

 #Believe  
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 **WB EDIF**

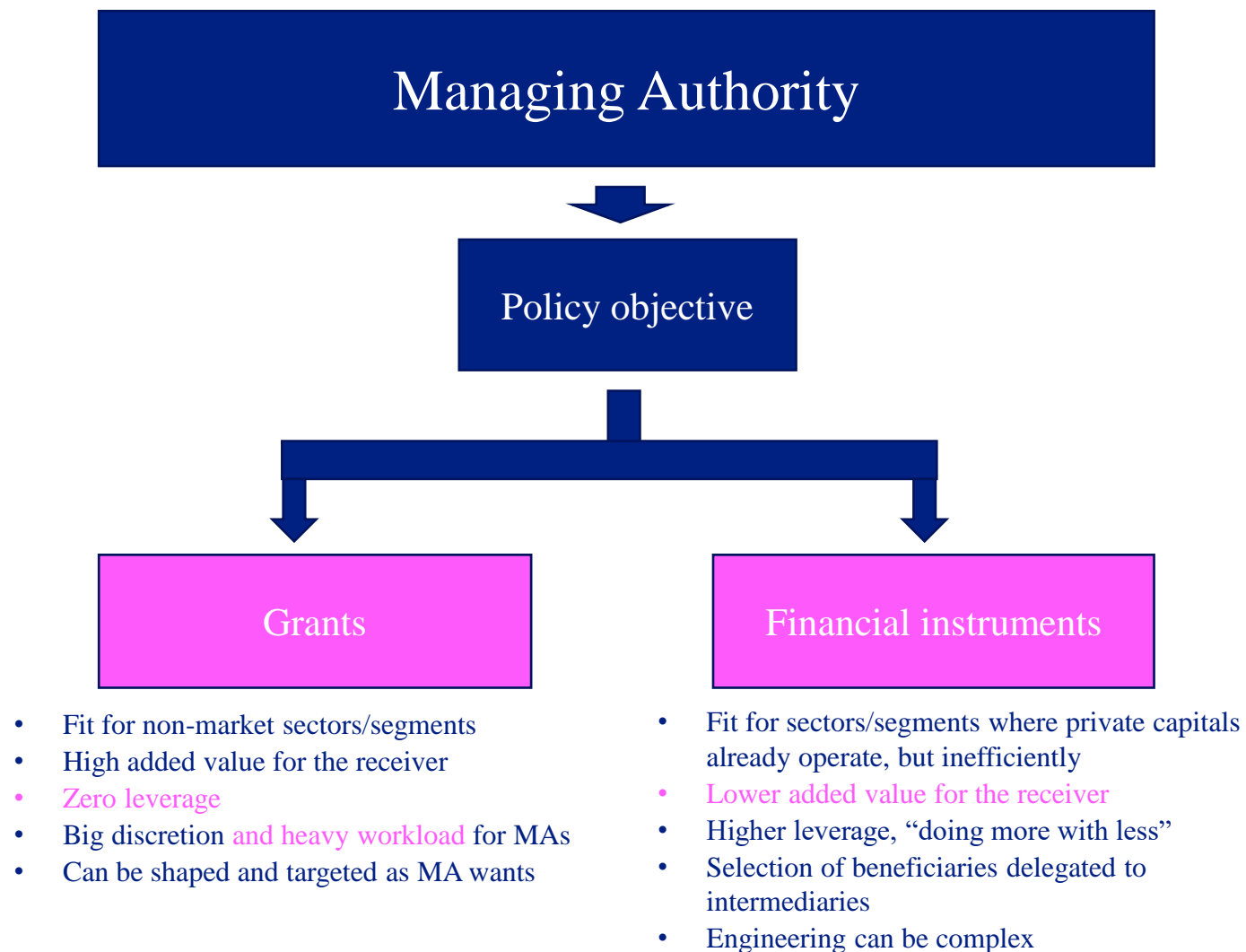
Western Balkans  
Enterprise Development  
and Innovation Facility

# WB EDIF Platform

*A blueprint for private sector development*

*22 March 2021*

# Introduction: what is a Financial Instrument?



# Introduction: what is a Financial Instrument?

As a rule, a financial instrument is a **partnership** between the Managing Authority and a financial intermediary operating in, and **following the logic of, the private sector**

Consequences to be always borne in mind:

- FIs can only work where a **potential market** exist, with potential returns for actors
- FIs can only work within a market which is big enough to allow **economies of scale** and sufficient **diversification**
- Design of the FI bearing in mind the market conditions, and ensuring that the **interests** of the intermediary and the MA **are totally aligned**, is key for the success of the FI
- The intermediary invests its own resources, and will not do so unless it is convinced about the good potential of the FI for its own profit!

# In particular: the benefits of a multi-country approach (equity/debt)

Pooling resources brings *more firepower* for the creation of *larger funds* able to support *larger investment rounds* when needed, lowering dependence on investors from outside the region

*Geographic diversification* improves returns

Increased access to a *larger investor base*

Impulse for *creation of new teams*

Increased *access to capital* for companies in each country



Market alignment attracts *more private capital*

*Coordinated policy action* across the region

Building *regional and global champions*

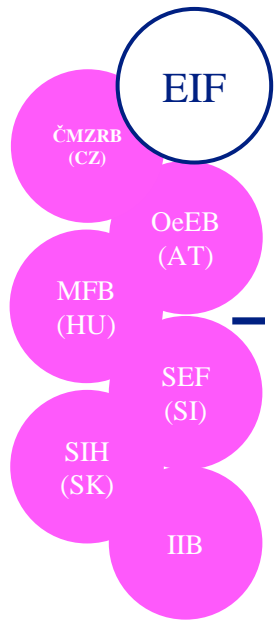
*Vibrant ecosystem* and sharing of *know-how* across borders

*Addressing market fragmentation* across a single landscape

# Example 1: Central Europe Fund of Funds (CEFoF)

## Funding

*In 2017, we partnered with a number of Central European NPIs supported by their governments*



€97m

## Objective

*To nurture the development of the regional VC/PE ecosystem and provide financing for scale-ups via later stage VC funds and PE growth funds as well as potential co-investments alongside them*



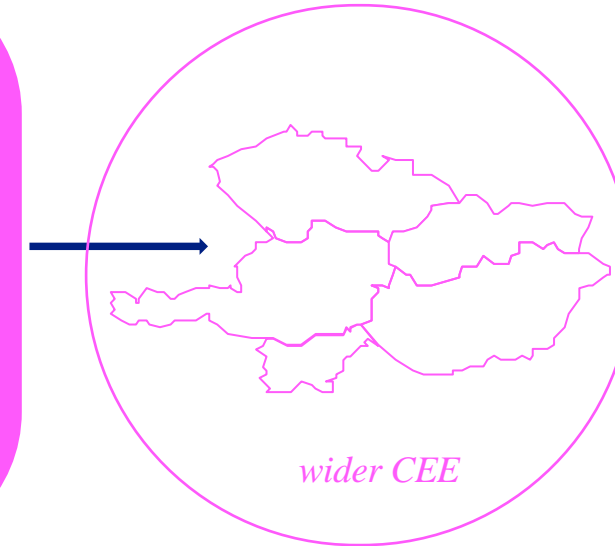
## Intermediaries

*After 3 years, 8 VC and PE funds have been added to the portfolio, with 2-3 opportunities remaining to be signed by the end of the investment period in December 2021*



## Beneficiaries

*c. 110 companies expected to be supported*

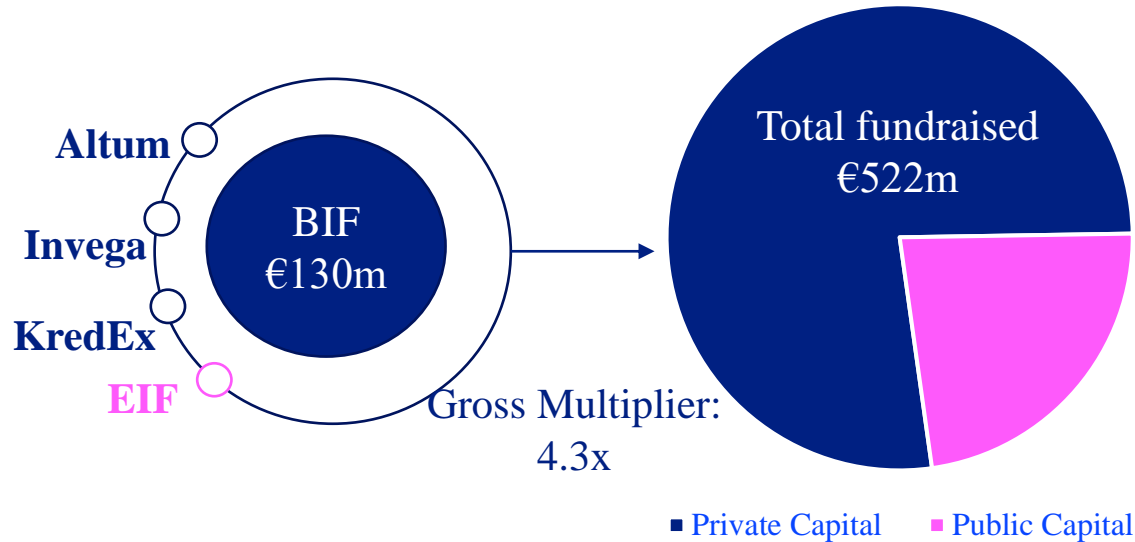


2017

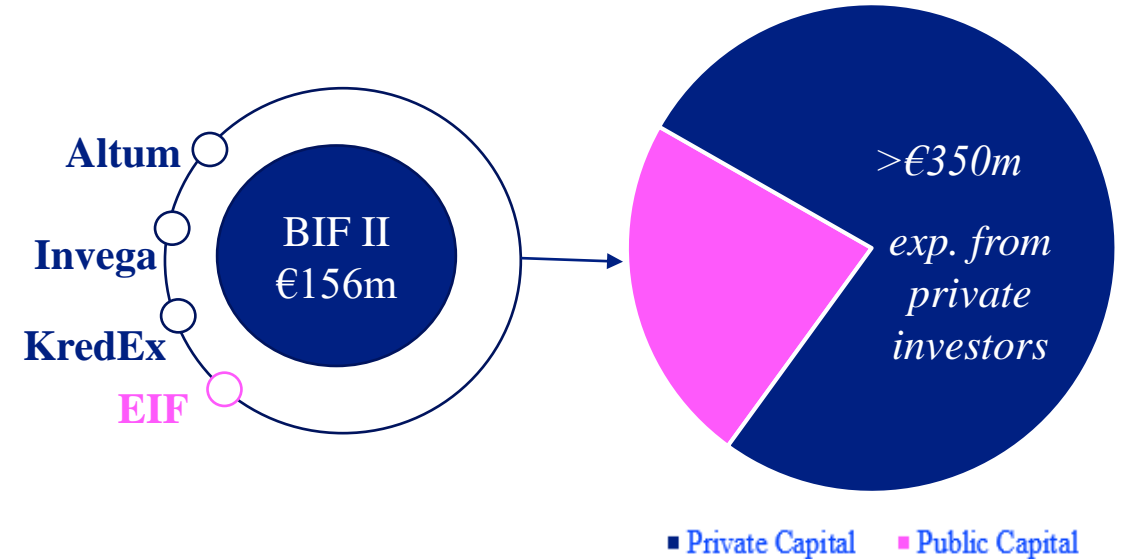
2021

# Example 2: Baltic Innovation Fund (BIF)

BIF - launched in 2012, fully committed



BIF 2 - launched in 2019 for continuous market development



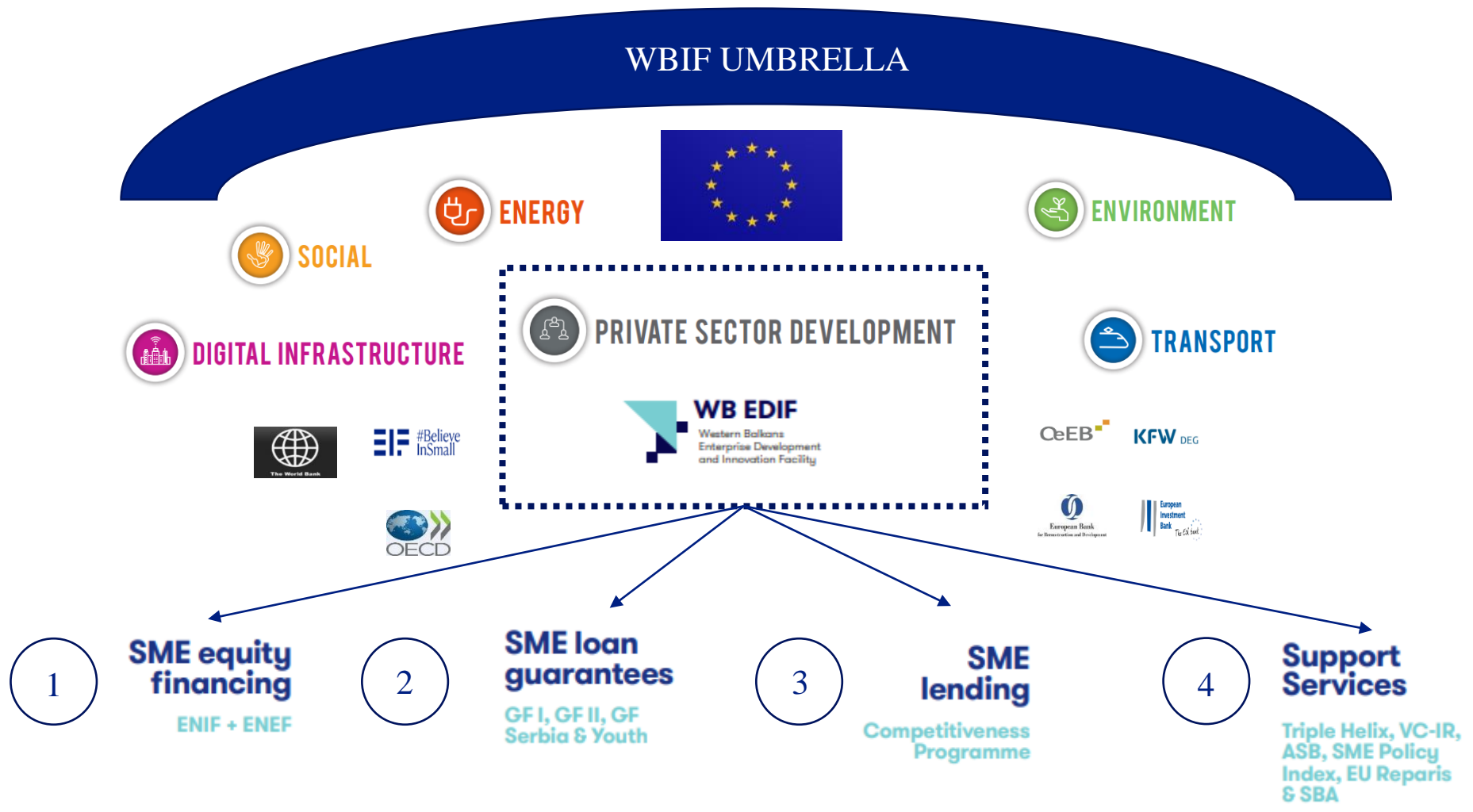
Long-term goal: to ensure a **self-sustainable private equity ecosystem** by supporting teams and attracting institutional LPs

Invested in **7 funds** out of which **5** were emerging teams

Invested in **2 funds**  
Extensive pipeline: **15-20 proposals expected**

BIF 2 to be committed by **July 2024**

# An integrated multi-product platform: WB EDIF



# 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

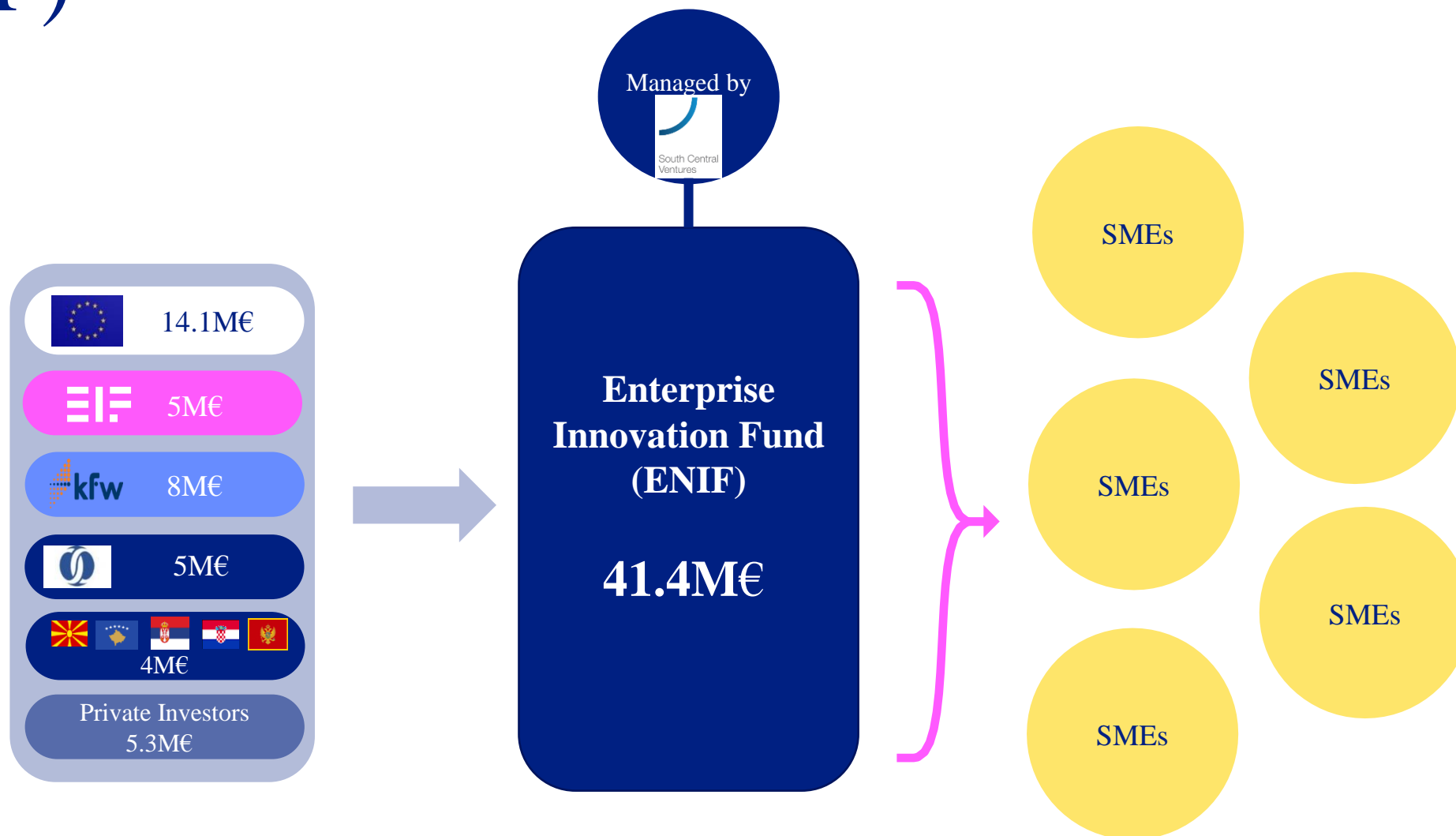


4600  
projected

**112,705** Jobs supported



# Enterprise Innovation Fund (ENIF)



# Enterprise Innovation Fund (ENIF)

*(results as at 31 December 2020)*

## Overall Focus

- early stage to later stage across a spectrum, from very early revenue through companies with established revenues and close to profitability
- targets innovative SMEs in all technology sectors with potential for high growth

## Utilisation

- €30m already disbursed

## Geographic Focus

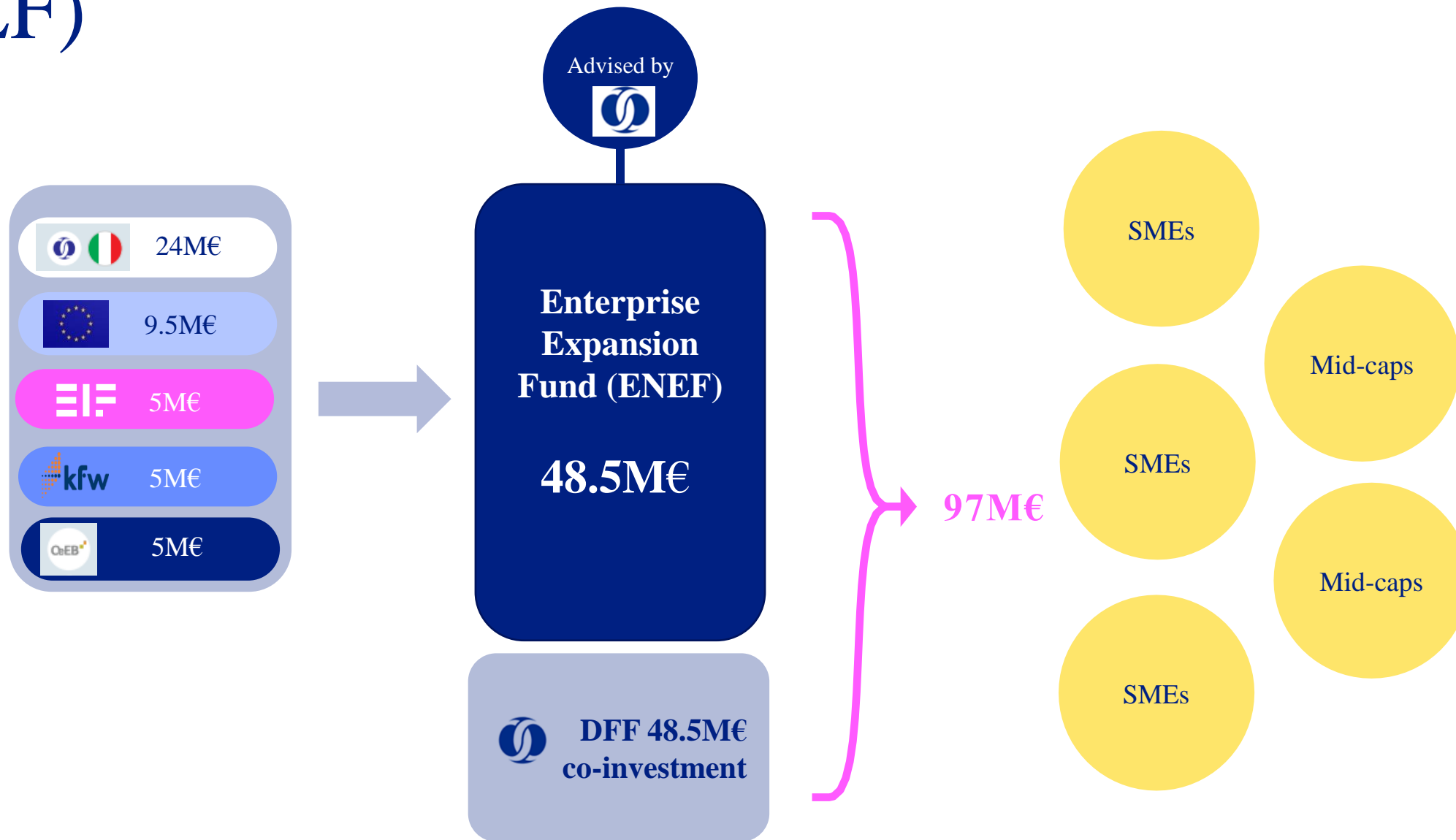
- Five local economies served



**975**  
*Jobs supported*

**29**  
*Investments*

# Enterprise Expansion Fund (ENEF)



# Enterprise Expansion Fund (ENEF)

*(results as at 31 September 2020)*

## Overall Focus

- 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 Balkan Region.

## Utilisation

- €27m disbursed – plus EBRD co-investment

## Geographic Focus

- Six local economies served



*Over*

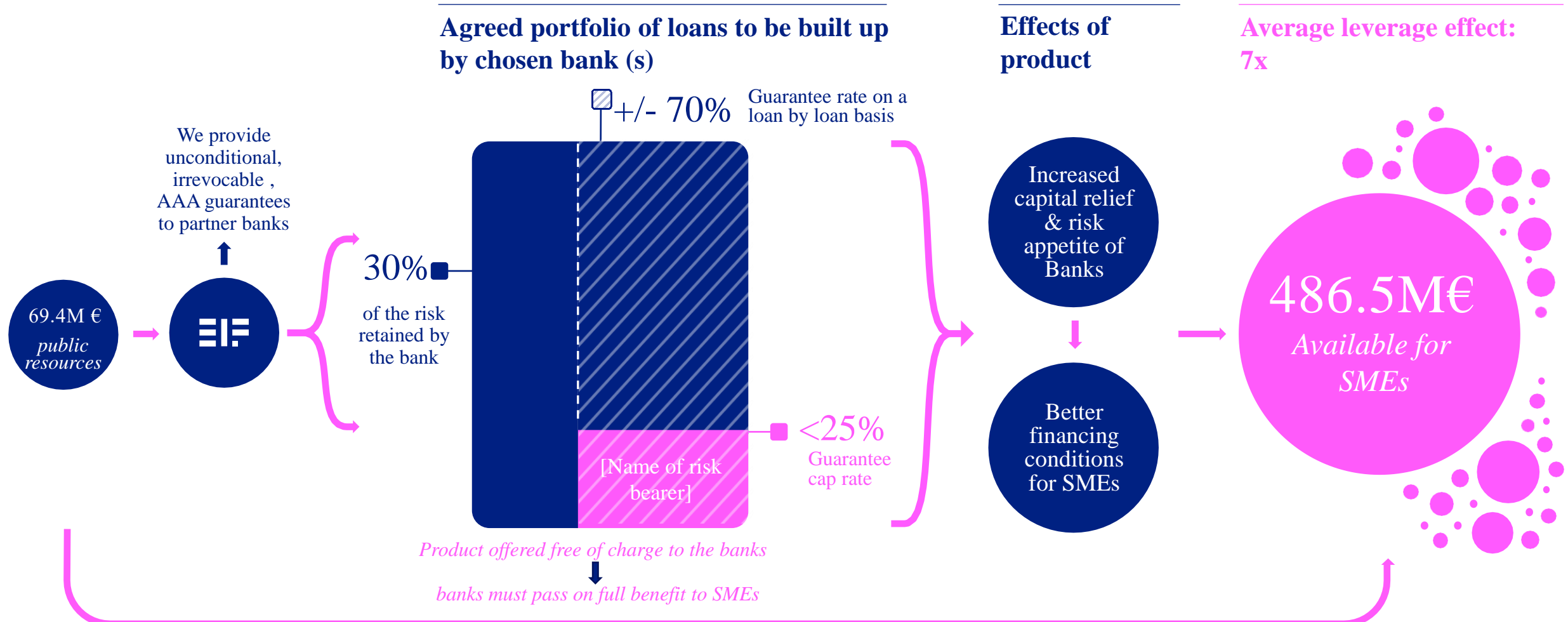
**7,000**

*Jobs  
supported*

**18**

*Investments*

# Guarantee Facility (GF)



# Guarantee Facility (GF)

(results as at 30 June 2020)

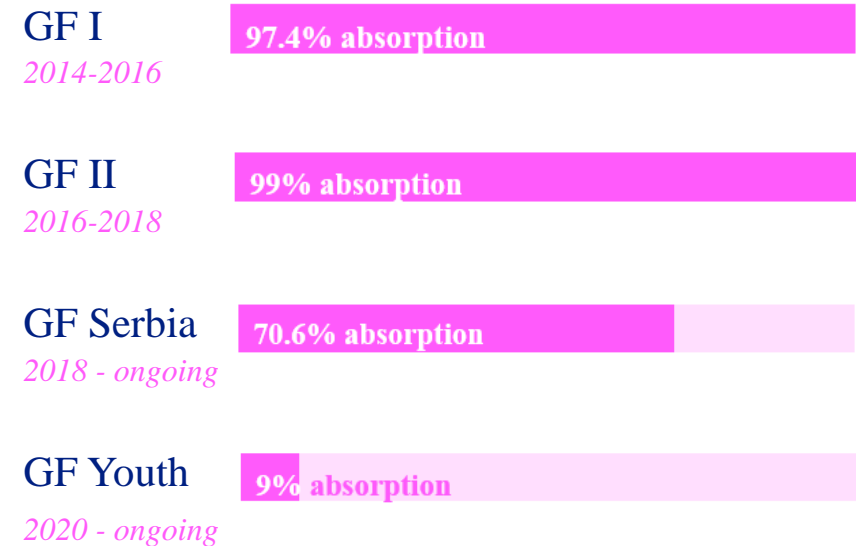
## Focus

- GF I – EUR 21.9m
- GF II – EUR 17.5m
- GF Serbia – EUR 20m for SMEs in the Republic of Serbia
- GF Youth – EUR 10m was contracted to support Youth Employment lending

## Geographic Focus

- Albania
- Bosnia & Herzegovina
- Croatia (only GFI)
- Kosovo
- Montenegro
- North Macedonia
- Serbia

## Utilisation



# SME Competitiveness Support Programme

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## Dedicated Credit Lines

to partner financial institutions (“PFIs”) for on-lending to SMEs in support of investments that lead to improvement of their overall competitiveness and align them with the EU Priority Directives

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## Investment Incentives for SMEs

to blend EBRD funding and incentivise investments in eligible Sub-Projects by SMEs

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## Technical Assistance

provided by a project consultant to market, implement and monitor the Programme and a verification consultant to verify the technical implementation of the investments by sub-borrowers before the incentives are paid



# SME Competitiveness Support Programme

(results as at 31/12/20)

## Objectives

- To improve SMEs' access to finance in order to introduce EU standards through the provision of financing and investment incentives.
- To increase the awareness and knowledge of SMEs about the benefits of compliance with EU standards, including green standards and the adoption of green technologies.

## Geographic Focus

- Albania
- Bosnia & Herzegovina
- Republic of North Macedonia
- Serbia

## Status

- Further investments into local financial institutions (for further on-lending) for additional EUR 47.5m under focus by EBRD



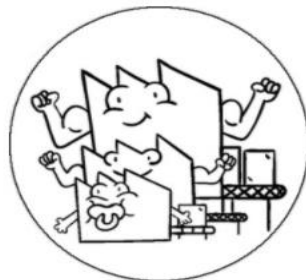
**74.5M€**  
*Contracted to PFIs*



**37.9M€**  
*On-lent to SMEs*



# ... in your geography: DCFTA



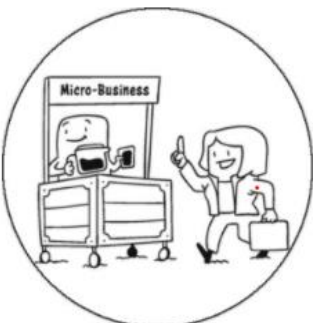
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Supporting **SME loans** via a **portfolio guarantee** to local banks enabling them to improve lending conditions and improving SME access to finance



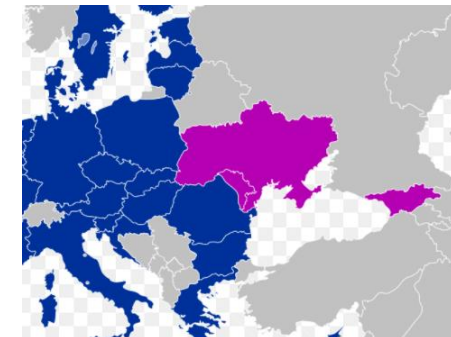
European  
Investment  
Bank  
The EIB bank

**EIB lending** and EU-funded **technical assistance** to intermediaries and SMEs active in rural development and **agri-food value chain development**



European  
Investment  
Bank  
The EIB bank

Supporting micro-**SME** via provision of EU-funded financing and technical assistance to local microfinance intermediaries



A comprehensive and co-ordinated strategy for EU associates under



**EU4Business**

# Thank you!

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