



PRIVATE SECTOR DEVELOPMENT

▪ SECTOR SUMMARY

The Private Sector Development (PSD) is the backbone of Western Balkan economies and plays a key role in economic convergence and EU accession. As in most transition economies placed under fiscal strain at national level and limited creditworthiness for all but the largest cities, small and medium-sized enterprises (SMEs) suffer from low competitiveness, difficult access to financing, lack of skills, and poor integration into global supply chains. The focus is on improving access to financing and business support to SMEs through the Western Balkans Enterprise Development and Innovation Facility (WB EDIF), a joint initiative of the EU, financial institutions, bilateral partners and public institutions in the Western Balkans. The WBIF has also financed the EPEC initiative promoting work with key Public-Private Partnership (PPP) bodies in the region in order to increase their capacity to identify, prepare and implement PPP projects.



▪ WBIF PRIORITIES AND ACTIONS

Through WB EDIF, support is provided under four complementary pillars. These are: (1) SME Equity, which offers two equity funds aimed at early stage innovative companies (Enterprise Innovation Fund) and established enterprises in their expansion phase (Enterprise Expansion Fund). (2) SME Loan Guarantee, focused on youth employment and supporting local banks in

developing SME business with risk sharing (by EIF). (3) SME Lending, providing dedicated credit lines and technical assistance to partner financial institutions and SMEs. (4) Support Services, delivering policy and advisory services to support the entrepreneurial capacity and boost the business ecosystem.

Strengthening the Capacity of the Public Sector to Undertake PPPs in the Western Balkans



Public procurement in the form of public-private partnerships (PPPs) uses private sector methods and tools to deliver modern public services, creating value for money and reducing risk. Building on the results of the project “PPP Institutional Strengthening in the Western Balkans”, this new initiative of the European PPP Expertise Centre (EPEC)

worked with key PPP public sector bodies in the region to increase their capacity to identify, prepare and implement sound PPP projects.

This €2 million WBIF grant was used by the EPEC to deliver: (i) an expert review of PPP projects in the region; (ii) PPP capacity development workshops in the region; (iii) PPP guidance documents with a specific focus on the Western Balkan region; and, (iv) Standard PPP tender documents in accordance with EU Procurement Directives.

While recognising that in most countries

PPPs are likely to represent a relatively limited proportion of total public infrastructure investment, in the order of 5-10%, various forms of PPP can provide useful tools to bridge the infrastructure investment gap and improve the overall efficiency of public spending in the Western Balkans.

WBIF grant	€2m (TA)
Lead IFI	EIB
Completion	August 2018