



Serbian Entrepreneurship Foundation  
Srpska fondacija za preduzetništvo

**ANNUAL REPORT**  
**SERBIAN ENTREPRENEURSHIP FOUNDATION**  
**YEAR 2020**



## 1. OVERVIEW

The Serbian Entrepreneurship Foundation (SEF) was established in December 2019 by KfW, the German Development Bank, and the Privredna komora Srbije (Serbian Chamber of Commerce - PKS), under the Serbian Law of Endowments and Foundations, Registration Number 28831935. The Foundation has its legal seat in Belgrade, the Republic of Serbia, with the registered address located at Vladimira Popovica Street No. 6, New Belgrade, Belgrade.

The objective of Foundation is to facilitate and improve access to adequate financial products to start-ups, micro small and medium enterprises (MSMEs), entrepreneurs and registered farmers, by encouraging banks and non-banks financial institutions and other service providers and business development entities, to provide financial and non-financial services to this segment of the economy. This initiative should in turn generate and/or increase employment, improve the standards of living and alleviate poverty and thereby contribute to the sustainable growth of the Republic of Serbia.

The Foundation is governed by a professional team led by a Managing Director and supervised by a Board of Directors.

Members of the Board of Directors are:

1. Mr. John Khoury, independent member and the Chairman of the Board of Directors
2. Mr. Darko Ivkovic, member nominated by KfW
3. Ms. Stojanka Vuckovic, member nominated by the Privredna komora Srbije

The Managing Director is Mr. Aleksandar Grabovac, appointed by the Board of Directors.

## 2. ACTIVITIES IN 2020

A primary goal for the establishment of the Serbian Entrepreneurship Foundation was the creation of a permanent, sustainable legal structure that will continue with the initiative launched by KfW, the German Development Bank, and the Public Investment Management Office (PIMO), a Serbian Government institution. The initiative, in support of SEF's objectives, was advanced through a Pilot Phase launched not only to determine the demand for access to finance through financial intermediaries, but also to develop and refine financial products in support of this market segment.

Throughout the year 2020 and prior, SEF, its Consultants and Implementing Partners, provided the Pilot Phase with on-going technical support, guidance, management information system (MIS), all to facilitate the management, needs assessment, product development and impact measurement for this initiative.

SEF, its promoters and implementing Partners developed and delivered financial and entrepreneurial training to final beneficiaries. Furthermore, additional training was also delivered to partner financial institutions (PFIs) to equip loan officers with the necessary expertise and tools to serve this targeted segment of the economy. Training workshops were organized across Serbia and in total, 554 applicants applied to participate in the Program while 417 have successfully completed the training by the end of 2020. Many of these applicants proceeded to the next step of applying for financing under the Pilot Phase.



Needless to say that, while the original objective was for more applicants and training to be conducted, the activities were hampered by the COVID-19 pandemic, which resulted in lockdowns and interruptions. The pace of progress and results were impacted, but nevertheless, showed successful results.

### **3. FUNDING AND CAPITALIZATION**

In May 2020, the Foundation received the first tranche for expense funding from KfW under the signed Grant Agreement to capitalize Foundation. Further tranche disbursements will be made in accordance with compliance with conditions precedent under the Grant Agreement. It is expected that the remainder of capitalization will be completed in 2021. Total capitalization shall amount to 12.9 million Euro, excluding special funding for other specific initiatives or programs.

### **4. COVID-19 INITIATIVE**

Recognizing the urgent need for financial support to MSMEs impacted by the pandemic, SEF and KfW worked to address this urgent crisis. As a result, the German Ministry for Economic Development and Cooperation (BMZ), through KfW, agreed to provide funding for the COVID-19 initiative as a grant in the amount of Euro 5,000,000.00 (Five million Euro). SEF proceeded with developing specific products and criteria to support MSMEs impacted by the pandemic. Additional funding under this initiative may become available in 2021, depending on need and results.

### **5. PROMOTION OF THE FOUNDATION'S ACTIVITIES**

Since its founding, SEF has embarked on an awareness program for its targeted market segment and financial intermediaries, to promote the Facility and the Program. The SEF team calls regularly on banks, service providers, government ministries and agencies. SEF has already qualified partner financial institutions to participate in the program and expect to continue signing new partnership agreement with financial intermediaries.

By the end of December 2020, SEF moved to its current premises and recruited additional staff.

### **6. PLANNED ACTIVITIES IN 2021**

As already envisioned and planned, SEF will continue with its COVID-19 initiative by providing financial instruments to facilitate access to finance by the intended target segment. Furthermore, SEF expects the full launch of its roll-out activities, transitioning from the Pilot Phase to full roll-out. Furthermore, SEF will complete its capitalization during the year, upon meeting conditions precedent stipulated in the Grant Agreement.



**Belgrade, February 2021**

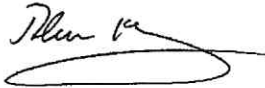
The Foundation's Annual report for the year 2020 was prepared by the Managing Director of Serbian Entrepreneurship Foundation (SEF) and approved by the Chairman of the Board of Directors.

*Prepared by:*



Aleksandar Grabovac  
*Managing Director SEF*

*Approved by:*



John Khoury  
*Chairman of the Board of Directors SEF*