



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**



Financial Instruments

11 December 2020

WB EDIF today – the Private Sector Development session



**WBIF
umbrella**

**Infrastructure
session**

**Private Sector
Development session
(EDIF)**

Financial instruments

ENIF
(Enterprise
Innovation Fund)

ENEF
(Enterprise
Expansion Fund)

GF
Guarantee Facility

**Competitiveness
programme**

Advisory and Support Services

Policy level support
Ecosystem level support
SME level support



WB EDIF at a glance



WB EDIF at a glance

€295M Total funding resources

resulting in

€760M Potential available financing to SMEs via WB EDIF's financial instruments

500 Support Projects

providing complementary soft measures

Dozens of workshops, conferences, seminars and competitions organised for the benefit of hundreds of SMEs, policy makers, trainers, consultants and other market players

7

Beneficiary economies

27

WB EDIF Partners

ENIF, ENEF
GF
Competitiveness Programme

Financial Instruments

Progress as at 31 December 2019*



5,390 SMEs supported



4,600 projected

112,705 Jobs supported

Enterprise Innovation Fund (ENIF)

- A **Venture capital fund** focusing on early stage companies, mainly start-ups, in the ICT sector across the whole WB geography.



EUR 19.1m investment,
(EUR 14.1m on behalf of EU)



EUR 8m



European Bank
for Reconstruction and Development
EUR 5m



WB economies: ca
EUR 3m

Private investors
EUR 5m

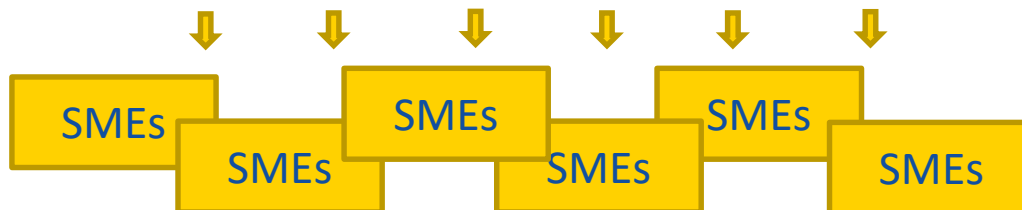
ENIF – EUR 42m

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



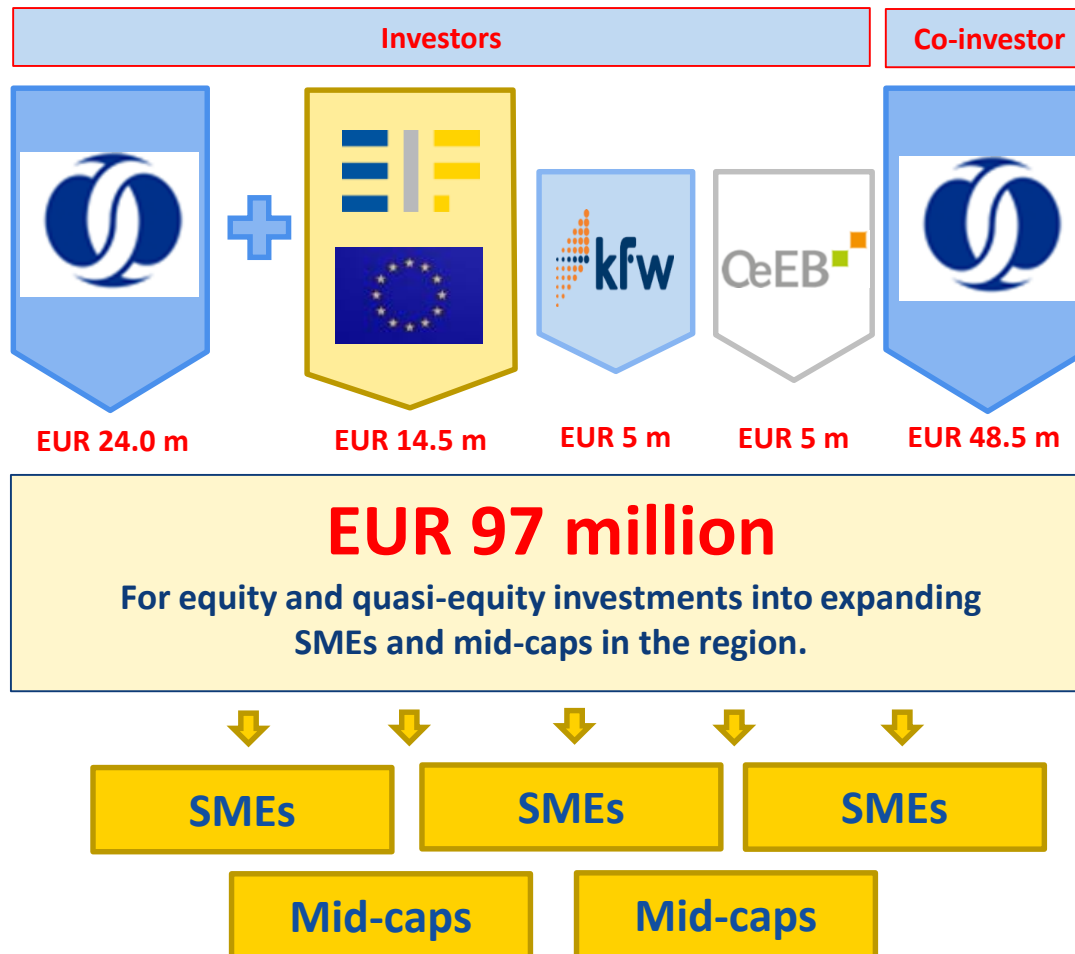
ENIF – status

* as at 30 June

- **Utilisation:** €28m invested, i.e. ca 70%. Rest is reserved for fees and follow-on until 2025
 - **Overall focus:** very loyal to initial strategy, i.e. all investments in small/micro companies in ICT sector
 - **SMEs supported:** 28 investments, for a total ca 900 jobs supported
 - **Geographic outreach:** all economies except Albania and Bosnia
 - **Visibility:** Several cases studies and videos provided since 2016; annual conference of investors including beneficiaries; overall good visibility in the region
 - **Impact on ecosystem:** significant, although difficult to measure
- ➔ Now fundraising for ENIF II, with bigger share of private investors, higher target size (€70m) and same sector/stage focus



Enterprise Expansion Fund (ENEF)



- **16 companies** supported
- **EUR 33m** resources utilized (70%) – plus EBRD co-investment.
- **6** local economies served
- Healthy evolution of the portfolio, **two distributions** already made
- Strong **demonstration effects** in the local markets
- ENEF II approved by the PAG in December 2019, IPA resources to be allocated soon, **launch planned by Q1 2021** – new investments to be possible then



Guarantee Facility (GF)

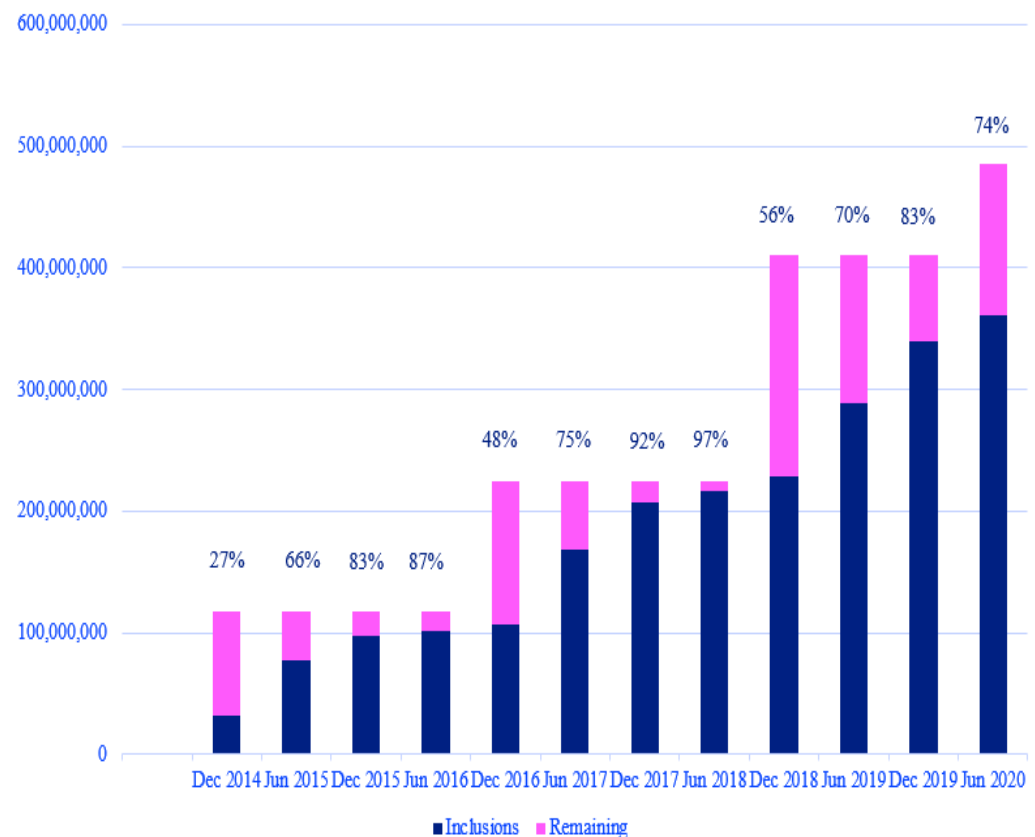
Resources allocated and leverage effect

- ❑ EUR 69.4m of IPA resources
- ❑ Target portfolio EUR 486.5m
- ❑ Overall Target Leverage of 7.1

Results*

- ❑ 21 operational agreements with the Financial Intermediaries
- ❑ Loan Portfolio amounting to EUR 486.5m with an absorption rate of 74%
- ❑ 3,646 SMEs financed
- ❑ 62,170 jobs supported

Portfolio Development December 2014 - June 2020



* As at 30 June

Guarantee Facility (GF)

Next window coming:

- EUR 60m of First Loss Piece, to be leveraged into **at least EUR 300m of new SME loans**
- Loans more concessional (coverage 80% loan by loan, cap rate expected to be 25%) – **more benefit transferred to SMEs**
- Product in line with Covid measures undertaken in EU-27, e.g. bias vs **working capital** loans, **refinancing** possible (upon conditions)
- Carbon-intensive sector excluded or limited (**green agenda**)
- Agreement to be signed in days, Call to be launched in January → market to be hit **starting from May**
- **Whole WB6 targeted** to be covered (timing can however differ)

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 140 million of dedicated credit lines through partner financial institutions for on-lending to 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

- **EUR 51m already contracted** to local financial institutions in Bosnia Herzegovina, Serbia and North Macedonia – of these, **EUR 34m have already been on-lent to SMEs**, with additional EUR 9m scheduled to be in due course
- **Technical Assistance activities** (funded by IPA) impacted by the COVID outbreak but still on track
- Further investments into local financial institutions (for further on-lending) for **additional EUR 81m** under focus by EBRD, including in additional economies (Kosovo, Albania)

Thank you!