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Aleksandra Vukosavljević, EBRD Director, Financial Institutions, Western Balkans and Eastern Europe: Obtaining Funds to Improve the Competitiveness of Local SMEs



(Photo: Vukašin Danilović)

In Serbia, small and medium-sized enterprises (SMEs) account for 99% of all companies and around 65% of employment. However, they are largely inefficient, so face severe competition from European Union (EU) companies both in the local market, which is dominated by imports, and in trying to position themselves abroad.

– The ongoing EU integration process and EU market offer a multitude of opportunities for the Serbian economy, especially for SMEs – explains Aleksandra Vukosavljević, EBRD Director, Financial Institutions, Western Balkans and Eastern Europe.

– However, Serbian firms lag EU SMEs in areas such as professional management, corporate governance, capacity to adopt best industry practices and standards, and the pursuit of innovation.

The EBRD, in cooperation with the EU and the Serbian Ministry of Economy, is implementing an SME Competitiveness Support Programme to help privately owned SMEs meet EU standards by improving environmental compliance, occupational health and safety, and quality and product safety. **Under the programme, the EBRD is providing EUR 90 million in loans through Serbian partner banks, supported by EUR 13.5 million in EU grant funding through local and regional Instruments for Pre-Accession Assistance.**

– Over the past two years, more than 275 Serbian SMEs have benefitted from this programme – says Aleksandra Vukosavljević. – Companies from a wide variety of sectors have improved their energy efficiency and reduced production costs, thereby increasing their competitiveness on local and international markets.

In addition to financing, **SMEs benefit from free technical assistance and a cash-back grant of 15% on the eligible loan amount.** The programme supports SMEs in various sectors, from retail and services to manufacturing, the agricultural value chain and transport.

– We are extremely pleased to see that SMEs have expanded their production lines and increased competitiveness by improving the quality of their products and services – says Vukosavljević.

– Moreover, the health and safety of the employees of these companies has improved due to

investments in modern machinery and equipment. In addition to our assistance in increasing export-orientation and competitiveness, we have also helped companies to invest in cleaner transport and equipment. For instance, 15 urban transport companies have invested in modern buses, ensuring that citizens can travel safely while vastly reducing the level of air pollution.

To access funds under the SME Competitiveness Programme, **SMEs apply directly to local partner financial institutions**. Currently, the funds are available through Erste Bank, UniCredit and Banca Intesa, as well as through UniCredit leasing, Intesa leasing and OTP leasing.

Comex invests in a new machine

Comex is a packaging producer in Sabac specialising since 1990 in the production of flexible food and non-food packaging and wrapping materials. Exports account for around 40% of sales. The company decided to invest in a new printing machine, financed with a EUR 1 million loan from Banca Intesa. The company also received a EUR 150,000 grant, funded by the EU.

– The investment allowed us to replace old equipment with the latest technology, which led to several improvements, primarily in reducing our primary energy consumption, but also in improving occupational health and safety standards – said Rajko Pribilović, General Director of Comex.

Other SME support programmes

In addition to finance, the EBRD supports SMEs with advice and know-how. Through the Advice for Small Businesses (ASB) initiative, entrepreneurs and SMEs can seek consultancy services in a wide range of areas, such as implementing quality standards, developing marketing plans, financial analysis, developing a business plan, introducing a management information system and improving energy efficiency. Consultants work with companies to develop and implement projects tailored to their needs.

The advantage of the programme is that **50% to 75% of all project costs are financed by EU grants, making such investments far more affordable for companies**.

– More than 1,000 companies have used the services of the Advice for Small Businesses Programme in Serbia and we have seen excellent results from this cooperation between SMEs and consultants. The majority of companies see imminent benefits from the changes these projects bring, be it in terms of a rise in sales and profits or the number of new employees – says Vukosavljevic.