



**WB EDIF**

Western Balkans  
Enterprise Development  
and Innovation Facility



**An innovative initiative funded by  
the EU, to benefit small and  
medium sized enterprises in the  
Western Balkans**



**WB EDIF**

**Berlin, 25 June 2019**

Under the umbrella of



Co-ordinated by 



**Partners and Contributors**



**Beneficiary economies**

**Financial instruments**

**ENIF**

**Enterprise  
Innovation Fund**

**ENEF**

**Enterprise  
Expansion Fund**

**GF**

**Guarantee Facility**

**Lending**

**Competitiveness  
programme**



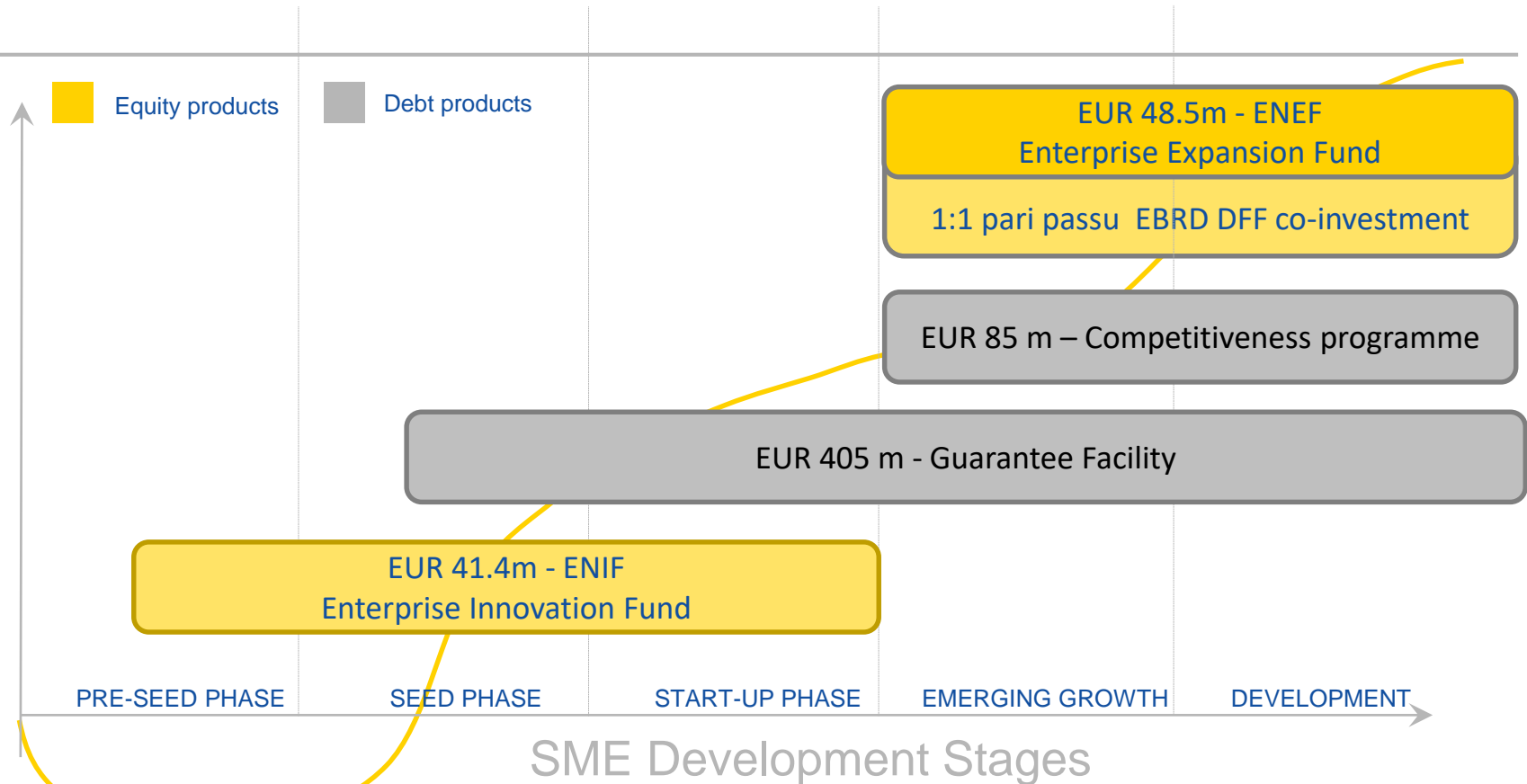
**Advisory and Support Services**

**Policy level support**

**Ecosystem level support**

**SME level support**

# WB EDIF integrated approach across the whole SME spectrum



## Advisory & Support Services

Improve investment readiness of Regions & develop financial ecosystem

# WB EDIF at a glance

WB EDIF  
at a glance

**275M€** Total funding  
resources

resulting in

**715M€** Potential available  
financing to SMEs via WB  
EDIF's financial instruments

Progress as at  
31 December  
2018\*

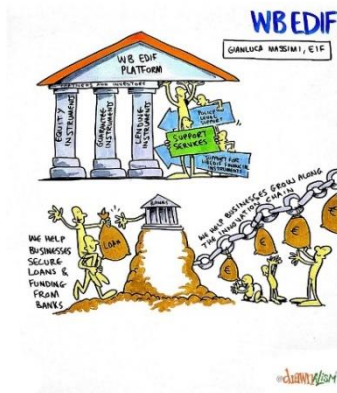


**2 805** SMEs  
financed

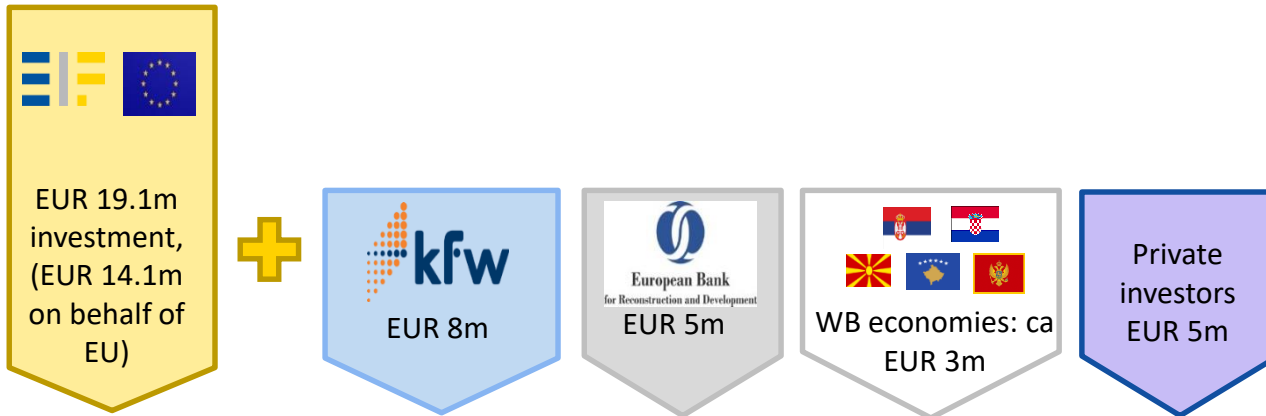


**4 022**  
SMEs  
supported

**78 032** Jobs  
supported



# Enterprise Innovation Fund (ENIF)



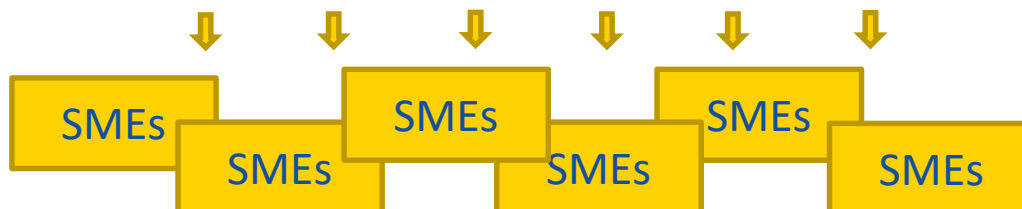
## ENIF – EUR 42m

is a venture capital fund focusing on innovative SMEs (start up to early expansion) in the WB economies. ENIF provides equity and quasi equity finance to stimulate and support commercially viable innovative SMEs

managed by



South Central  
Ventures



= 22 SMEs by today

# Enterprise Innovation Fund

(ENIF) – 2



<https://youtu.be/A4qQ0LI9-IM>

- **Stage focus:** from early stage to later stage, from very early revenue through companies with established revenues and close to profitability.
- **Ticket size:** ranging EUR 500k – EUR 1.5m, smaller for seed pocket
- **Sector focus:** innovative SMEs in all technology sectors with special attention to the ICT sectors (software, consumer electronics, mobile technologies, Internet and media, etc)
- **Capital Deployment:** SCV expects to build a diversified portfolio of around 20-25 companies from the entire WB geography
- **Seed Pocket:** EUR 1.5m to be invested exclusively in ca 15-20 seed companies across the entire WB Region

# ENIF – main results\*

- 22 companies invested (12 start-up stage, 10 seed stage)
- 4 Western Balkans economies
- EUR 19.4m invested
- 658 jobs supported
- aggregate capital commitment stands at 46%
- End of new investments: September 2020
- VC market development, attracting investors
- ENIF II under preparation



# Enterprise Expansion Fund (ENEF)

## At a Glance

### What is ENEF

- ❑ A fund that provides established, dynamic SMEs with equity, quasi-equity, and debt financing options to support their expansion goals and help accelerate their growth.

### Where does ENEF operate

- ❑ The “ENEF Region” includes: Albania, Bosnia and Herzegovina, Croatia, North Macedonia, Kosovo\*, Montenegro and Serbia .

### Who are ENEF's Investors

- ❑ The European Commission, the EBRD including financing from the Italian State, EIF, KfW, and the OeEB.
- ❑ The fund is made up of a total of €48.5 million in capital with a one-to-one co-investment scheme from the EBRD.

### Who manages ENEF

- ❑ ENEF is internally managed and advised by the EBRD.
- ❑ In order to handle the increased activities due to the launch of ENEF, the EBRD has strengthened its network with dedicated bankers in the Region.



# Enterprise Expansion Fund (ENEF)

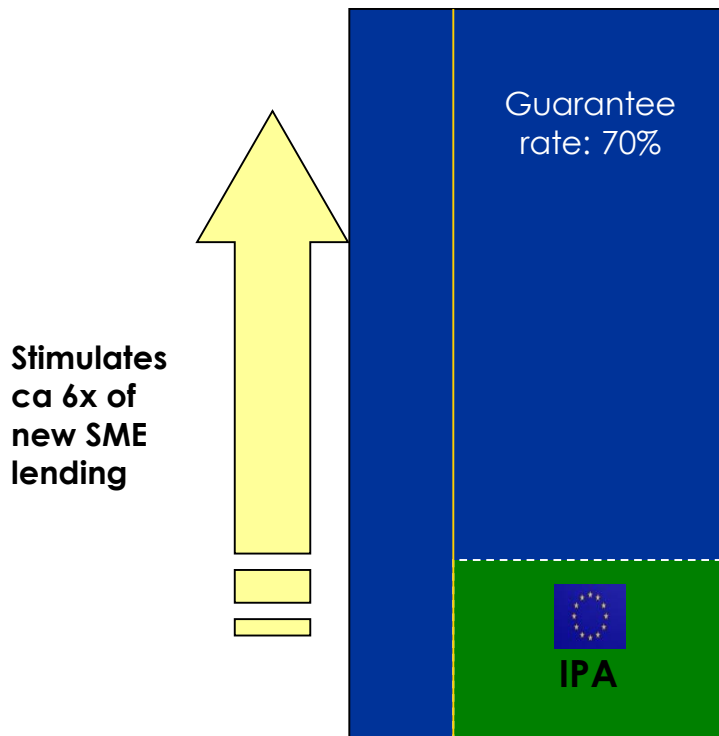
## Main Results

- ❑ As of 31 May 2019 ENEF directly invested **EUR 22+ million** in 12 companies across 6 economies of ENEF Region. **Another EUR 22+ million** have been invested by the EBRD in parallel in these companies, **bringing the total investment to EUR 44+ million.**
- ❑ On top of EBRD, ENEF investments have mobilized **additional EUR 64+ million** from other banks and shareholders' equity / internal companies' funds, bringing the total amount invested in the Region to **EUR 108+ million.**
- ❑ **More than 1,000 jobs** have been created in the companies where ENEF has invested.
- ❑ The mix of the EBRD and donor support combined with a **responsible investment strategy** has been critical to ENEF's success in the Region.



<https://www.youtube.com/watch?v=IWE8tWF3nTw>

# Guarantee Facility (GF)



The WB EDIF Guarantee Facility (“GF”) provides a capped guarantee to selected commercial banks for a new portfolio of SME loans

Replicated several times due to success:

Guarantee Facility I – EUR 117m SME loans, fully deployed  
Guarantee Facility II – EUR 110m SME loans, fully deployed  
Guarantee Facility Serbia – EUR 180m SME loans, still on the market

Key benefits:

- ✓ High leverage effect;
- ✓ Full benefit to be transferred to SMES, e.g. lower interest rates, reduction of collateral, longer loan maturities, etc

# Guarantee Facility(GF) - main results

- EUR 59.4m of EU financing for guarantees under the GF I, GF II and GF Serbia translated into EUR 405m of financing available for SMEs since inception (**aggregate leverage ca 7x**)
- 2.771 SMEs financed
- 39.418 jobs supported
- all Western Balkans economies covered



# Guarantee Facility - Youth Employment

- EUR 10m have been allocated to a guarantee instrument as a pilot initiative to support **Youth Employment lending** in the Western Balkans' six translating in around **EUR 60m** of loans to be available on the WB market
- The WB EDIF Guarantee Facility - Youth Employment is a first loss capped portfolio guarantee to be provided to a financial intermediary to build up a portfolio of **new Youth Employment loans**, i.e. loans to SMEs, which will **employ** or **offer training** to young people.
- The **Call for EoI** is open and already oversubscribed



# Western Balkans SME Competitiveness Support Programme

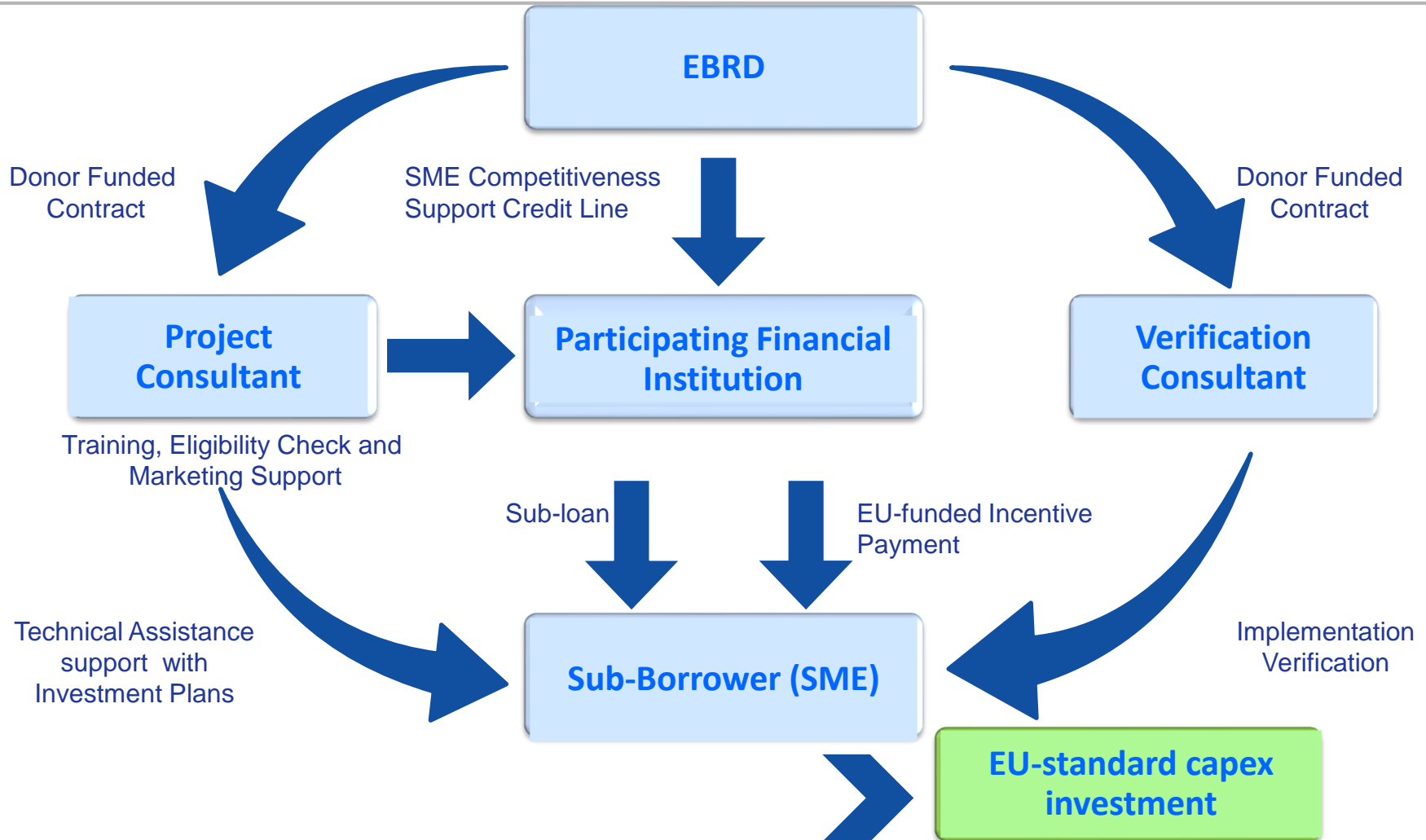
## Objectives and approach

*Objective: to enhance the competitiveness of SMEs in the region by promoting compliance with EU and international standards through a holistic approach to SME development*

- EUR 70 million of dedicated credit lines to partner financial institutions for on-lending to 280 SMEs in support of investments that lead to **improvement of their overall competitiveness**
- **Investment incentives** for SMEs to blend EBRD funding to incentivise investments by SMEs (15% of the total Investment Cost)
- **Technical assistance** to partner financial institutions to support their capacities to provide loans under the Programme and to promote these loans to the SME sector in the country
- **Advice** to potential and existing SME sub-borrowers to provide access to know-how in order to grow their businesses and enhance their competitiveness (leveraging the WB EDIF-funded activities of the EBRD's Advice for Small Businesses )
- **Complement existing or future activities** undertaken under local IPA programmes funded by the EU

# Western Balkans SME Competitiveness Support Programme

## Overview



# Western Balkans SME Competitiveness Support Programme



## Results

- Programme launched at end of 2018
- **EUR 20 million** signed in Bosnia and Herzegovina, another **EUR 40 million** close to signing in Serbia

Country	Bank	Signing date	Volume
Bosnia and Herzegovina	UniCredit Bank Banja Luka	20/12/2018	EUR 5 million
Bosnia and Herzegovina	UniCredit Bank Mostar	20/12/2018	EUR 5 million
Bosnia and Herzegovina	Sparkasse Bank	13/02/2019	EUR 5 million
Bosnia and Herzegovina	Intesa SanPaolo Bank	15/03/2019	EUR 5 million

- **Almost 100% of EDIF funding is now 'ear-marked'** for projects which are at an advanced / signing stage; same for funding available under signed EU-IPA funding (in Kosovo\*, North Macedonia and soon Serbia)
- **Clear need to extend the Programme** in order to meet the market demand and continue supporting SMEs in strengthening their competitiveness, especially in economies where the demand is strong and the available funding scarce (e.g. Bosnia, Kosovo\* and North Macedonia)

# Proposal: Western Balkans SME Competitiveness Support Programme Phase II



- EU Contribution of **EUR 16 million** which will be blended with **EBRD credit lines** of up to **EUR 76 million** to local participating financial institutions
- Will include **local capacity-building for organisations** which could in the medium-term implement a programme of similar nature or objectives
- Will include an **Evaluation Study** to establish whether the investments supported by the Programme have led to an increase of the SME competitiveness and recommendations for future actions
- **Indicators** will include
  - Number of **supported SMEs** accessing finance through the dedicated credit lines supported by investment incentives
  - **Full details** on supported SMEs (**sector, location, size**)
  - **Volume of sub-loans**, including average amount and tenor
  - **Number of investments** (disaggregated per sector) designed to improve compliance with one or more of the EU Directives and/or improve the SME performance in EU Directives predefined priority areas
  - Number of **jobs sustained**
- **Full EU visibility** (public launch; case study; on-site visits; social media, etc.)