organizations, but also those preparing the tenders for incentives and grants in government agencies and international organizations, and (3) educational institutions – including different training opportunities.

GOVERNMENT(S)

- **Improve the legal framework for gender equality and financial inclusion** - Strengthen existing laws to ensure women's property rights and their access to financial resources. Implement measures that support the financial inclusion of women in rural sectors.
- **Improve the legal framework to enable alternative sources of financing** - Create a legal framework to facilitate the implementation of alternative financing mechanisms such as crowdfunding, with a particular focus on supporting small and medium enterprises managed by women.
- **Implement support programs for women's associations and cooperatives** - Promote and support the existence of women's agricultural cooperatives/associations that provide better

market access and negotiate on behalf of the women's group. The cooperatives should be based at the local level where it is possible to set up branches with regular activities (e.g. collection of produce at certain agreed intervals; extension once a month; training once a month, etc.) that address the needs of women in the community.

- **Promote public-private partnerships** - Encourage collaboration between government institutions, financial institutions and non-governmental organizations in the development and provision of affordable financial products for women entrepreneurs.
- **Create mechanisms for market access** - Create a mechanism to improve access to the broader market and the integration of women into agricultural value chains. This can be done in various ways. One of them is, for example, working with large retail chains at home and abroad (e.g. especially for organic products).
- **Establish Financial Monitoring of Support Program Implementation through Gender Markers** - This measure aims to ensure gender equality and raise awareness of the gender impact on the implementation and outcomes of programs. It is essential to first define what constitutes gender markers, such as the number of supported women by type of support. Once gender markers are defined, integrate them into the financial monitoring system. After the measure is implemented, analyze the impact that gender markers have on achieving program goals. Report on the achieved results and improve the program based on data and analysis.

FINANCIAL INSTITUTIONS

- **Simplify the administrative procedures of existing incentive programs** - Simplify the procedures and process for applying for financial assistance to make it more accessible to women from rural areas. These recommendations aim to solve the multiple challenges women face in accessing finance and to harness their entrepreneurial potential in the agricultural and rural tourism sector in Bosnia and Herzegovina.
- **Develop and implement grant and financial incentive programs** - Develop grant and financial incentive programs for women entrepreneurs in rural areas with a special focus on agriculture and agribusiness to start their own businesses or expand existing ones.
- **Develop and offer gender-sensitive financial products** - Promote the development and provision of financial products by financial institutions that are tailored to the special needs of women entrepreneurs, with a particular focus on rural areas (e.g. microloans under special conditions).

- **Improve access to information** - Run information campaigns to raise the awareness of women in rural areas about available finance and support programs.

EDUCATIONAL INSTITUTIONS

- **Implement programs to strengthen organizations that provide services to women in rural areas** - Implement special support programs to strengthen agricultural associations and organizations that provide some form of support to women in rural areas. Programs can target both capacity building (training programs) and financial empowerment (project funding). For example, a program that could play the role of a strategic project under this recommendation is one that includes three phases, namely 1) conducting training for organizations to prepare a project proposal, 2) tendering for project funding, and 3) project evaluation and impact assessment.
- **Promote women's financial literacy and digital inclusion** - implementing strategies to improve women's financial and digital literacy with a focus on women in rural areas, focusing on basic financial literacy and the use of digital tools.
- **Develop and implement educational programs and training to empower women** - Develop and implement educational and training programs for women in agriculture and agribusiness that focus on improving their entrepreneurial, financial, and digital literacy skills.
- **Develop and implement a mentorship support mechanism** - Create a mechanism or platform for mentorship support for women entrepreneurs in rural areas and enable knowledge sharing and mutual collaboration.
- **Introduce an education and support program for organic farming** - Introduce special support programs for organic farming. It is necessary to develop and apply educational programs that target women in rural areas and familiarize them with the basic concepts of organic farming. After that, a support program should be offered to help them start a business in this field. In the third phase, the focus is on developing a distribution system for their products.