CARDS

Country
Croatia

Implementation period
2002-2004

Funding
€3.5 million

Results
Small grants or loans provided to returning refugees to support themselves: 4,000 families helped

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Partners
Local Economic Development Agency Okučani, and Swedish and Belgian donors

Support for returning entrepreneurs

Families need to support themselves

In many areas of the former Yugoslavia, the war drove people out of their homes, and into refugee camps often far away. Their old homes either became derelict or were occupied by other people. People generally left their homes with very few possessions, and after several years living as refugees have little or no means to support themselves. For many the desire to return to their home village is there, but the changed circumstances and lack of employment possibilities make it difficult.

Before the war, Okučani in Croatia was 90% Serb-populated and just 10% Croatian. Today it is 60% Croatian and 40% Serb. Until recently the rate of returnees was very low, and most of these were elderly people. But the change of government in Croatia in 2000 has seen policies introduced which favour the return of younger people, as well as Serbs and minorities including Hungarians and Czechs. But even though more are returning, there are still major difficulties for them to find work.

Supporting themselves

The Local Economic Development Agency (LEDA) in Okučani provides training and loans to returnees to help them buy tools or equipment to set up in business, or to buy livestock to develop a farm. It was set up in 1999 by the UN Development Programme (UNDP). Other investors include international donors, the Croatian government, and private-sector stakeholders.

With funding from the EU's CARDS programme, LEDA Okučani manages the EU's Quick Impact Facility (QIF) project in the region. This project aims to help returnees set up their own support system once they return to their old home towns. If they cannot rebuild their lives there is a danger that they become refugees again.

Helping the vulnerable

Many of the returning families, in particular those who are elderly or those without adult men, have a very low income and no collateral to get a loan. In such cases, the QIF enables them to get a "start-up package", a grant of up to €3,500 to establish some economic activity to supplement pensions or social security payments.

For example, the Sekulic Dusan family returned in 2001 but had no income. They received a grant of €2,300, with which they were able to buy 15 sheep. The Sretko Sinic family received the same level of grant to buy sheep in 2003, and already their flock has grown to 25.

Although the Dolezal family stayed during the war, their house was destroyed when it was bombed. In 2000, they received a loan of €5,000 to buy two cows and building materials to rebuild the house. Their herd has now grown, with three cows and nine calves.

The LEDA can also help returnees set up small companies and cooperatives, thereby creating employment opportunities. Drago Skalnik has set up a cooperative distributing fruit, mostly apples. The cooperative already makes use of equipment supplied by the LEDA, and then received a loan of €20,000 to buy additional equipment and vehicles to develop production and set up a bigger distribution centre.

The Iver family set up a wood-processing firm in 1997. The company received a loan of €45,000 to develop the business, secured on the Iver's house. Now they have five permanent employees and up to 20 people working for them. Their furniture, along with doors and windows, is sold throughout Croatia, and turnover is up to €80,000 per year.

Consolidating

The demand for grants and loans is difficult to satisfy. On the other hand, the continuing low levels of commercial activity in the area mean that the service is not sustainable without outside funding. On the bright side, the loan repayment rate is an outstanding 98%, and this activity is sustainable on its own. The families concerned can as much as double their monthly income, typically generating €4,000 to €5,000 a year.