

WB EDIF

20

17

Annual Report

WB EDIF is an EU-funded initiative aimed at improving access to finance for small business owners in the 7 economies of the Western Balkans.

WB EDIF leverages upon the expertise of 27 international, regional and local market players including representation from the economies themselves.

WB EDIF is mobilising approximately EUR 650m of financing and support for small and medium sized enterprises (SMEs).

WB EDIF

Western Balkans Enterprise Development and Innovation Facility

Annual Report

Data as of 31 December 2017



Foreword



I am delighted to introduce the 2017 Annual Report of the Western Balkans Enterprise Development and Innovation Facility (WB EDIF).

Over its five years of operations, the WB EDIF has

established itself as a unique platform for private sector development in the Western Balkans region. Its main task is to make crucial funding available to forward-looking business. It is also where the European Commission, the Financial Institutions active in the region, bilateral donors and the Western Balkan economies together share experience and good practice. The Platform reflects the priorities of the economies in the region, as well as those of the EU enlargement agenda. During 2017, the achievements included:

- In June, in Stockholm, we made efforts to strengthen the complementarity between the investments in the region – be it for private sector, for connectivity, for environment, for energy or for digital.
- In July, the Trieste Western Balkans 6 Summit made clear the importance of the private sector for the creation of the Regional Economic Area – a competitive market of ~20 million consumers. This is how thousands of new jobs, market, mobility and investment opportunities are being created. WB EDIF's work was prominently showcased during the Business Event of the Summit.
- WB EDIF's 5th Anniversary event in Sarajevo (November) highlighted the benefits of the platform, showing results on the ground, and giving positive stimulus to the existing and new financial instruments and technical assistance programmes.

- With the new EU contribution of EUR 48 million for the platform, in December we added a new lending component to WB EDIF in partnership with the European Bank for Reconstruction and Development; a special Guarantee scheme for Serbia was also launched, together with the European Investment Fund.

I am convinced 2018 is building well on this work. There is also an accelerating EU political engagement with the region.

In February 2018, the European Commission Communication "A credible enlargement perspective for and enhanced EU engagement with the Western Balkans" confirmed the future of the region as part of a stable, strong and united Europe based on common values. The Strategy outlined the measures that need to be prioritized by Montenegro and Serbia to complete the accession process in a 2025 perspective, while others could catch up. WB EDIF directly contributes to the deliverables under one of the six flagship initiatives in the Action Plan to implement the Strategy: Flagship 3 "socio-economic development". Our platform will be very useful in providing follow-up to this flagship. This is about promoting competitiveness, and about leveraging even more financing for the Western Balkans private sector.

In April 2018, as part of the Annual enlargement package, the European Commission recommended to the Council to open accession negotiations with the former Yugoslav Republic of Macedonia and with Albania.

Moreover, it is clear that, with the Bulgarian EU Presidency, the Western Balkans region is a key priority in the work of the Council.



In short, the EU agenda for the Western Balkans is more ambitious than ever, and through WB EDIF we can take this historic opportunity to contribute to the socio-economic transformation and EU integration of the region.

In closing, I would like above all to thank all the WB EDIF beneficiaries, the financing partners and the donors for their unstinting commitment and continued hard work during 2017. Without your contribution, we could not have made the progress we have, and built together the framework of a more secure, prosperous and European perspective for the Western Balkans. May I wish everyone great success in this important work we are undertaking together.

COLIN WOLFE

Head of Unit, Western Balkans Regional Cooperation
European Commission
Directorate General for Neighbourhood
& Enlargement Negotiations (DG NEAR)



Photos from the 5th year anniversary event

Mission

WB EDIF was launched in 2012 with the purpose of providing financing and business support to SMEs in the Western Balkans. By supporting SMEs and the infrastructure surrounding them, WB EDIF contributes to the overall growth and development of the Western Balkans economies themselves.

WB EDIF leverages upon the expertise and capabilities of its partners, each of which offers key know-how and experience in the region.

Building the future of SMEs in the Western Balkans

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Partners and Investors

WB EDIF brings together key market players to create a platform for dialogue and a toolbox of instruments.



WB EDIF: The Platform Approach



WB EDIF was conceived as a platform upon which to launch both financial products as well as capacity building measures to crucially target SMEs at all stages of development, from pre-seed and seed all the way to more developed SMEs seeking expansion capital. In launching such an ambitious project, it was vital to involve a multitude of International

Financial Institutions (IFIs), as well as bilateral partners to build on their expertise, as well as to bring in the local and regional perspective by sharing ownership with representation from the economies themselves. This mixture gave rise to the WB EDIF 'Platform' or 'Umbrella' as further illustrated above.

Since WB EDIF is a platform, it can evolve over time and easily adapt to new market conditions or thematic areas of focus, whereby instruments and support measures can be approved jointly by the representative partners for inclusion under the umbrella, where these are considered to be of strategic importance.

*This designation, used throughout this publication, is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

Key Figures

2017 marks the 5th year of WB EDIF since its establishment in 2012. Within this context, the below information sets out both the overall financial capacity of WB EDIF as well as what has been achieved so far.

275 M€

invested in the Platform by the WB EDIF Partners, including EUR 150m from the EU

resulting in

650 M€

of financing and support measures available to SMEs in the Western Balkans since inception

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

4 600 SMEs

to be supported in the Western Balkans, half of which have been reached in the 5 years of WB EDIF's life

7

Beneficiary economies

27

WB EDIF Partners

ENIF, ENEF
GF
Competitiveness Programme

Financial Instruments

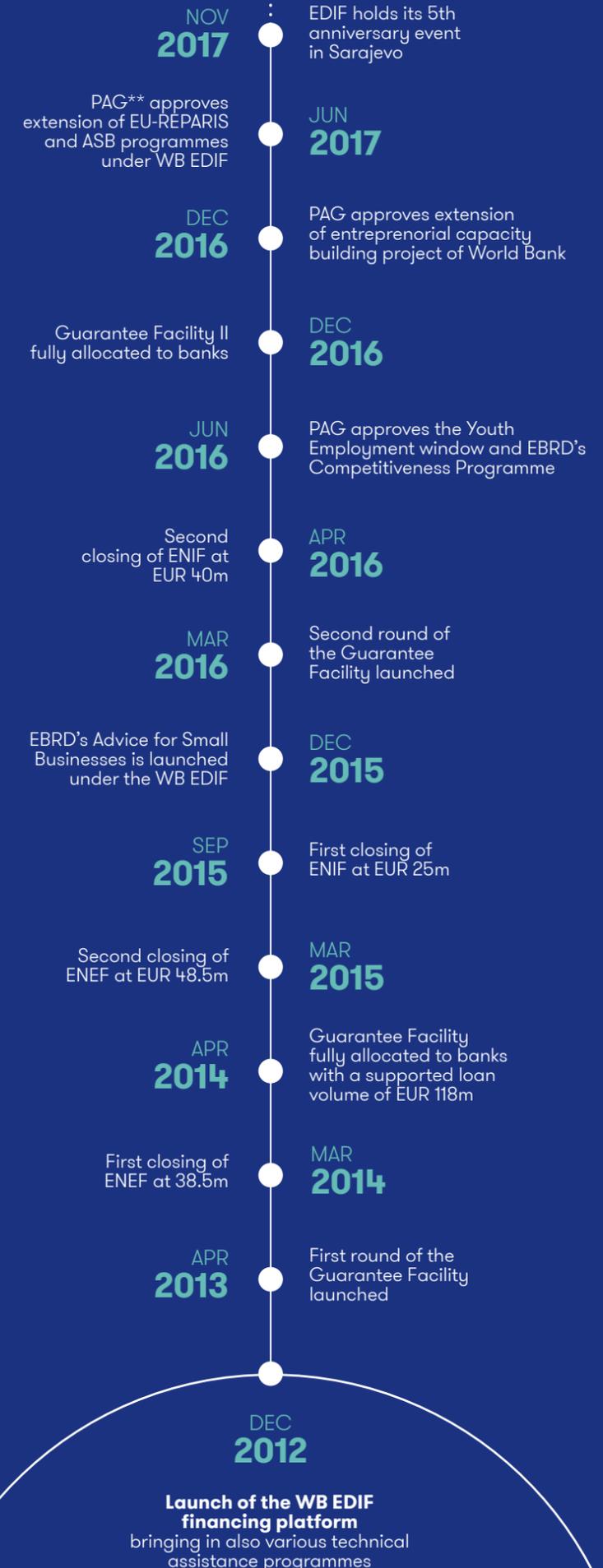
Progress as at December 2017

227 M€ Total deployed currently via the financial instruments

2 536 SMEs financed

39 000 Jobs supported

5 years of WB EDIF



**Platform Advisory Group

Pillars

ENIF

ENIF is one of two equity investment funds which constitute WB EDIF's Equity instrument pillar. It is a stand-alone venture capital fund with EUR 41.4m available for investments in innovative SMEs in the Western Balkans (the "WB region"). The main commercial terms of ENIF are as follows:

Stage focus

ENIF invests in companies from early stage to later stage across a spectrum, from very early revenue through companies with established revenues and close to profitability. ENIF also has a dedicated seed pocket for investments in the most promising seed stage, pre-revenue companies. The majority of the funds are to be invested in SMEs with tickets ranging EUR 500k – EUR 1.5m, however without limiting the possibility for follow-on investments as well as the overall profit-oriented character of ENIF.

Sector focus

ENIF targets innovative SMEs in all technology sectors with potential for high growth. In addition, the Fund envisages paying special attention to the ICT sectors (software, consumer electronics, mobile technologies, Internet and media, etc) due to their high innovation potential in the WB Region.

Geographical focus

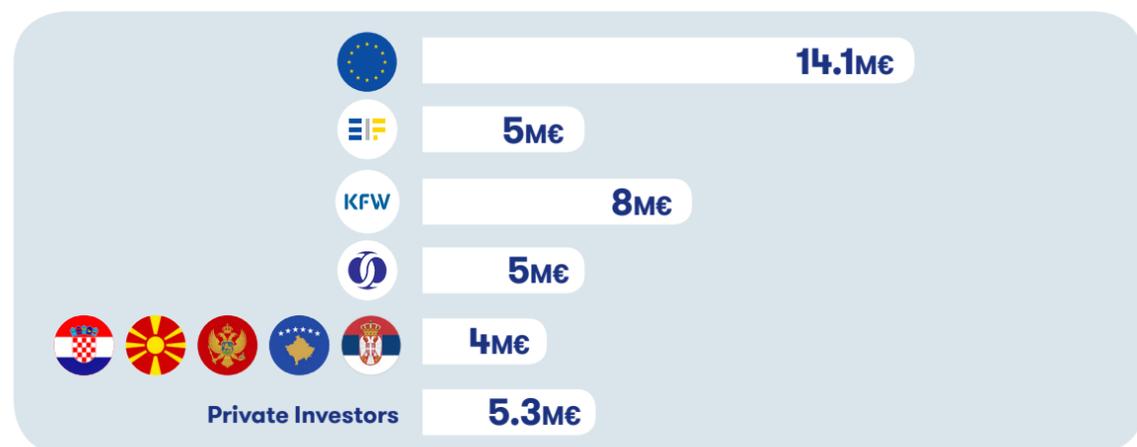
ENIF focuses on the Western Balkans economies, i.e.: Albania, Bosnia & Herzegovina, former Yugoslav Republic of Macedonia ("FYROM"), Kosovo*, Montenegro, Serbia and Croatia. All of the Fund's investments will be in SMEs (EU SME definition).

Capital Deployment

ENIF's Manager, South Central Ventures ("SCV"), expects to build a diversified portfolio of around 20-25 companies from the entire WB geography. The average investment per company should be in the range of EUR 1 – 1.5m (provided in several tranches), targeting a stake at entry of 20- 30%.

Seed Pocket

ENIF will dedicate an amount of EUR 1.5m to be invested exclusively in 15-20 seed companies across the entire WB Region. Together with the Seed Pocket, the total number of companies to be supported through ENIF is expected to be 35-45.



The Enterprise Innovation Fund

Portfolio

Name	Economy	Stage of Focus	Commitment
Drytools	Serbia	Seed	€500K
City Expert	Serbia	Start-up	€1M
WorkPlus	Serbia	Seed	€80K
Agrivi	Croatia	Start-up	€1M
Letz	Former Yugoslav Republic of Macedonia	Seed	€100K
Bulb	Croatia	Start-up	€2M
Cognism	Former Yugoslav Republic of Macedonia	Start-up	€666K
CUBE	Serbia	Start-up	€1M
InPlayer	Former Yugoslav Republic of Macedonia	Start-up	€566K
VirtusVita	Serbia	Start-up	€200K
Hunch Insights	Serbia	Seed	€100K
Sentinel Marine	Croatia	Start-up	€900K
Tradecore	Serbia	Start-up	€1M

13
Companies

3
Western Balkans
economies covered

9.1M€
Total investment

No matter the industry, sector, or problem it is trying to solve, every business needs sales. Lead generation, data enrichment, and targeting prospects require time, effort, and an ongoing investment. The CRM (Customer Relationship Management) software market reached \$39.5 billion in 2017, according to Gartner, and has a forecasted growth rate of 16% in 2018. All too often, time and energy are spent on this initial phase of the sales process rather than on closing deals, so many companies, especially those with limited resources, are turning to automated sales-acceleration technologies to improve the prospecting process and ensure outreach compliance in the target market.

Cognism, a UK/Macedonian startup, provides their customers with a portfolio of sales acceleration products to help increase the velocity of their sales funnels.

Their portfolio centers around two core products: **Cognism Prospector**, a full outbound outreach tool which gives sales representatives actionable insights to know where to spend their time and how best to engage with prospects, and **Cognism Refresh**, which helps clean & refresh CRM records and surface new leads from dead data. Their competitive advantage lies in their clean data asset that is regularly updated from premium sources, including the Financial Times, CrunchBase and S&P Global.

In less than 6 months after the investment made in 2017, the team managed to reach over \$15,000 in MRR (Monthly Recurring Revenue). By the end of 2017, their MRR exceeded \$31,000. The growth in revenues and number of clients speaks volumes of the quality of the machine learning algorithm behind the Cognism platform.

The AI (Artificial Intelligence) is built on speed and real-time delivery, and literally pushes the opportunities to the client as fast as they are discovered. The combination with premium news sources and API's, which data providers say Cognism is the only one doing this kind of work with their feeds, makes them bring unique lead information to their customers.

The \$500,000 seed investment, backed by ENIF, has provided the company with the opportunity to further improve the product itself, strengthen their sales team and introduce Cognism to more sales and marketing teams. Product improvements were directed to move toward a frictionless customer experience, expand the ability of Cognism to collect and reason about data at scale, and rapidly grow their data asset through strategic partnerships.

INVESTMENT BACKED BY

ENIF



Thanks to an AI built on speed and real-time delivery, Cognism brings unique lead information to their customers.

GROWTH
AFTER INVESTMENT

\$31 000

Monthly Recurring Revenue

ENEF

ENEF is the second of two investment funds which constitute WB EDIF's Equity instrument pillar.

ENEF provides equity, quasi-equity and to a limited extent debt funding to private companies incorporated or investing in projects to be implemented in the Western Balkans. ENEF aims to support established SMEs with a high potential to grow in the Western Balkans to support their further expansion by improving access to finance for them. The key features of the ENEF investment strategy are summarised as follows:

Investment portfolio

The Fund aims to create an investment portfolio of approximately 15-25 companies with deals ranging from EUR 1m to EUR 7m in all sectors of the economy.

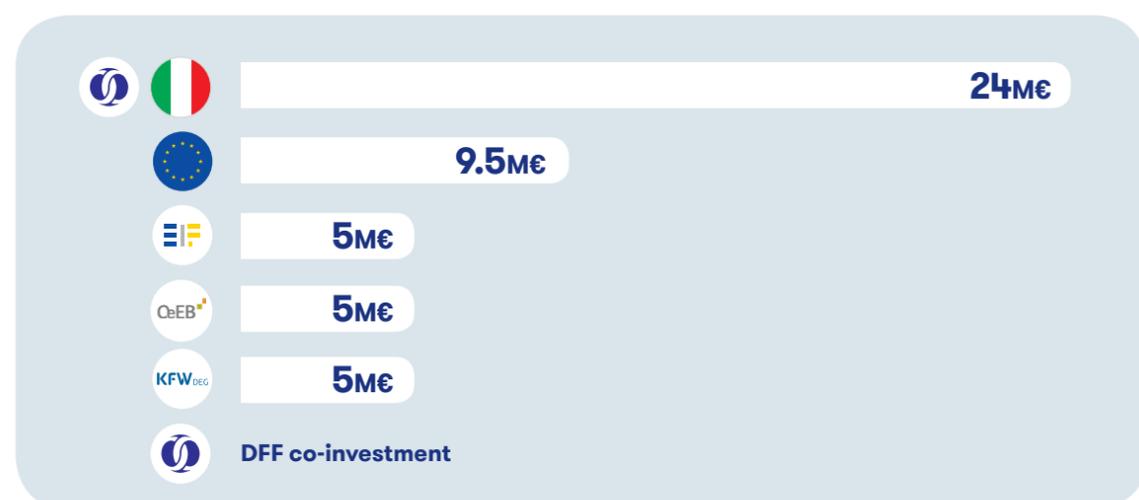
Eligible companies

The Fund will invest at least EUR 15m in Eligible Companies that (i) qualify as "SMEs" under the Commission Recommendation 2003/361 and (ii) are incorporated or primarily active in the EU or a country qualifying as a candidate or potential candidate for EU accession.

Private Sector focus

The Fund will invest only in private sector enterprises (i.e., enterprises which are not (i) more than 50% directly or indirectly owned and/or (ii) controlled by the state in which such enterprise operates or any political subdivision or agency thereof).

ENEF has a fund size of EUR 48.5m, which is being further leveraged in a proportion 1:1 by pari passu co-investments from the EBRD through its Direct Financing Framework (DFF) on a deal-by-deal level.



The Enterprise Expansion Fund

Portfolio

Name	Economy	Stage of Focus	Commitment
Viva Fresh	Kosovo*	Growth	€3.25M
Krajina Klas	Bosnia & Herzegovina	Growth	€1M
Delmax	Serbia	Growth	€900K
Cermat	Former Yugoslav Republic of Macedonia	Growth	€1.75M**
Gamma Line	Serbia	Growth	€650K
Pula Regeneration	Croatia	Start-up	€5M
RS Pension Fund	Bosnia & Herzegovina	Start-up	€371K
APM	Albania	Growth	€900K
Santefarm	Kosovo*	Growth	€750K
BG Reklam	Serbia	Growth	€425K**

**Figures do not include the uncommitted tranches.

10
Companies

6
Western Balkans
economies covered

30M€
Total investment*

The Guarantee Facility

The WB EDIF Guarantee Facility (“GF”) serves to provide a capped guarantee for SME loans via the participating commercial banks in the WB territories whereby such SMEs can obtain a loan to cover financing for investment and working capital of up to EUR 500k. The Guarantee Facility was initially funded with EUR 21.9m in 2013 (WB EDIF GF I) and was further topped up with a replenishment of EUR 17.5m contracted in 2015 (WB EDIF GF II). In December 2017, an additional funding of EUR 20m was contracted to increase access to, and availability of, finance for SMEs in the Republic of Serbia.

Expected benefits

Expected benefits aim to improve on the overall investment climate and in particular:

- multiplier effect of the guarantees; thus leveraging new SME lending
- Transferred benefits for SMES including longer loan maturities, lower cost of borrowing and reduction of collateral requirements

Following positive results from WB EDIF GF and WB EDIF GF II, an additional envelope has been allocated specifically to the Serbian market. “WB EDIF GF – Serbia window”, to become operational in early 2018 aims to improve access to finance for Serbian SMEs.

Guarantee Facility: Youth Employment

Additional EUR 10m have been allocated for the purposes of launching a Guarantee Facility for Youth, i.e. the First Loss Portfolio Guarantee (FLPG) product, adjusted to address the market uncertainties linked to the pilot nature of the Guarantee Facility for Youth.



WB Economy	Bank	Supported loan volume	Guarantee Cap
Albania	Procredit	€20M	3.5
Bosnia & Herzegovina	Procredit	€20M	3.3
Kosovo*	Procredit	€20M	3.2
Serbia	Unicredit	€30M	5.3
Montenegro	CKB	€7.9M	1.4
Croatia	Raiffeisen	€20M	3.1
Total		€117.9M	19.7



97%
Utilisation

118M€

WB Economy	Bank	Supported loan volume	Guarantee Cap
Albania	Raiffeisen	17M	3.0
Former Yugoslav Republic of Macedonia	Procredit	€10M	1.0
Kosovo*	Procredit	€35M	5.1
Serbia	Procredit	€25M	3.5
Montenegro	CKB	€20M	3.5
Total		€107M	16.1



87%
Utilisation

107M€

Guarantee Facility I

6
Agreements

1 491
Final beneficiaries

Guarantee Facility II

5
Agreements

1 022
Final beneficiaries

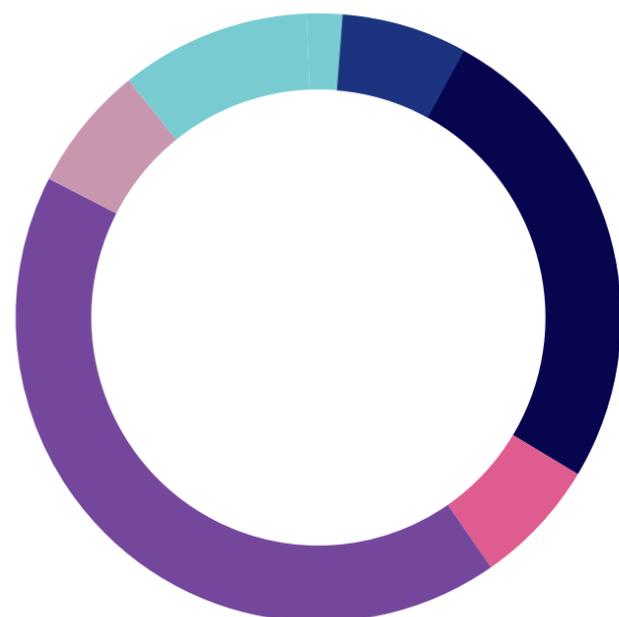
Figures as at reporting date.

The Guarantee Facility

Kolid S Team

Case Study

Breakdown by sector



11% Other

- 2.7% Accommodation and food service activities
- 2.5% Information and Communication
- 2% Professional, scientific and technical activities
- 1.4% Administrative and support service activities
- 0.8% Human health and social work activities
- 0.6% Electricity, gas, steam and air conditioning supply
- 0.6% Other service activities
- 0.4% Education
- 0.4% Water supply, sewerage, waste management and remediation activities
- 0.3% Real estate activities
- 0.2% Mining and quarrying
- 0.04% Arts, entertainment and recreation
- 0.03% Public administration and defence; compulsory social security
- 0.03% Financial and insurance activities



**10%-11%
Average
annual
growth**

With more than 25 years of business experience, Mr Dusko Stojkov manages and owns two successful FYR Macedonian companies, Kolid S Team and Kolid International.

Kolid S Team is a wholesaler and distributor of widely consumed products and has exclusive distribution contracts with 25 brands, including Polimark (2011), Barilla (2001), Wudy, Yuhor (2011), Dacota, Floridabel, and Beohemija (2007, with its products Duel, Spin, Scalla, Pompa). Over the years, the company has become one of the largest food distribution companies in FYR Macedonia, with an appetite to expand its activities to include the neighbouring Serbian market. In addition to the main warehouse, there are three distribution centres, each located in different parts of the country and covering the entire domestic market.

Kolid International produces traditional sweets under its own brand, "Sunday". The brand is well established on the market and has potential for further growth. Next year the company plans to invest in new technology for the production process.

ProCredit Bank Macedonia has been the client's banking partner since 2015. As a bank specialising in SMEs, ProCredit provides Mr Stojkov with a full range of services to support his business. The cooperation has increased over the years, in keeping with the company's 10%-11% annual average growth. To support the client's plans to expand his business, in 2017, the bank issued a credit line of EUR 488K, which was approved under the WB EDIF programme, to cover his working capital needs.

Competitiveness Programme

SMEs in the Western Balkans need more than pure access to finance to compete internationally – they must also comply with EU directives and standards.

In order to address this two-pronged challenge we have created the regional SME Competitiveness Programme under the WB EDIF. We talk to Tatjana Damm at the EBRD.



Tatjana Damm EBRD

Can you tell us more about the regional SME Competitiveness Programme?

Of course. This Programme aims to improve how SMEs in the Western Balkans compete locally, regionally and internationally. We do this on two levels – by improving their access to finance and by promoting compliance with EU and international directives and standards. The Programme will make EUR 70m available through credit lines to banks for on-lending

to SMEs, benefitting 280-300 SMEs between now and 2023, and EUR 15m for incentives and technical assistance to SMEs and banks. Our goal is to make SMEs in the Western Balkans more competitive, either by enabling them to export to the EU markets, or helping them better compete with imports to their domestic markets.

What are the challenges of supporting SMEs in the Western Balkans?

SMEs are the lifeblood of Western Balkans economies. However, external financing has tightened since the 2008 financial crisis and banks struggle with high levels of non-performing loans. The SME Competitiveness Programme uses incentives and technical assistance to help banks deploy their capital sustainably. Availability of capital is not the only game changer. SMEs in the Western Balkans tend to lack either the financial or operational expertise to compete with cheap imports on the market. We invest to improve SMEs' industry standards in line with EU directives, for example, compliant machinery. These investments help businesses to develop, create new employment opportunities and ultimately improve the economies of the Western Balkans.

The Programme has chosen to use credit lines and incentives. Why?

Credit lines make new capital available to SMEs, complementing grants as a source of new financing. In particular, they can support loans of up to five years, including a grace period, necessary for capital-intensive investments. Compliance with EU standards is expensive, so incentives are essential. We combine these incentives with advice to our financial partners to enhance their understanding how EU standards lift the EU economy.

How do you see the synergies with the rest of the WB EDIF structure?

The Programme is the only initiative under the new lending pillar of the WB EDIF to offer direct on-lending support to the private sector via commercial banks, with an emphasis on technical and compliance. It complements WB EDIF financing initiatives such as the Guarantee Facility and the two equity instruments ENIF and ENEF, and leverages the existing WB EDIF support service Advice for Small Businesses programme. Our experience with the previous competitiveness facility (the EU-EBRD Private Sector Support Facility) means we understand very well that there is an appetite in the Western Balkans for targeted programmes like this.

The WB EDIF Competitiveness Programme will launch in late 2018.

Support Services

In order to offer a holistic approach to private sector development, WB EDIF also houses a wide range of support mechanisms, which work together with the financial instruments to enhance the emergence and growth of innovative and high-potential SMEs in the region.

Purpose

The support services pillar acts in a horizontal manner, and given that the public supply of equity capital cannot be the only response to gaps in the financial market, this pillar supports the further development of the regulatory framework for innovative and high-potential SMEs and aims at stimulating the build-up of the venture capital and in general of the innovation ecosystem. Direct support to end beneficiaries is also part of the Support Service Pillar. A dynamic entrepreneurial environment creates conditions for successful starts-ups and developments of competitive firms that create new jobs and strengthen economic and social cohesion. Western Balkan businesses still fall short of the EU countries in terms of quality, equipment, efficiency and innovation. The Pillar also supports the WB EDIF financial instruments in their operations, whilst in parallel ensuring complementarity and synergies across the various products and initiatives of the entire WB EDIF platform.

Expected benefits

The projects brought under the Advisory & Support Services Pillar to date allow for clear interaction among the Platform Advisory Group (PAG) members to prioritise and focus efforts on a set of targeted policy interventions that would be both feasible for the governments and most impactful for innovative and high-potential SMEs. Such reforms are expected to:

- support WB economies in the implementation of key reforms and improvements to the regulatory framework for the build-up of the venture capital ecosystem
- provide entrepreneurial capacity building to access financing, develop and expand local businesses

Covering the whole SME development life cycle through financial and support pillars



mBrainTrain

MBRAINTRAIN IS AN INNOVATIVE high-tech company focused on the development of novel tools and methods for neuroscience research. The main activities are based on electrical brain activity signal acquisition and processing. mBrainTrain first created the SMARTING system, which is the first fully mobile EEG (Electroencephalogram) system for recording brain activity outside of the research labs in real life. The next product mBrainTrain is currently focused on is BRAWAS – smart productivity headphones that integrate music and neurofeedback into a unique productivity solution.

The company applied for advisory services under Support Programme on Intangible Assets and Intellectual Property and were selected for support. The team worked together with ClearView IP on reviewing the IP strategy of mBrainTrain, with a focus on the IP protection for BRAWAS.

The PCT patent application had already been submitted, but it had not yet gone through to the national phase. They defined the future steps, what of the IP property should be protected as patents and which should stay trade secrets. They additionally received contacts of UK patent attorneys that helped them further with the BRAWAS patent application and the revision of the set of claims. BRAWAS patent is now entering the US national phase.

mBrainTrain continues to be devoted to innovating in the brain recording space. The company aims to set BRAWAS out in production during 2019. BRAWAS also brings with it novel signal processing methods for neuroscience and it is seen as not only a consumer product, but also as a new tool that will help advancing neuroscience research in general.



Overview of projects

SME Policy Index

SME policies in the six Western Balkan economies and Turkey are regularly monitored through the SME Policy Index since 2006. It aims to improve entrepreneurship and domestic capacity to implement reforms relevant to SME competitiveness. Based on the Small Business Act for Europe, the assessment takes into account 10 dimensions, including innovation, access to finance and internationalisation.

Advice for Small Businesses

The EBRD's Advice for Small Businesses provides advisory support to innovative and high-potential SMEs helping them build their capacity, attract and utilize investment in order to develop, expand and grow, and thus become genuine catalysts for their local economies.

Venture Capital Ecosystem

The Venture Capital Ecosystem aims to build a framework for the assessment of and recommendations for reforms and a tailored TA programme.

Investment Readiness

Investment Readiness encompasses design, implementation and evaluation of the pilot Western Balkans MAP programme and generation of a pipeline of projects to be taken up by potential investors.

EU REPARIS

The objective of EU REPARIS is to support implementation of corporate financial reporting frameworks in line with EU standards to promote enhanced availability, transparency and reliability of financial information.

Coordination, needs assessment and delivery of support services

The coordination services were mostly focused on preparation work and reporting related to the semi-annual Support Services Working Party meetings (held in EIB's Brussels premises), which in turn serve as preparation for the semi-annual Platform Advisory Group (PAG) meetings. During 2017, the Platform Advisory Group meetings were held in Stockholm on June 16, and in Frankfurt on December 14.

The ongoing needs assessment identified new services which were designed and implemented through short term technical assistance projects as follows.

EIB established close contacts with the Joint Research Centre in an effort to coordinate development of support services implementing a Proof-of-Concept grant scheme, aimed at providing much needed funding in very early stage SME development. The concept has been fully developed through 2017, including mapping of existing TA on the national level in the Western Balkan economies, and receiving support from the beneficiaries at a specialised Workshop organised by JRC in Trieste in September. The formal request for funding the Western Balkan Proof of Concept Facility was presented at the December PAG session.



The Feasibility Study for Regional Centres of Excellence has provided precise mapping of available facilities and human potential with the highest probability of achieving excellence in R&D and impact in innovation, within an eco-system of innovative SMEs, to support commercialisation of research. Following field interviews with relevant stakeholders and screening of institutions primarily active in ICT and Renewable Energy/Energy Efficiency, the leading regional institutions were mapped and evaluated. A second consultant was engaged to develop the Road Map(s) for the most qualified institutions, working with the previously identified candidate institutions in 3 of the Western Balkan economies. The final result and recommendations are expected in H1 2018.

The Study on IP and Intangibles prepared a Toolkit on Intellectual Property protection for entrepreneurs in the region, presented the toolkit through Workshops in the Western Balkan economies, and attracted attention from regional innovative SMEs. Six of these were selected for mentoring, receiving specific advice on the development and protection of their intellectual property, the corresponding patent landscape in their respective fields and strategy for commercialising their products and services. The impact was such that a second round of IP Services is under preparation, focusing even more on the mentorship activities, while still maintaining visibility through Workshops. Expected rollout of the services is during 2018.

ASB Strawberry Energy

Founded in 2011 in Belgrade by a group of students of the Faculties of Electrical Engineering and Organisational Sciences, **Strawberry Energy** engages in the development of green and smart urban devices designed to provide people with energy, connectivity and local information in public areas.

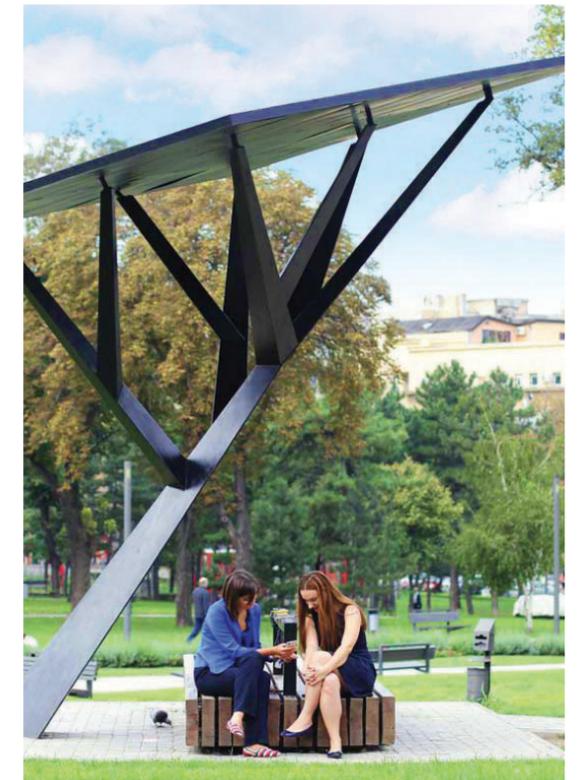
The company represents one of Serbia's most successful and well-known youth innovation start-ups and is considered to be a pioneer in the market of public charging stations for portable devices, as it has developed the world's first solar charging station for mobile phones and other portable devices.

The company has been supported by various institutional and venture capital partners. More than 80% of all its business is made through exports to the United Kingdom, Switzerland, Croatia, Slovakia, Romania and the United States of America.

EBRD connected Strawberry Energy with a local consultant who:

- Developed a detailed tailor-made software and visual design specification
- Implemented a system's backend solution on cloud server, along with a mobile application for end-users and a web dashboard
- Performed evaluation and testing of the platform, along with training of the company's staff

As a result, Strawberry Energy signed more than 20 new contracts, increased revenues by 16%, improved its labour productivity by almost 5% and hired two new programmers. Additionally, the project provided Strawberry Energy with ability to deliver the complete technological solution to its clients and grow out of its start-up stage. Aside from its improved market position in the United Kingdom, the company plans to continue its expansion abroad.



EU-REPARIS

Let your numbers work for you: transparent and reliable financial information

Managed by
www.worldbank.org

CFRR 
Centre for Financial Reporting Reform



Economies



Project purpose

The objective of EU-REPARIS is to promote financial transparency and an improved business and investment climate by supporting implementation of corporate financial reporting frameworks in line with the EU standards in the countries of Southeast Europe. Sound Corporate Financing Frameworks (CFRRs) help foster confidence of investors and lenders, foreign and domestic, to ease access to financing; promote financial discipline and efficiency in enterprises; and assist in fair and efficient tax collection, among other benefits.

Project status as at December 2017

- Joined by the Serbian Minister of Finance, a Senior Officials meeting was held in Brussels on 28-29 March to review reform status, program progress as well as to provide opportunities of exchange and discussion with representatives of the EU

- A survey “Lending Practices in the Balkans” was completed providing an in-depth understanding of Bank lending to SMEs and the role of financial statements

- Several country-level workshops, round table discussions and technical assistance interventions were held during 2017

Expected project outcomes

Through both a regional and country-level approach and a combination of learning and capacity building activities, analytical work and knowledge products, as well as targeted technical assistance, EU-REPARIS aims to support countries in comprehensive reforms of financial reporting frameworks. Sound financial reporting practices in line with international practices are promoted at the regulatory level, in the accounting profession and in the business community. Accounting and auditing laws are being more closely aligned with EU requirements and international standards, including through introduction and implementation of international financial reporting and auditing standards.

Project purpose

The World Bank has been working with several Western Balkan beneficiaries in order to create:

- the right legislative framework for the creation of private equity and venture capital funds
- design, implementation and impact evaluation of the pilot Investment Readiness Program, Pioneers of the Balkans, to help innovative firms get access to equity finance.

Project status as at December 2017

The World Bank team engaged on the Capital Markets reform agenda in Albania. It prepared an assessment of legislative gaps in the area of capital markets, including venture capital and private equity funds, and used EDIF resources to support the review of the assessment and further assistance for legislative change.

In Serbia, the WB EDIF team has re-engaged with the Government of Serbia to discuss further assistance on the area of Venture Capital and Private Equity Funds legislation through the Finance & Market Global Practice. The Investment Readiness programme is conducting the second follow-up survey of beneficiaries, in order to measure long-term effects and finalise the impact analysis of Pioneers of the Balkans. The World Bank team has also presented preliminary evidence in policy and academic workshops.

In this period, the Team started preparing a literature review for the design of Pioneers of the Balkans version 2.0.

Expected project outcomes

The Venture Capital TA is expected to provide technical assistance in preparation of legislation and regulations improving the legal framework for VC in line with the EU *acquis communautaire*. The Investment Readiness Program will help entrepreneurs become more investment ready and increase the likelihood of getting equity.

Investment Readiness

Becoming ‘investment ready’: the path to success

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World Bank

Economies





Jarett Decker World Bank

The quality of financial reporting is a major obstacle to growth in the Western Balkans economies.

The World Bank-led EU REPARIS is the latest phase of financial reporting reform that will help the region's economies align their legislative frameworks and practices with the European Union. Jarett Decker at the World Bank explains more:

Why is this programme important?

Reliable financial information is not easily available in the Western Balkans, nor widely understood or trusted. This impedes lending for growth, as well as foreign and local investment. EU REPARIS is addressing this issue on several fronts. We advise regulators and professional bodies, we support regulatory institutions that both monitor the performance of reporting entities and impose consequences and we build the capacity of accountants to serve both

compliance and broader business needs of their small and medium-sized enterprise (SME) clients. Ultimately, we seek to foster a business environment with more transparency and trust that will inspire confidence among regional and external lenders and investors concerned about investing in the Western Balkans.

How does it build on its predecessor, REPARIS?

REPARIS had a greater focus on the building blocks of compliance. In the new phase we continue assistance to help clients align with more recent EU Directives but also turn more to building the practical skills of accountants to better assist their SME clients, as well as performing analytical work that will help SMEs understand the benefits of investing in reliable financial reporting. In addition, we are encouraging regional collaboration among key stakeholders, particularly among participating professional accountancy bodies. This collaboration is now bearing fruit.

How will you measure the success of the programme?

One of our concrete objectives is to help the Western Balkans economies align their financial reporting frameworks and standards with good EU and international practice. We have seen numerous improvements in this area, identifiable through gap analyses and concordance tables. Many other improvements have been made, including the establishment of regulatory institutions in several countries, introduction of differentiated reporting requirements including IFRS (International Financial Reporting Standards) and IFRS for SMEs, implementation of international auditing standards and improved understanding among key decision makers. A key area of focus has

been to strengthen the oversight of auditors, to “watch the watchdogs” of financial reporting to make sure they are performing their role of assuring reliable reporting. This is one of the most resource-effective ways to enhance financial transparency.

How is the programme implemented?

The programme uses EU funding to invest EUR 3.6 million over about three and a half years – until early 2019. Some highlights include the CFRR – IFAC Joint Education Community of Practice in April, the Ministerial Conference in November 2018, the ongoing EU REPARIS Pilot Project on SME Financing and Reporting, as well as continuing capacity building through the Audit Training of the Trainers and IFRS for financial sector supervisors. Our approach of bringing together stakeholders makers from the region to share knowledge, challenges, and approaches, hear from outside experts and build momentum for reform through peer engagement, has been both impactful and cost-effective.

Advice for Small Businesses

Supporting enterprises with advice to best attract and utilise their investment

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Economies



Project purpose

The overall objective is to foster economic development and competitiveness in the Western Balkans region by providing capacity building to innovative and high-potential SMEs, to attract and utilise investment.

Project status as at December 2017

Utilising diverse sources of funding between Dec.2015 and Dec.2017 the EBRD's ASB has engaged in a total of 903 projects, out of which 832 enterprises received assistance through a local consultancy while 71 SMEs benefited from the international industry expertise. Over the course of the same reporting period, a total of 330 projects have been funded under WB EDIF – 288 projects with local consultants and 42 with international advisers. Beneficiaries are well represented across all sectors, the majority operating in the food & beverages sector (19%).

Another important aspect of the EBRD's advisory work is to build sustainable, competitive and thriving local markets for business advice. Under WB EDIF a total of 19 market development activities were delivered until end of December 2017 - 10 trainings for consultants with 139 local experts as trainees, 2 workshops and 7 sector development activities, gathering over 150 SMEs in total.

Across all ASB activities in the Western Balkans and Croatia, the EBRD aims to ensure synergies with the other WB EDIF instruments, including ENEF, ENIF, and the Lending Facility. Seven SMEs, supported by ASB under WB EDIF or other available donor funding, have become ENEF clients. Furthermore, eight leading companies from all the economies in the WB region have been accepted to the EBRD's Blue Ribbon Programme with a company from Kosovo* is the first Blue Ribbon client to reach the financing stage across all EBRD's countries of operations.

EBRD ASB is also complimentary to the newly established SME Lending Facility (Competitiveness Programme) within the WB EDIF framework, combining access to dedicated SME credit lines with a grant component and technical assistance under EBRD's ASB.

Expected project outcomes

Business advice and industry expertise will be primarily provided to SMEs in the region. Local providers of advice and consultancy services will receive professional development opportunities and industry know-how will be transferred to SMEs through the dissemination of best practices and successful business models.

Project purpose

Small Business Act for Europe contributes to private sector development in the Western Balkans, by monitoring the implementation of Small Business Act for Europe (SBA) principles and enhancing the capacity to implement reforms related SME competitiveness.

Project status as at December 2017

The first half of 2017 was dedicated to revising SME Policy Index (SMEPI) assessment frameworks. Most notably, by having systematic consultations with the private sector and civil society, increased focus is given on the SME policies' impact and outcome on businesses and entrepreneurs.

In the second half of 2017, seven SBA launch meetings were held in Western Balkans and Turkey to present the key features of the SBA assessment process and revised assessment frameworks to a broad range of stakeholders. Subsequently, the assessment phase started off. The collection of inputs and statistical data continued until the end of 2017.

In order to assist policymakers in the implementation of the SMEPI recommendations, supporting activities, designed around the notion of peer learning, are regularly carried out. As of December 2017, the OECD has organised three regional policy dialogue meetings that aimed to address the areas in which limited progress was demonstrated, namely:

- alternative financial instruments
- FDI-SME linkages
- bankruptcy and second chance policies

Moreover, a pilot capacity building event was held in Istanbul, during which the Turkish experience in SME-Academia collaboration and establishment of S&T parks were presented to Western Balkans' practitioners.

By engaging private sector and civil society actors, all these events fostered inclusive policy-making, and aimed to trigger the establishment of regional networks working on similar SME policy challenges and devising innovative joint solutions.

Expected project outcomes

The following outcomes are expected:

- the finalised assessment of the SBA principles' implementation under the SMEPI 2019 publication
- enhanced capacity of the policy makers to design and implement better SME policies.

Small Business Act for Europe

Benchmarking as the gold standard for measuring development

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Economies



Beneficiary Overview

Albania



Pillar 1 Equity Instruments

Enterprise Innovation Fund (ENIF)

Under the Enterprise Innovation Fund, South Central Ventures, acting as Investment Manager of the ENIF, has been actively sourcing pipeline in Albania and to date does not have investments in the portfolio.

Enterprise Expansion Fund (ENEF)

Under the Enterprise Expansion Fund, EBRD, acting as Investment Advisor to the ENEF, has been actively sourcing pipeline in Albania and, to date, has invested EUR 900k in one company:

- **APM:** a local manufacturers of fabricated metal products serving both the domestic and export markets.

The total committed via ENEF, including the EBRD's co-investment, in Albanian companies amounts to EUR 1.8m.



Pillar 2 Guarantee Instruments

Guarantee Facility I

Under the Guarantee Facility I, EIF signed a total portfolio of EUR 20m with ProCredit Bank Albania in December 2013. As of 31 December 2017, ProCredit Bank Sh.A. Albania was able to provide a total of EUR 19.7m of loans at preferential conditions to over 464 SMEs in Albania for an average loan amount of EUR 38,000 and average maturity of 8.0 years.

Guarantee Facility II

Under the Guarantee Facility II, EIF signed an agreement with Raiffeisen Bank Sh.A. Albania for a total portfolio volume of EUR 17m in December 2016. As of 31 December 2017, Raiffeisen was able to provide a total of EUR 9.7m of loans at preferential conditions to 60 SMEs in Albania for an average loan amount of EUR 154,300 and average maturity of 2.2 years. EIF has seen a much faster uptake of the second edition of the instrument, which can be attributed to the Financial Intermediaries learning curve in deploying such products, as well as increased market readiness.

Pillar 3 Lending Instruments

In 2017, a Lending Pillar was added to WB EDIF's structure to enable the implementing partner IFIs to develop new SME lending instruments. The EBRD's SME Competitiveness Programme will be the first to be implemented under this Pillar in 2018.

Pillar 4 Support Services

Albania was the last beneficiary economy to start utilising WB EDIF funding for EBRD's Advice for Small Businesses (ASB) in the second half of 2017. By the end of 2017, using WB EDIF funds, EBRD has provided advisory support through 13 projects - 11 local consultancy projects and two international advisory projects.

The Small Business Act (SBA) assessment that is led by the OECD supported Albania in improving SME policy-making and enhancing the capacity of its policy makers to address related challenges. 17 policy-makers and practitioners participated in various OECD events that helped them implement the recommendations under the last SBA Assessment.

An IP Toolkit was distributed to participants of the Workshop held in Tirana under the programme lead by EIB for support on intangible assets and intellectual property in the Western Balkans.

Under the World Bank's EU-REPARIS programme, activities are organized on a regional basis with regular participation of the various stakeholders of Albania. A separate companion project to EU-REPARIS helps advance financial reporting reform through technical assistance and knowledge transfer. International standards have been introduced. Legal frameworks have been partially aligned with EU requirements. The profession is a fully accredited member in international associations. Many other areas of reform are underway.

Breakdown by sector**



47%

Wholesale and retail trade
Repair of motor vehicles
and motorcycles



19%

Manufacturing



8%

Agriculture, forestry
and fishing

7% Transporting and storage

6% Construction

4% Accommodation and food
service activities

3% Other service activities

2% Electricity, gas, steam and
air conditioning supply

1.4% Human health and social
work activities

0.7% Administrative and support
service activities

0.6% Real estate activities

0.6% Professional, scientific
and technical activities

0.5% Information and
Communication

0.25% Public administration and
defence; compulsory social
security

0.1% Education

0.08% Arts, entertainment
and recreation

**loans under the Guarantee Instruments.

Bosnia and Herzegovina

Pillar 1 Equity Instruments

Enterprise Innovation Fund (ENIF)

Under the Enterprise Innovation Fund, South Central Ventures, acting as Investment Manager of the ENIF, has been actively sourcing pipeline in Bosnia and Herzegovina and to date does not have investments in the portfolio.

Enterprise Expansion Fund (ENEF)

Under the Enterprise Expansion Fund, EBRD, acting as Investment Advisor to the ENEF, has been actively sourcing pipeline in Bosnia and Herzegovina and to date has invested EUR 1.37m in two companies:

- **Krajina Klas:** a bakery specialised in the production and retail of fresh and frozen bread, pastries and other bakery products, and
- **Voluntary pension fund:** the first voluntary pension fund management company operating in Republika Srpska.

The total committed via ENEF, including the EBRD's co-investment, in companies in Bosnia & Herzegovina companies amounts to EUR 2.74m.

Pillar 3 Lending Instruments

In 2017 a Lending Pillar was added to WB EDIF's structure to enable the implementing partner IFIs to develop new SME lending instruments. The EBRD's SME Competitiveness Programme will be the first to be implemented under this Pillar in 2018. In BiH, the EU/EBRD SME Competitiveness Support Facility is already active since 2015 with the support of IPA National grants.

Pillar 2 Guarantee Instruments

Guarantee Facility I

Under the Guarantee Facility I, EIF signed a total portfolio of EUR 20m with ProCredit Bank d.d. in December 2013. As of 31 December 2017, ProCredit Bank d.d. was able to provide a total of EUR 20m of loans at preferential conditions to over 142 SMEs in Bosnia and Herzegovina for an average loan amount of EUR 134,220 and average maturity of 8.4 years.



Pillar 4 Support Services

The EBRD's Advice for Small Businesses (ASB) has provided advisory support through 48 projects in total, in order to help SMEs develop and grow, enhance competitiveness and improve bankability: out of these, three international advisory projects were implemented in 2016, while 45 projects were supported in 2017 (40 through local consultancy and five through international advisory). In addition, one sector development activity in the agribusiness sector was held gathering 20 local SMEs. Two companies have been accepted to the EBRD's Blue Ribbon Programme. Krajina Klas, an investee company financed through ENEF and a long lasting ASB client, has been identified as another Blue Ribbon client.

The Small Business Act (SBA) assessment that is led by the OECD supported Bosnia and Herzegovina in improving SME policy-making and enhancing the capacity of its policy makers to address related challenges. 27 policy-makers and practitioners participated in various OECD events that helped them implement the recommendations under the last SBA Assessment.

A candidate for Centre of Excellence status under EIB's study on Regional Centres of Excellence was identified in the Sarajevo Innovation House initiative, a cooperation of University of Sarajevo, Chamber of Economy and Networks accelerator.

An IP Toolkit was distributed to participants of the Workshop held in Mostar under the programme lead by EIB for support on intangible assets and intellectual property in the Western Balkans.

Under the World Bank's EU-REPARIS programme, activities are organized on a regional basis with regular participation of the various stakeholders of BiH. Country-level activities included consultations and policy discussions to help advance the agenda of public oversight and quality assurance, as well as convergence with EU requirements. Two workshops were organized to that effect.

Breakdown by sector**



41%

Wholesale and retail trade
Repair of motor vehicles
and motorcycles



29%

Manufacturing



14%

Transporting and storage

- 6% Agriculture, forestry and fishing
- 3% Construction
- 2% Electricity, gas, steam and air conditioning supply
- 1.7% Human health and social work activities
- 1.6% Information and Communication
- 1.5% Administrative and support service activities
- 0.3% Other service activities
- 0.2% Accommodation and food service activities
- 0.1% Professional, scientific and technical activities

**loans under the Guarantee Instruments.

Croatia

Pillar 1 Equity Instruments

Enterprise Innovation Fund (ENIF)

Under the Enterprise Innovation Fund, South Central Ventures, acting as Investment Manager of the ENIF, has been actively sourcing pipeline in Croatia and to date has invested EUR 3.90m in three companies:

- **Agrivi:** development and sales of the farm management software
- **Bulb:** Next-Generation Solutions for Management of Telecommunication Services
- **Sentinel Marine:** a leading smart solution for recreational boats in the Adriatic, with a vision of “Building IoT at sea”

Enterprise Expansion Fund (ENEF)

Under the Enterprise Expansion Fund, EBRD, acting as Investment Advisor to the ENEF, has been actively sourcing pipeline in Croatia and to date has invested EUR 5m in one company:

- **Pula centre:** Pula Regeneration Centre – retail and entertainment centre

The total committed via ENEF, including the EBRD’s co-investment, in Croatian companies amounts to EUR 10m



Pillar 2 Guarantee Instruments

Guarantee Facility I

Under the Guarantee Facility I, EIF signed a total portfolio of EUR 20.0m with Raiffeisenbank Austria in April 2015. As of 31 December 2017, Raiffeisenbank was able to provide a total of EUR 17.1m of loans at preferential conditions to 83 SMEs in Croatia for an average loan amount of close to EUR 190,000 and average maturity of 6.8 years.

Pillar 3 Lending Instruments

In 2017 a Lending Pillar was added to WB EDIF’s structure to enable the implementing partners IFIs to develop new SME lending instruments. The EBRD’s SME Competitiveness Programme will be the first to be implemented under this Pillar in 2018.

Pillar 4 Support Services

The EBRD’s Advice for Small Businesses (ASB) in Croatia is supported outside of the WB EDIF platform.

The World Bank Investment Readiness Program “Pioneers of the Balkans” provided mentoring to entrepreneurs to help them get access to external sources of funding. Twenty-seven percent of the beneficiaries of the program are from Croatia. In addition, 5 out of 7 winners from the semi-finals and 2 out of 4 entrepreneurs invited to negotiations to have access to Risk Capital come from Croatia.



Breakdown by sector**



**loans under the Guarantee Instruments.

The former Yugoslav Republic of Macedonia



Pillar 1 Equity Instruments

Enterprise Innovation Fund (ENIF)

Under the Enterprise Innovation Fund, South Central Ventures, acting as Investment Manager of the ENIF, has been actively sourcing pipeline in FYR Macedonia and to date has invested EUR 1.33m in three companies:

- **Letz:** an Artificial Intelligence (AI) powered app to boost productivity in the workplace
- **Cognism:** an end-to-end sales-acceleration solution that provides sales organizations with a more efficient way to prospect
- **InPlayer:** the next generation video and digital asset monetisation platform that works with the largest media and technology companies in the world

Enterprise Expansion Fund (ENEF)

Under the Enterprise Expansion Fund, EBRD, acting as Investment Advisor to the ENEF, has been actively sourcing pipeline in FYR Macedonia and to date has invested EUR 1.75m in one FYR Macedonian company:

- **Cermat:** a leading producer of ice cream and other frozen goods in FYR Macedonia

The total committed via ENEF, including the EBRD's co-investment, in the FYR Macedonian company amounts to EUR 3.5m.

Pillar 2 Guarantee Instruments

Guarantee Facility II

Under the Guarantee Facility II, EIF signed an agreement with ProKredit Banka AD Skopje for a total portfolio volume of EUR 10m in December 2016. As of 31 December 2017, ProKredit Banka AD Skopje was able to provide a total of EUR 10.0m of loans at preferential conditions to 51 SMEs in FYR Macedonia for an average loan amount of EUR 164,600 and average maturity of 8.8 years.



Pillar 3 Lending Instruments

In 2017 a Lending Pillar was added to WB EDIF's structure to enable the implementing partner IFIs to develop new SME lending instruments. The EBRD's SME Competitiveness Programme will be the first to be implemented under this Pillar in 2018.

Pillar 4 Support Services

The EBRD's Advice for Small Businesses (ASB) has provided advisory support through 83 projects in total, helping SMEs in FYR Macedonia to grow, enhance competitiveness and bankability: out of these, 47 projects were implemented in 2016 (31 through local consultancy and six carried out through international advisory), while 36 projects were supported during 2017 (33 with local consultants and three projects engaging international advisers). In addition, three training courses for consultants were held, with 35 local experts participating, and one sector development activity gathering around 40 local SMEs. Two companies have been accepted to the EBRD's Blue Ribbon Programme. A long lasting ASB client, Cermat, was also financed through ENEF.

The Small Business Act (SBA) assessment that is led by the OECD supported FYR Macedonia in improving SME policy-making and enhancing the capacity of its policy makers to address related challenges. 16 policy-makers and practitioners participated in various OECD events that helped them implement the recommendations under the last SBA Assessment.

A candidate for Centre of Excellence status under the EIB's study on Regional Centres of Excellence was identified in FYR Macedonia: the INNOFEIT initiative of the Faculty of Electrical Engineering Ss. Cyril and Methodius University Skopje. An IP Toolkit was distributed to participants of the Workshop held in Skopje under the programme lead by EIB for support on intangible assets and intellectual property in the Western Balkans.

Under the World Bank's EU-REPARIS programme, activities are organized on a regional basis with regular participation of the various stakeholders of the FYR Macedonia. EU-REPARIS supported country-level activities particularly in training financial sector supervisors in IFRS 9. A conference on accountancy education benchmarking attracted a broad set of stakeholder groups. Ongoing support is being provided to the FYR Macedonian MoF during the ongoing amendments to the Law on Auditing.

Breakdown by sector**



58%

Wholesale and retail trade
Repair of motor vehicles
and motorcycles



16%

Transporting and storage



15%

Construction

8% Manufacturing

1% Administrative and support
service activities

1% Agriculture, forestry
and fishing

0.5% Information and
Communication

0.5% Professional, scientific
and technical activities



Pillar 1 Equity Instruments

Enterprise Innovation Fund (ENIF)

Under the Enterprise Innovation Fund, South Central Ventures, acting as Investment Manager of the ENIF, has been actively sourcing pipeline in Kosovo* and to date does not have investments in the portfolio.

Enterprise Expansion Fund (ENEF)

Under the Enterprise Expansion Fund, EBRD, acting as Investment Advisor to the ENEF, has been actively sourcing pipeline in Kosovo* and to date has invested EUR 4m in two companies:

- **Viva Fresh:** a supermarket retail chain operating across the economy
- **Santefarm:** the largest pharmaceutical distributor in Kosovo*, supplying generic and branded drugs, OTC and medical material to 400+ pharmacies throughout Kosovo*

The total committed via ENEF, including the EBRD's co-investment, in Kosovar companies amounts to EUR 8m.

Pillar 2 Guarantee Instruments

Guarantee Facility I

Under the Guarantee Facility I, EIF signed a total portfolio of EUR 20m with ProCredit Bank Sh.A in Kosovo* in December 2013. As of 31 December 2017, ProCredit Bank Sh.A. Kosovo* was able to provide the entire envisioned portfolio of EUR 19.97m of loans at preferential conditions to 228 SMEs in Kosovo* for an average loan amount of EUR 82,500 and average maturity of 6.7 years.

Guarantee Facility II

Under the Guarantee Facility II, EIF also signed an agreement with ProCredit Bank Sh.A in Kosovo* for a total portfolio volume of EUR 35m in December 2016. As of 31 December 2017, ProCredit Bank Sh.A. Kosovo* was able to provide a total of EUR 34.86m of loans at preferential conditions to 321 SMEs in Kosovo* for an average loan amount of EUR 94,500 and average maturity of 4.93 years. EIF has seen a much faster uptake of the second edition of the instrument which can be attributed to the Financial Intermediaries learning curve in deploying such products.

Pillar 3 Lending Instruments

In 2017 a Lending Pillar was added to WB EDIF's structure to enable the implementing partner IFIs to develop new SME lending instruments. The EBRD's SME Competitiveness Programme will be the first to be implemented under this Pillar in 2018.

Pillar 4 Support Services

The EBRD's Advice for Small Businesses (ASB) has provided advisory support through 48 projects in total, in order to help SMEs in Kosovo* grow, enhance competitiveness and bankability: out of these, 12 projects were implemented in 2016 (nine through local consultancy projects and three with international advisers), while 36 projects were supported in 2017 (32 projects with local consultants and 4 through international advisory). In addition, 4 training courses for consultants were held, with more than 70 local experts participating, and two sector development activities gathering over 70 local SMEs in total. One company has been identified and accepted to the EBRD's Blue Ribbon Programme receiving ENEF financing in 2017. The Small Business Act (SBA) assessment that is led by the OECD supported Kosovo* in improving SME policy-making and enhancing the capacity of its policy makers to address related challenges. 17 policy-makers and practitioners participated in various OECD events that helped them implement the recommendations under the last SBA Assessment.

The World Bank Investment Readiness Program "Pioneers of the Balkans" provided mentoring to entrepreneurs to help them get access to external sources of funding. Thirteen percent of the beneficiaries of the program are from Kosovo*.

An IP Toolkit was distributed to participants of the Workshop held in Pristina under the programme lead by EIB for support on intangible assets and intellectual property in the Western Balkans.

Under the World Bank's EU-REPARIS programme, activities are organized on a regional basis with regular participation of the various stakeholders of Kosovo*.

EU-REPARIS partially supported the development of a separate companion economy project which has been launched in H2 and supports the standard setting as well as public oversight and quality assurance frameworks. A conference on accountancy education benchmarking attracted a broad set of stakeholder groups. Most recently, support was provided to the MoF during the revision to the Law on Accounting, Financial Reporting, and Auditing. The new law is scheduled to be passed in 2018.

Breakdown by sector**



51%

Wholesale and retail trade
Repair of motor vehicles
and motorcycles



25%

Manufacturing



7%

Construction

- 4% Agriculture, forestry and fishing
- 3% Accommodation and food service activities
- 2% Professional, scientific and technical activities
- 1.5% Administrative and support service activities
- 1.4% Transporting and storage
- 1.4% Information and Communication
- 1% Human health and social work activities
- 1% Education
- 0.5% Water supply, sewerage, waste management and remediation activities
- 0.5% Electricity, gas, steam and air conditioning supply
- 0.1% Mining and quarrying
- 0.1% Financial and insurance activities
- 0.08% Arts, entertainment and recreation

**loans under the Guarantee Instruments.



Montenegro

Pillar 1 Equity Instruments

Enterprise Innovation Fund (ENIF)

Under the Enterprise Innovation Fund, South Central Ventures, acting as Investment Manager of the ENIF, has been actively sourcing pipeline in Montenegro and to date does not have investments in the portfolio.

Enterprise Expansion Fund (ENEF)

Under the Enterprise Expansion Fund, EBRD, acting as Investment Advisor to the ENEF, has been actively sourcing pipeline in Montenegro and to date does not have investments in the portfolio.



Pillar 2 Guarantee Instruments

Guarantee Facility I

Under the Guarantee Facility I, EIF signed a total portfolio of EUR 7.9m with Crnogorska Komercijalna Banka AD (CKB) in 2014. As of 31 December 2017, CKB was able to provide a total of EUR 7.9m of loans at preferential conditions to over 321 SMEs in Montenegro for an average loan amount of EUR 23,300 and average maturity of 4.6 years.

Guarantee Facility II

Under the Guarantee Facility II, EIF signed a second agreement with CKB for a total portfolio volume of EUR 20m in December 2016. As of 31 December 2017, CKB was able to provide a total of EUR 12.96m of loans at preferential conditions to 447 SMEs in Montenegro for an average loan amount of EUR 26,100 and average maturity of 4.47 years. EIF has seen a much faster uptake of the second edition of the instrument which can be attributed to the Financial Intermediaries learning curve in deploying such products.

Pillar 3 Lending Instruments

In 2017 a Lending Pillar was added to WB EDIF's structure to enable the implementing partner IFIs to develop new SME lending instruments. The EBRD's SME Competitiveness Programme will be the first to be implemented under this Pillar in 2018.

Pillar 4 Support Services

The EBRD's Advice for Small Businesses (ASB) has provided advisory support through 36 projects in total, in order to help SMEs in Montenegro grow, enhance competitiveness and bankability: out of these, 11 projects were supported in 2016 (10 local consultancy and one international advisory project), while 25 projects were implemented in 2017 (24 projects with local consultants and one international advisory). In addition, two training courses for consultants were held, with more than 20 local experts as trainees as well as one training for SMEs gathering some 20 participants. One company has been identified and accepted to the EBRD's Blue Ribbon Programme. The Small Business Act (SBA) assessment that is led by the OECD supported Montenegro in improving SME policy-making and enhancing the capacity of its policy makers to address related challenges. 16 policy-makers and practitioners participated in various OECD events that helped them implement the recommendations under the last SBA Assessment.

The World Bank Investment Readiness Program "Pioneers of the Balkans" provided mentoring to entrepreneurs to help them get access to external sources of funding. One percent of the beneficiaries of the program come from Montenegro.

An IP Toolkit was distributed to participants of the Workshop held in Podgorica under the programme lead by EIB for support on intangible assets and intellectual property in the Western Balkans.

Under the World Bank's EU-REPARIS programme, activities are organized on a regional basis with regular participation of the various stakeholders of Montenegro. EU-REPARIS supported country-level activities with particular focus on supporting the Institute of Certified Accountants of Montenegro (ICAM), the local professional accountancy organization (PAO) in its application for full membership of the International Federation of Accountants (IFAC) which among other is an indicator of compliance with international good practices. Support was provided to the MoF to prepare a set of questionnaires for off site monitoring of risk and collecting preliminary data from authorized auditors and audit companies.

Breakdown by sector**



48%

Wholesale and retail trade
Repair of motor vehicles
and motorcycles



10%

Manufacturing



9.5%

Construction

- 9% Transporting and storage
- 9% Accommodation and food service activities
- 4% Professional, scientific and technical activities
- 3% Agriculture, forestry and fishing
- 2.5% Administrative and support service activities
- 1% Information and Communication
- 0.9% Real estate activities
- 0.9% Other service activities
- 0.7% Water supply, sewerage, waste management and remediation activities
- 0.7% Human health and social work activities
- 0.2% Education
- 0.1% Arts, entertainment and recreation

**loans under the Guarantee Instruments.

Serbia

Pillar 1 Equity Instruments

Enterprise Innovation Fund (ENIF)

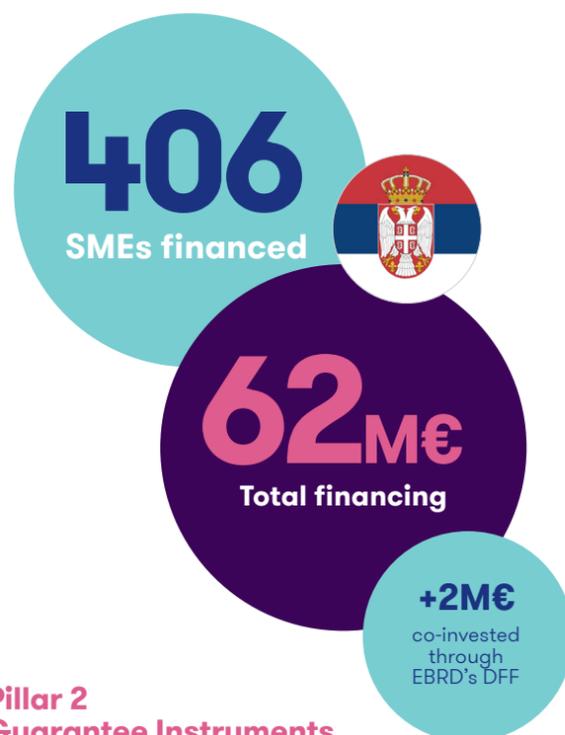
Under the Enterprise Innovation Fund, South Central Ventures, acting as Investment Manager of the ENIF, has been actively sourcing pipeline in Serbia and to date has invested EUR 3.88m in 7 companies:

- **Drytools/Alchemy:** business as a software & project management tools for speciality chemicals industry
- **CityExpert:** platform for publishing real estate opportunities
- **WorkPlus:** productivity monitoring software for companies
- **CUBE:** a business information and credit risk service company
- **Hunch Insight:** an Ad-tech SaaS technology company that helps businesses deliver automated, optimized, and personalized ads to users on leading digital advertising platforms
- **Virtus Vita:** a global dialysis & travel organization
- **Tradecore:** a company providing enterprises ways to keep up with changes and optimize their businesses

Enterprise Expansion Fund (ENEF)

Under the Enterprise Expansion Fund, EBRD, acting as Investment Advisor to the ENEF, has been actively sourcing pipeline in Serbia and to date has invested EUR 1.97m in three companies:

- **Delmax:** a truck and car parts distributor and retailer
 - **Gomma line:** a producer of rubber and plastic parts for the automotive industry
 - **BG Reklam:** a company designing, developing and manufacturing permanent point-of-sale materials
- The total committed via ENEF, including the EBRD's co-investment, in Serbian companies amounts to EUR 3.95m.



Pillar 2 Guarantee Instruments

Guarantee Facility I

Under the Guarantee Facility I, EIF signed a total portfolio of EUR 30m with UniCredit Bank Serbia JSC Belgrade in August 2014. As of 31 December 2017, UniCredit Bank Serbia JSC Belgrade was able to provide a total of EUR 29.6m of loans at preferential conditions to over 253 SMEs in Serbia for an average loan amount of EUR 106,700 and average maturity of 4.4 years.

Guarantee Facility II

Under the Guarantee Facility II, EIF signed an agreement with ProCredit Bank a.d. Belgrade for a total portfolio volume of EUR 25m in December 2016. As of 31 December 2017, ProCredit Bank a.d. Belgrade was able to provide a total of EUR 25m of loans at preferential conditions to over 143 SMEs in Serbia for an average loan amount of EUR 158,200 and average maturity of 7.62 years. EIF has seen a much faster uptake of the second edition of the instrument which can be attributed to the Financial Intermediaries learning curve in deploying such products.

Pillar 3 Lending Instruments

In 2017 a Lending Pillar was added to WB EDIF's structure to enable the implementing partner IFIs to develop new SME lending instruments. The EBRD's SME Competitiveness Programme will be the first to be implemented under this Pillar in 2018.

Pillar 4 Support Services

The EBRD's Advice for Small Businesses (ASB) has provided advisory support through 107 projects in total, helping SMEs in Serbia to grow, enhance competitiveness and bankability. Out of these, 39 projects were supported in 2016 (32 local consultancy and seven international advisory projects), while 68 projects were implemented in 2017 (61 through local consultancy and seven through international advisory). In addition, two training courses for consultants were held, with 30 local experts participating, and three sector development activities, gathering over 100 local SMEs in total. One company has been accepted to the EBRD's Blue Ribbon Programme. The two investee companies financed through ENEF have also been supported through ASB.

The World Bank Investment Readiness Program "Pioneers of the Balkans" provided mentoring to entrepreneurs to help them get access to external sources of funding. Fifty percent of the beneficiaries of the program are from Serbia. In addition, two out of 7 winners from the semi-finals and two out of 4 entrepreneurs invited to negotiations to have access to Risk Capital come from Serbia.

Under the World Bank's EU-REPARIS programme, activities are organized on a regional basis with regular participation of the various stakeholders of Serbia. A separate companion project partially developed under EU-REPARIS helps advance financial reporting reform through technical assistance and knowledge transfer.

The Small Business Act (SBA) assessment that is led by the OECD supported Serbia in improving SME policy-making and enhancing the capacity of its policy makers to address related challenges. 18 policy-makers and practitioners participated in various OECD events that helped them implement the recommendations under the last SBA Assessment.

Via the EIB, an ex-Ante Study on Financial Instruments for SMEs in Serbia was implemented, with supporting capacity building sessions held in Belgrade. An IP Toolkit was distributed to participants of the Workshop held in Science Techno Park Belgrade. Two candidates for Centre of Excellence status have been identified in Serbia:

Serbian Innovation Hub from Belgrade and the CAKE initiative at the University of Novi Sad.

Breakdown by sector**



40%

Manufacturing



25%

Wholesale and retail trade
Repair of motor vehicles
and motorcycles



13%

Agriculture, forestry
and fishing

7% Transporting and storage

5% Information and
Communication

4% Construction

3% Professional, scientific
and technical activities

1.5% Administrative and support
service activities

0.6% Water supply, sewerage,
waste management and
remediation activities

0.6% Real estate activities

0.5% Accommodation and food
service activities

0.2% Education

0.07% Other service activities

0.04% Human health and social
work activities

**loans under the Guarantee Instruments.

To find out more, please visit
www.wbedif.eu

