



Western Balkan EDIF (Enterprise Development and Innovation Facility)

Support Services Pillar

Belgrade, March 1, 2017

CENTRAL BALKAN REGION



The Western Balkans:

- Albania
- Bosnia and Herzegovina
- The former Yugoslav Republic of Macedonia
- Kosovo*
- Montenegro
- Serbia
- (Croatia)

* This designation 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)

Advisory and Support Services

Managed and Coordinated by



Venture Capital Ecosystem & Pilot Entrepreneurship Programme



Focus area: Venture Capital
Contracted with World Bank

Small Business Support (SBS)



Focus area: direct support
Contracted with EBRD

EU Small Business Act (SBA) monitoring



Focus area: horizontal monitoring
Contracted with OECD

EU-REPARIS*



Focus area: capacity & institutional building
Contracted with World Bank



EIB provides overall management, coordination and monitoring as well as targeted advisory and technical assistance support

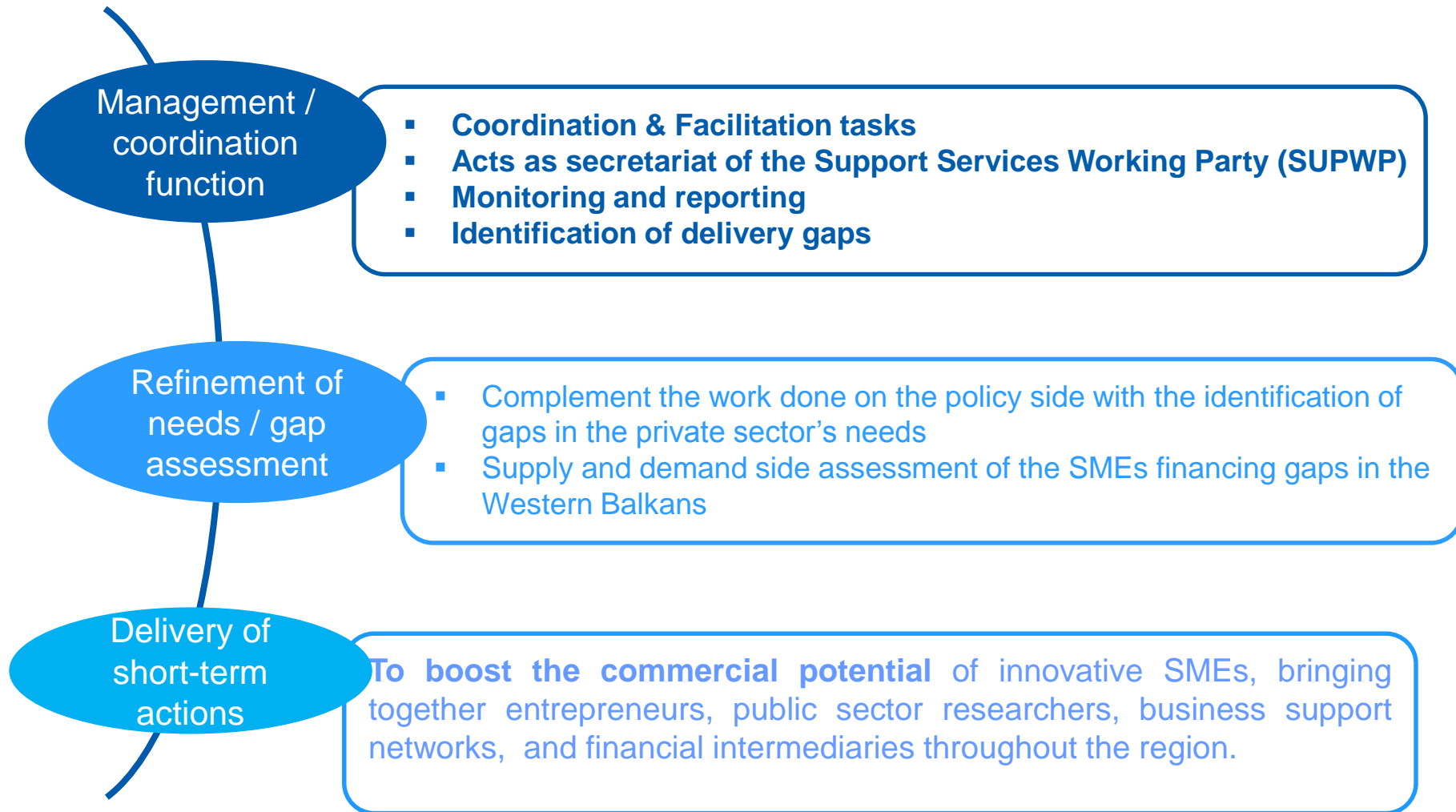
Triple Helix Partnership



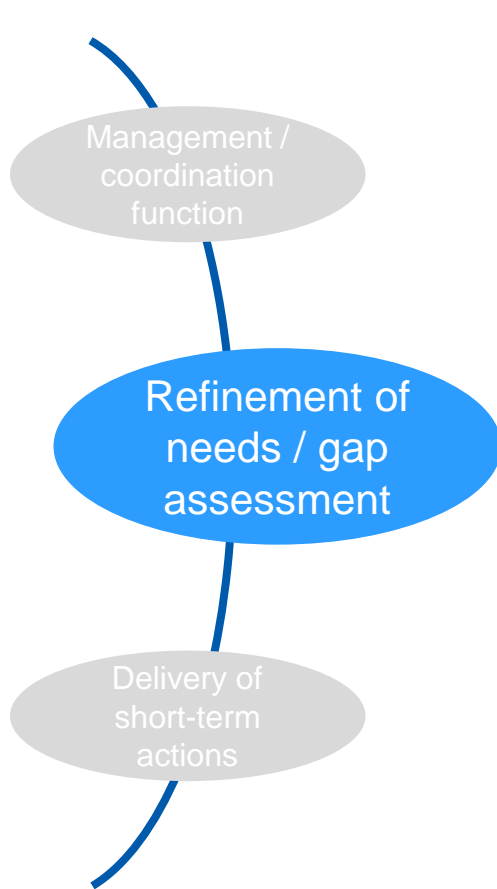
Focus area: innovation
Contracted with OECD


EU FUNDING
(DG NEAR)

The EU provides funding both to the EIB in their role as manager and coordinator of Advisory and Support Services, as well as via parallel and bilateral initiatives which are identified as being in line with the strategic objectives and priorities of WBEDIF, as defined by the WBEDIF Platform Advisory Group (PAG)



Assessment of SMEs financing needs



● Scope: assess demand needs and supply gaps in financing of SMEs in the Western Balkans

● Analysis by country and by financial product

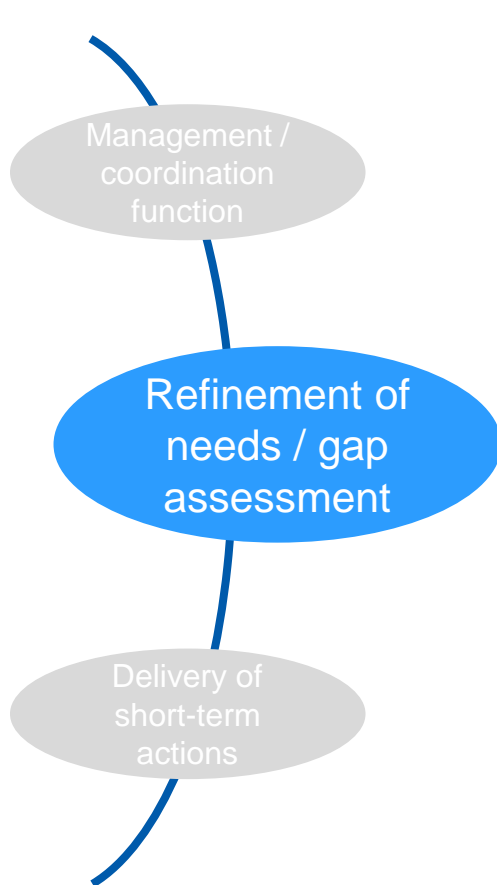
● Work carried out by EIB economics department and an external industry expert

● Results can be used as a basis for discussion on future allocations to EDIF financing pillars

● **Progress to date:**

- Selection and appointment of consultant (BFC)
- Methodology finalised and desk research completed
- Country visits finalised

○ **Final report presented June 2016**



- Conducted by the EIB Economics Department every 6 months
 - Initially designed in the context of the Vienna initiative addressing parent banks and their CESEE subsidiaries
 - Unique harmonized survey to analyze and monitor credit conditions in the region
 - Detects supply and demand developments and constraints to credit extensions, NPL dynamics and a range of clients including SMEs, 15 international banking groups and 90 subsidiaries, covering 50% of banking assets per country
- **Next steps**
 - Allocation of a consultant for continuous analysis and reporting on Western Balkans
 - Expand coverage in FYROM and include Montenegro

Serbian ex-Ante (underway)

Preliminary: There are four identified options to expand the Serbian SMEs access to finance

Financial instrument	Principle	Benefits
Portfolio guarantee instrument	Provide banks with a guarantee coverage at the portfolio level, with particular focus on micro-enterprises	For SMEs currently not having access to credit: lift existing credit constraints; For SMEs currently having access to credit – lower interest rate (thanks to the risk sharing) and longer maturity;
Microfinance capital enhancement (equity) fund	Support, at portfolio level, new microfinance institutions (set up once the regulatory framework is established)	Micro-enterprises currently not receiving any financing are able to secure external funding and develop
Early-Stage Equity Fund - Seed Fund and Technology Transfer Fund	Equity and quasi-equity to innovative SMEs at the early stage of their development. A technology transfer (TT) facility could complement it.	Enable creation and growth of innovative SMEs which could not have occurred before due to financing constraints
The support facility to SMEs	Provide technical assistance, business knowledge and advisory services to SMEs, including micro-enterprises	SMEs would be aware of all the existing financing opportunities and get help to tailor their individual financing strategy and, ultimately, grow.

Capacity Building for Financial Instruments

MODULE 1: March 2016

Experiences in developing Financial Instruments

- Basic concepts and framework
- Lifecycle, main stages in implementation
- State Aid implications for FIs
- Implementing bodies, case studies Slovakia, Bulgaria

MODULE 2: November 2016

Financial instruments for SMEs in Serbia

- EIB experience through JASMINE, JEREMIE, etc
- Best practice from Cambridge and Luxembourg incubators
- EIF SME funds
- Off-the-shelf instruments

Support Services POSSIBLE NEW ACTIONS



**Intangibles and IP
valuation and
monetization in the
Western Balkans!**



**Feasibility
Study for a
Regional
Centre of
Excellence***



**WISE initiative:
Financial
Instruments
supporting TT and
Innovation?**

***WISE initiative:
Need to identify regional Centres of Excellence (mapping)**

Intellectual Property (IP) & Intangibles Monetization

OBJECTIVE:

unlock commercial potential of intangibles and IP assets in SMEs, bringing together entrepreneurs, IP professionals, public sector researchers, business support networks and financial intermediaries

- Compare regulatory environment and market practices
- Investigate monetisation potential
- Establish IP valuation criteria and tools, arriving at country-specific best practice
- Create and disseminate toolkits for managers and researchers through Workshops
- Provide mentoring services to selected SMEs for valuation of IP portfolio

Feasibility Study for a Regional Centre of Excellence

Study to propose institution/hub with highest potential for Centre of Excellence based on research agenda, capacity to integrate related fields, industrial connectivity, visibility and sustainability

Criteria to be met by CoE:

- Existence of a critical mass of high level scientists and/or technology developers
- A well-defined structure with its own research agenda
- Dynamic role in the surrounding innovation system
- International visibility and scientific and industrial connectivity
- Reasonable stability of funding

Feasibility Study for a Regional Centre of Excellence (2)

Target Sectors:

- Aimed at sectors with highest potential for achieving excellence in R&D and impact in innovation
- CoE supplies services in technology with a critical mass of recipients (wide reception)
- ICT and Renewable Energy and Energy Efficiency target sectors, due to
 - - priority status in Horizon 2020
 - - swift transfer to SMEs
 - - R&D intensive, not expensive
 - - existing human resources inthe Western Balkans

Implementation & Outcomes:

- Inception Phase includes best practice research, set of excellence criteria, proposing list of key institutions, preparing questionnaires and interviews

Implementation Phase:
conduct interviews in the region, provide detailed assessment and recommendations for a self sustainable model with commercial potential

Cooperation with WISE?

- i. a research fund to promote collaboration with the scientific Diaspora and support young researchers increasing the attractiveness of the region,
- ii. a program for the development of regional *centers of excellence*,
- iii. a regional technology transfer facility, that will support and provide technical assistance to technology transfer offices at national level,
- iv. an early stage innovation financing facility, complementing the support to be provided by the Western Balkan Enterprise Development and Innovation Facility (EDIF), and
- v. a not-for-profit organization to manage the programs and continue the advocacy of reforms in the region — *the Western Balkans Innovation Strategy Exercise* — (WISE).

WB EDIF Support Services

Questions?

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