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# BOSNIA-HERZEGOVINA

**Total Funding: \$8 million**

**Duration: April 2008 - April 2012**

**Implementer: Chemonics Inc**



*PARE – in local language  
means money*

**“We would like to express our joint satisfaction with PARE’s assistance in our efforts to improve banking supervision and to meet requirements of European directives and Basel II, new international framework for banking supervision.”**

**—Slavica Injac, Director of the RS Bank Supervision Agency (BSA) and Mustafa Brkic, Deputy Director of FBiH BSA in their joint letter to PARE**

## Partnership for Advancing Reforms in the Economy (PARE)

### Challenge

Bosnia and Herzegovina (BiH) is in the initial phase of the European Union (EU) accession process. Many reforms need to be done to ensure that all policies, laws and regulations meet EU standards. The challenges that BiH is facing in the financial sector mirror the broader challenges of the BiH economy - to create a facilitating environment for sound economic growth by improving regulatory systems.

### USAID Initiative

USAID’s Partnership for Advancing Reforms in the Economy (PARE) project is a demand-driven technical assistance program. PARE partners with public and private sector counterparts to strengthen regulatory systems for the financial services sector, improve financial administration of public resources, and create a better environment for private sector investments.

### Results

In partnership with USAID’s PARE project, the banking supervisory agencies (BSAs) introduced risk-based banking supervision. Such supervision is expected to enhance the stability of the banking sector in BiH.

By designing an activity plan, PARE helped the state and entity-level Insurance Supervision Agencies to achieve compliance with international standards and EU directives.

In partnership with parliamentary audit committees and auditor generals, PARE is helping audit committees develop standardized procedures, which are expected to enable effective reviews of audit reports and follow-up on audit findings.

### Current Activities

PARE is training regulators and insurance supervisors on modern solvency surveillance methods and keeping them abreast of the international insurance supervision developments. The project is assisting the Deposit Insurance Agency to develop a policy framework for investment management activities, as well as assisting banking supervision agencies to develop a customized Basel II framework for BiH. Finally, PARE is working with parliamentary committees to develop an action plan for future interventions.

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