

EU FUNDED PROJECTS IN THE AREA OF COMPETITIVENESS, INNOVATION AND SMEs SUPPORT

Small and Medium Size companies (SMEs) are the backbone of any modern economy and therefore crucial for development of Serbia. Since private business was neglected for decades, the competitiveness of Serbian companies is significantly lagging behind the EU average. Therefore, the aim of the EU funded support is to increase the competitiveness of Serbian economy that will result in job creation and sustainable growth of standard of the citizens.

The **total EU funds** utilized and planned (including IPA 2016) in this area from 2001 amounts to more than **€107 million** (€87+ million in technical assistance and grants and €20 million in credit lines to SMEs).

Priorities of the EU support to the private sector development included: institution and capacity building in the area of national policy, promotion of private sector/advocacy, consultancy, training and support to Foreign Direct Investments and export promotion, turn-around-management, investment readiness, innovation promotion, business environment, financial support through credit lines, etc.

There are numerous successful examples of Serbian SMEs which started their business with EU financial support; under the umbrella of Serbia Innovation Fund project, a number of start-ups found its place at the market, not only in the country, but also in the region and abroad. That was the case of Strawberry Tree solar panels, awarded in Brussels and in San Francisco and in use in the whole Western Balkans region.

The focus of the ongoing EU support is innovation at company level, commercialization of research and development and support to technology transfer that will eventually increase the competitiveness of Serbian enterprises and prepare them for the EU and global market.

Future EU funded support, beside further development of competitiveness, for the first time support will be provided to implementation of the guarantee facility (GF) as a new financial instrument for the SMEs in Serbia. The objective is to increase access to and availability of finance for SMEs in Serbia, as well potentially lower the related costs. In general terms, the GF is expected to improve the investment climate mainly by allowing longer loan maturities, permitting lower cost of borrowing for SMEs, reducing collateral requirements and expanding lending to riskier SMEs without credit history.

Easier access to finance should lead to creation of new business or expansion of existing ones, develop new products and expand market access.

In addition, the EU has allocated more than 20 million for projects to strengthen institutions dealing with **products safety** (conformity assessment, accreditation, metrology, standardization and market surveillance), **intellectual property rights protection**, **e-business development**, **WTO accession** and thus creating more attractive environment for businesses and better protection of consumers. Grounds for trade facilitation have been set mainly in the area of free

movement of goods that has resulted in increased regional trade between Serbia and neighboring countries as well as the EU. Future assistance will bring closer all improvements in business environment to SMEs and consumers aligning it further with the European standards.

In the area of **Local Economic Development**, more than EUR 5 million is invested for the local micro and small companies and business support organizations in 99 municipalities.