



Ambasciata d`Italia Belgrado



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“Italian Credit Line” – Credit Facility to Support Small and Medium Enterprises through Local Banking System and to sustain the local development through Local Public Utilities

- The Programme purpose is to **strengthen SMEs through increasing the accessibility of medium-term and long-term Credit Lines**, available through **Local Banks (LBs)**, as well as to contribute to the competitiveness of SMEs on domestic and foreign markets and **to facilitate the acquisition of goods, equipment and plants to be utilized by the Serbian Local Public Utilities (LPUs)** for provision of basic services to the local communities.



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Belgrado

- The **Credit Line Facility** shall finance the purchase of goods and services from Italy. The loan is tied and divided in two components:
 1. For a **minimum 70%** of each supply contract shall be used to finance **services and the purchase of equipment, technology, and relevant technical assistance, maintenance, spare parts and industrial licence of Italian origin.**
 2. Up to a **maximum of 30%** of each supply contract can be used to cover **local costs and/or working capital**, in relation to the requirement of the investment projects. Local costs can be established with Italian suppliers or can be related to contracts established with suppliers or Construction Company from Serbia.



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Belgrado

- **Terms and conditions of lending to SMEs and LPUs**
 - **Loan currency:** Euro
 - **Effective interest rate:** up to 4.85% (all inclusive) per annum
 - **Period of repayment:** up to 8 years in 16 half-year instalments
 - **Grace period:** up to 2 years
 - **Total amount of collaterals** (*mortgage on property, pledge on equipment, other types of warranty*): maximum 2:1
 - **Loan size for micro enterprises:** € 5.000,00 - € 1.000.000,00
 - **Loan size for SMEs:** € 50.000,00 - € 1.000.000,00
 - **Loan size for LPUs:** € 150.000,00 - € 2.000.000,00



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Belgrado

The “First Credit Line Facility”

- The Programme “**Private Sector Development through a Credit Facility to support Small and Medium Enterprises through the Local Banking System**” amounting to **33.25 Million of Euro** was launched in 2004. The funds from this Credit Line Facility have been fully and successfully utilized. The **Revolving Fund** amounting to approximately **4.9 Million of Euro** is currently available through **five selected banks** (Banca Intesa, Čačanska banka, Komercijalna banka, Banka Poštanska štedionica, Unicredit Bank).



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Belgrado

The “Second Credit Line Facility”

- Following the positive experience of the first Credit Line Facility, the Agreement between the Republic of Serbia and the Italian Republic on new Loan concerning the implementation of the Programme “**Credit Facility to support Small and Medium Enterprises through Local Banking System and to sustain the local development through Local Public Utilities**” was signed in 2009. The new Credit Line Facility is amounting to **€ 30.000.000,00** and has been opened also for the **Local Public Utilities (LPU)s**, which is a new element compared to the first credit line facility. The Programme aims to contribute to the economic growth of Serbia through the promotion of private sector development and to widen trade relations with the European Union, as well as to ameliorate the local basic services supplied by the LPU.s.



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Belgrado

- The **Fund** is available through the **following banks:**

1. Banca Intesa
2. Credy Banka
3. Čačanska banka
4. Erste Bank
5. Eurobank EFG
6. Jubmes Banka
7. Komercijalna Banka
8. Procredit Bank
9. Srpska Banka
10. Unicredit Bank Srbija
11. Sberbank



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Italian Credit Line on the Web

<http://www.italiancreditlineserbia.org/en.html>

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