

EBRD in Western Balkans

Economic inclusion - youth Innovation, digitalisation



European Bank
for Reconstruction and Development

EBRD in Western Balkans: at a glance



**EBRD is a lead international financial institution
in Western Balkans**

**Total cumulative investments:
EUR 14 billion in 760 projects
Close to 60% private sector**

**Annual new financial commitments:
2018 EUR 1.1 billion
2019 EUR 1.3 billion
2020 EUR 1.4 billion (est.)**

**Financing, project preparation & implementation
support for public sector clients, corporate &
SME advisory services, policy reform advisory
services**

**EBRD offices in all WB6 countries – bankers,
policy experts, business advisors**

Strategic priorities

➤ Private sector competitiveness

- Further improvement of investment conditions
- Strengthening the regulatory and judicial capacity
- Improving access to finance, including capital market development
- **Promoting innovation and digitalisation**
- **Skills development, skills to match employers' needs and enhance employability for youth**

➤ Upgrade public infrastructure

- Regional connectivity – road, rail, river ports, BCPs
- Modernise/smarten power transmission and distribution
- **Digital connectivity – rural broadband expansion**

➤ Green Agenda

- Power sector – decarbonisation, auction based capacity allocation for renewable energy generation, gas as 'transition fuel'
- Wastewater treatment; solid waste management & recycling; urban transport; renewables in district heating – Green Cities network
- 'Renovation wave' in buildings – energy efficiency
- E-mobility strategies, action plans
- Circular economy in industry

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EBRD - Economic inclusion - youth inclusion



Work at **corporate client - investment level & policy level** across three thematic pillars:
1) **access to skills and employment**, 2) **access to finance and entrepreneurship** and 3) **access to services**

Inclusion outcomes and impacts:

- Increase quality of skills and reduce skills gaps of the workforce
- Increase in female labour force participation
- Shorten the transition from school to work for young people
- Increase the talent pool and workforce diversity in sectors
- Firms enjoy a stronger corporate image and better ratings for social responsibility

Skills development:

- Clients: **identify core business challenges related to finding and retaining skilled talent** and jointly develop solutions resulting in **tailored approaches to skills development** (e.g. internship programmes, in-house training programmes, through cooperation with vocational training centres or dual education learning programmes); **consultancy support** in identifying skill gaps, mapping of public and private education providers, programme design and curricula development, linking to national or international skills accreditation, as well as outreach to students for initial engagement/enrolment.
- EBRD is currently developing an approach to the design of an online platform that will provide open access to **vocational digital skills learning programmes in the Western Balkans**.
- EBRD also engages with **policy makers to assist them in aligning the education system to the needs of the labour market** by supporting the establishment of Sector Skill Councils (e.g. ICT, Agribusiness).

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EBRD - Youth entrepreneurship, digitalisation



EBRD business advice and financing – youth entrepreneurship – new for 2021:

Youth in Business Programme (“YiBP”)

- aimed at increasing young entrepreneurs’ access to finance and skills to help them grow their business, thereby promoting youth entrepreneurship.
- financing is provided to partner financial institutions (PFIs) through credit lines for on-lending to local private firms owned or led by young entrepreneurs (<35 years).
- support for the PFIs is offered in the form of donor funded first loss risk cover (“FLRC”) to incentivize financing for the riskier segments (up to 10% coverage on portfolio level and up to 70% for individual sub-loans)
- technical assistance is available to PFIs to support their capacity to provide loans under the YiBP and to promote these loans to the MSME sector in the country
- new advisory programme aimed at YiB: developing youth entrepreneurship in Western Balkans through business advice and capacity building and networking, in parallel with YiBP.

EBRD policy advice and financing – digitalisation/innovation – examples:

- ❖ **Advice for Small Business:** >50% of advice are now with digital component as opposed to 25% in the previous years; some 45 online events were implemented in 2020 - reaching some 7500 participants
- ❖ Regional **Star Venture Programme** for **innovative** start-ups and aimed to develop ecosystem for start-ups, including support to accelerators and partner institutions, as well as development of consultancy capacity
- ❖ Build awareness of SME sector to follow the example of large companies regarding digitalisation and encourage ICT consultants to develop innovative solutions for sector or group of SMEs
- ❖ Encourage SMEs to implement projects in areas of AI, Industry 4.0, cloud solutions, block chain - raising awareness through events, direct advisory projects and showcasing good examples)
- ❖ **Broadband roll-out** – policy advice on public/private investment to roll out to rural areas – pilot phase: EUR 18m financing for mid-mile infrastructure, tender for private investment for last mile
- ❖ **Direct financing for ‘asset light’ companies:** Orion, United Group, Kujtesa, HTEC

THANK YOU!
Zsuzsanna Hargitai,
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