

WB pre-feasibility: support to companies for Sector Assessment and Due Diligence

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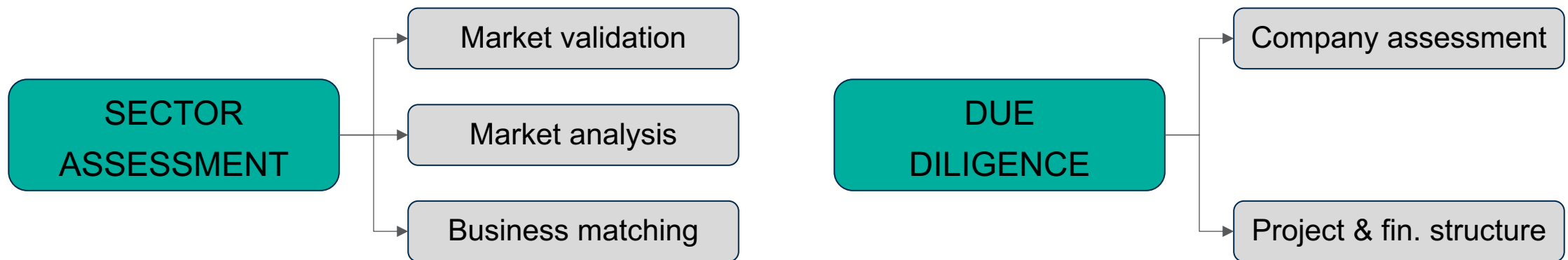
European Bank
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Objectives of the initiative



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- The initiative is designed to **support companies**, with a particular focus on the **Italian market**, in the **preparatory work necessary to approach ENEF II** in a professional way and with significantly increased chances of obtaining finance.
- It is funded by **resources made available by Italy** to boost investments into and direct engagement with **local small enterprises in the Western Balkans**.
- The activities implemented under this initiative will primarily **benefit the economies of the Western Balkans countries** by identifying potential clients interested in investing or further expanding their investments into these countries.
- There are **two different types of support offered through consultancy assignments** under this initiative:



Market validation of the project

- The purpose of this activity is to **confirm the sustainability and feasibility of the project in the chosen country.**
- It includes, but is not limited to:
 - the analysis of **potential suppliers**
 - the **availability and costs of raw materials and personnel**
 - the cost of **logistic** and other services necessary to the operationalization of the project.
- The analysis will be focused on all the **local factors and inputs necessary to the implementation of the project**, identifying possible constraints and bottle necks. It may include an initial support in the identification of **key local staff.**

Identify business matching opportunities and conduct partner research

- In case of need, first assistance can be provided in the **identification of business partners** and also include the organization of an **on-site visit and B2B** with the potential local stakeholders in the project.

Market analysis

- The purpose of this activity is to **provide the potential investee with an overview of the sector** in which the investment is being made, not only in the chosen country, but also, to the extent possible, at a regional level.
- The study should **identify the other players present in the sector**, emphasising possible competitive advantages, or disadvantages.
- The study shall analyse the **market and the competition in terms of prices and market positioning**.
- The study shall also provide an **analysis of the long-term trends of the sector and its anticipated developments** in the future years. It can also focus on sales and distribution channels when this is relevant for the project.
- Finally, the market analysis shall also include an **overview of the legal and regulatory framework** which is of relevance to the project.

The project and preliminary financial structure

- This activity work is designed to prepare an **outline of the project**, which shall not only provide valuable information to the investee, but also provide a first reliable set of the information for the fund in in the **project appraisal**.
- The analysis shall include:
 - brief **project description**, including the industrial and commercial rationale
 - **the company and the ENEF II region knowledge and experience** of the western Balkans and in the specific targeted country. Also to be included is the experience in realizing **similar projects** in the home country or other foreign markets;
 - **motivation, rationale, and potential of an expansion** in the ENEF II region, and also potential benefits and expected main obstacles
 - identification and estimate of the **investment costs and preliminary validation** of the expected costs
 - preparation of a preliminary project **business plan**, including a preliminary financing structure and stream of revenues and costs identification
 - **own resources vs. external financing** needs
 - different **financing options** (debt / vs equity) and a preliminary assessment of **feasibility of the financing**.

Company assessment

- This activity is designed to collect and systematize data which will provide a **screening of the potential investee** and serve the fund as a preliminary set of data to prepare the investment proposal for its Investment Committee.
- The analysis shall include:
 - **balance sheet strength** (P&L, BS, CF when available)
 - **financial standing and creditworthiness**
 - first analysis and **evaluation of the company's key metrics** and its potential for ENEF II
 - brief analysis of the company's **line of business, products, management structure, current market position and market potential;**
 - description and preliminary assessment of company **strategies and future plans.**