

# Building the Future of SMEs in the Western Balkans

## Creating Jobs and Opportunities for Small Businesses

**Small businesses form the backbone of the Western Balkan economies and are the stepping stone to their economic convergence and path towards the EU accession. Small and Medium-Sized Enterprises (SMEs) employ between 60% and 80% of the active population in the region, which is on average higher than in the EU. Since its foundation in 2012, the Western Balkans Enterprise Development and Innovation Facility (WB EDIF) supported 4,000 SMEs and created 78,000 jobs in the Western Balkans.**

As in most transition economies, local SMEs suffer from low competitiveness, difficult access to finance, lack of skills, poor integration in global supply chains and often challenging regulatory environments. The Western Balkans Enterprise Development and Innovation Facility (WB EDIF) was founded with the aim of reversing these negative trends while **improving the access to finance for small business owners** in the economies of the Western Balkans.

Since its creation in 2012, WB EDIF's regional approach and the beneficiaries' involvement promote the **sharing of experience and collaboration in finding solutions to common challenges, boost regional economic integration and scale up businesses**. WB EDIF has many success stories in the Western Balkans, including:

### **BG Reklam: At the Forefront of Innovation, Improving Efficiency**

Founded in 2000 as a one-man show, BG Reklam is a Serbian designer, engineer and seller of high-quality advertisement products such as banners, displays, light ads, shelves, etc. BG Reklam has upped its efficiency thanks to an expansion in its production facilities. BG Reklam's project to expand its production capacity is supported jointly by the EU's WB EDIF through the **Enterprise Expansion Fund (ENEF) which finances high-growth potential enterprises** and the **EBRD through business advice**, which paired the company with local and international consultants to enhance their business strategy. As a result, BG Reklam acquired energy efficient industrial machinery for producing better quality end products in less time. Expanding its production in new facilities led the way for a **turnover increase of over 50%**, and also enabled the company to double the number of employees to 170 in total in three different countries: Serbia, Germany, and UK. BG Reklam delivers goods and services to companies such as Samsung, L'Oreal, Coca-Cola, among many others.





### **OWN: Investment for the Digital Generation**

Own is a fast-growing financial services technology company with headquarters in Sarajevo. Its digital asset marketplace breaks down investment barriers to help companies get quicker and cheaper access to capital by connecting them with investors around the world. Own's flagship solution is its FAST Platform, which enables companies to create digital assets and launch private fundraising offerings, in addition to managing their investor relationships online. Own requested **EIB Advisory support under the WB EDIF**. Advisors helped to develop a trade-secret strategy, reviewing all Own's non-disclosure agreements and employment contracts to determine how the company could legally make money out of the information contained in its database. Own also received **technical assistance on intellectual property-related metrics** that is being used in promotional

materials targeting potential investors.

### Cognism: Artificial Intelligence for Sales Acceleration

Cognism is a sales acceleration platform which provides B2B sales teams with a real-time company, people and event data, to help them streamline prospecting and generate new revenue. Cognism was founded by North Macedonia and UK-based entrepreneurs. **The investment of €2.4m, possible through the Western Balkans Enterprise Innovation Fund**, allowed the company to **accelerate its growth** by creating a dedicated sales team to drive the expansion of its client portfolios, and the opportunity to strengthen the development team and improve the solution based on market feedback. Cognism's success has been recognised with several industry awards. **The team has grown over 12 times since the initial investment** and the company now employs more than 80 people across offices in North Macedonia, Croatia, and the UK.

 <p><b>Marko Cadez</b> President of WB6 CIF Managing Board</p> <p>'The role of the WB EDIF program is of vast importance for the SME sector in the Western Balkans due to its unique mix of tailor-made financial instruments and complementary technical assistance, especially given the opportunity to engage professional managers.'</p>	 <p><b>Luka Stanic</b> General Manager, BG Reklam Serbia</p> <p>'The WB EDIF support has transformed our company: the expansion of the product range has enabled us to become a regional leader with exports to the European Union as well. The turnover has increased by more than 50% and the number of employees has doubled.'</p>
 <p><b>Natasa Batricevic</b> Senior Adviser for Industry and Entrepreneurship, Ministry of Economy of Montenegro</p> <p>'The WB EDIF is a very important mechanism for promoting role of venture capital in Montenegro, especially encouraging start ups and SMEs to gain investments, knowledge and expertise for growth.'</p>	 <p><b>Aleksandar Andovski</b> Advisor for analysis of economic affairs, Cabinet of the Deputy Prime Minister of North Macedonia</p> <p>'WB EDIF is encouraging banks to provide loans to startups, providing incentives and financing to new startups, strengthening the financial literacy and management abilities as well as giving the entrepreneurs the knowledge and the assistance to lead them to self employment.'</p>

### Project Description

The [Western Balkans Enterprise Development and Innovation Facility \(WB EDIF\)](#) is an EU funded initiative, founded in 2012, whereby partner financial institutions and beneficiary governments seek to improve access to

finance for small business owners in the six economies of the Western Balkans. WB EDIF leverages upon the expertise and capabilities of 27 international, regional and local market players including representation from the economies themselves.

### **What does WB EDIF do?**

WB EDIF works to provide financing and business support to SMEs in the Western Balkans. It aims to improve the economic and regulatory environment in which local SMEs operate, which often suffers from a lack of competitiveness and is hampered by low access to funding among other challenges. The focus of WB EDIF efforts are:

- **Policy reforms** in accordance with EU acquis and best international practices;
- **Provision of equity finance** for early stage and mature SMEs;
- **Provision of debt finance** to local financial intermediaries through guarantees and incentives;
- **Dedicated advisory services** to improve sales, productivity, employment and financial literacy, and enhance the emergence and growth of innovative and high-potential SMEs in the region.

### **How does WB EDIF work?**

WB EDIF focuses its efforts on the synergistic use of four strategic components - three with a financial and one with a technical assistance component:

- **SME equity financing** through the **equity component** which includes two investment funds for early stage innovative SMEs and already established SMEs searching for expansion;
- **SME loans guarantees component** that supports local banks in developing their SME business through risk sharing to reduce the cost of loans;
- **SME lending** pillar that provides funds to local banks for credit lines to SMEs;
- **Support services** through a technical assistance component that delivers policy and advisory services to support entrepreneurial capacity and boost the business ecosystem.

### **Who is part of WB EDIF?**

WB EDIF is a joint initiative of the EU, International Financial Institutions (IFIs), bilateral partners and the public institutions of the Western Balkans economies (**EIB, EIF, EBRD, World Bank, OECD, KfW, DEG, OeEB and the Italian Republic**). It is the first regional initiative focusing on SMEs, which in 2012 received a first tranche of grant financing through the Western Balkan Investment Framework (WBIF).



**Claudio Viezzoli**  
Managing Director for SME  
Finance and Development, EBRD

'The EBRD is proud to be a part of the WB EDIF, where we have collectively harnessed the potential of high-growth SMEs in the Western Balkans, and have been building a robust and resilient private sector together over the past 10 years.'



**Dragan Soljan**  
WB EDIF Advisor, EIB

'The EIB has coordinated WB EDIF support services, performed needs assessment and delivered technical assistance in the Western Balkans. We continue to support an eco-system fostering innovative high-growth SMEs.'



**Adenike Oyeyiola**  
Practice Manager,  
Governance, World Bank

'Since 2015, the EU-REPARIS program (under WB EDIF) has been supporting the Western Balkan countries in a holistic way, to align with EU laws and develop sound financial reporting practices based on international standards.'



**Marzena Kisielewska**  
Head of OECD Southeast Europe Division

'WB EDIF's ability to improve SMEs' access to finance through both lending and policy reform reflects its unique capacity to overcome region-wide obstacles to growth and prosperity.'

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## Building the European Future Together

WBIF was jointly launched in 2009 by the **European Commission** (DG ELARG now DG ENEST), **International Financial Institutions** and **Bilateral Donors** to enhance harmonisation and cooperation in investments for the socio-economic development of the Western Balkans. Together with the **Western Balkan beneficiaries**, WBIF forms a unique partnership, defining priorities and support packages needed for strategic investments and institutional reform. WBIF contributes to the European perspective of the Western Balkans by supporting not only investment projects improving competitiveness and growth, but also by reinforcing regional cooperation and connectivity. Eligible sectors include digital infrastructure, energy, environment, social, transport, and private sector development through WBIF's dedicated initiative **EDIF** (Enterprise Development and Innovation Facility). This cooperation is only possible due to the close and coordinated interaction among the European Commission, International Financial Institutions and Bilateral Donors, together with the Western Balkan beneficiaries.

This year marks **WBIF's 10th anniversary**, and during the past decade **over €1 billion in grants** were allocated for preparation and implementation of infrastructure projects. Starting with 2015, around **€200 million in investment grants per annum** is allocated to the Western Balkan beneficiaries for the implementation of **Connectivity Agenda**. The EU grant channelled through the WBIF since inception, will support investment



projects with an estimated total investment cost of **€18 billion**. The successful implementation of the EU grant have resulted in many tangible and intangible gains, including but not limited to: significantly **reduced travel times; increased transport safety; reduced emissions; improved quality of life and urban environment; better learning conditions; and increased competitiveness**, etc.

Some of the concrete benefits of the infrastructure projects supported by WBIF will entail:

- Construction or rehabilitation of **800 km of roads**;
- Refurbishment or construction of approximately **1,000 km of railway lines**;
- **40 MW of new electricity generation** from renewable energy resources (sufficient to supply the energy needs of a medium sized city);
- Access to **clean drinking water for around 1 million people**;
- Refurbishment and construction of **24 healthcare and over 80 educational facilities**.

Besides physical infrastructure, these investments will reduce existing barriers making the horizon of European accession visible and obtainable.



**BG Reklam, Serbia (c) EBRD**

**Cognism, North Macedonia (c) Cognism**

*'New ideas? Need Money? Need advice? EDIF is a unique Partnership to support the Western Balkans private sector. It highlights innovation. It creates jobs.'*



**Colin Wolfe, Head of Western Balkans Regional Cooperation, DG ENEST, European Commission**

*'We can say beyond doubt that the WB EDIF has now established itself as an effective and integrated platform in support of access to finance for small companies across the Western Balkans economies.'*



**Hubert Cottogni, Director & Head of Mandate Management at European Investment Fund (EIF)**



## ACHIEVED RESULTS\*



**€275M EU FUNDS**

**RESULTING IN:**



**€715M INVESTMENTS**



**4,022 SMEs SUPPORTED**



**78,032 JOBS SUSTAINED**