

# Serbia



European Bank  
for Reconstruction and Development

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The EBRD's priorities in Serbia include developing transport infrastructure, promoting sustainable energy and boosting small businesses. Since opening its office in Serbia in 2001, the Bank has become the largest investor in the Serbian economy, committing over €3 billion, through 150 direct and 38 regional projects. In 2011 alone, the EBRD signed 28 projects, totalling €526 million, and has a strong pipeline of projects for 2012.

## Highlights of 2011

The EBRD signed five projects in infrastructure and energy in 2011, totalling €187 million. These included a long-term loan to Interkomerc Energo to build four small hydropower plants in southern Serbia, marking the Bank's first investment in privately owned electricity generation in the Serbian power sector. A €57 million deal was also signed for the Belgrade Public Transport and Traffic Infrastructure project, which will finance improved and safer traffic flows in the City of Belgrade. Changes include major renovation of tram tracks, construction of a tram track over the new Sava Bridge and a new traffic management system.

The Bank invested more than €201 million in 13 different projects in the financial sector in 2011. One of them provides Société Générale Serbia with a €150 million "Partnership for Growth" loan. Delivered in three tranches of €50 million each, this will focus on support for SMEs and regional expansion and is conditional to complying with the EBRD's Environmental Performance Requirements.

The Bank committed €137 million in the corporate sector in 2011 through ten different projects and used diverse financing instruments (three equity and seven debt transactions). The agribusiness sector continued to be strong with five projects signed this year worth a total of €107 million; two of which promoted the use of warehouse receipts. The remaining three supported local companies in the region and included a €35 million loan to juice producer Nectar, enabling it to acquire Fructal and become one of the leading juice producers in south-eastern Europe.

The EBRD has also been involved in active policy dialogue with the authorities on a variety of investment climate issues. Most notably, it has focused on developing local currency lending and enhancing the framework for local capital market development. The Bank's assistance has been instrumental in the development and passage of important laws in energy, public private partnerships, capital markets and a new foreign exchange law.

## At a glance

Cumulative number of projects

**188**

Total project value

**€6.6 billion**

Net cumulative business volume

**€3.0 billion**

Cumulative disbursements

**€2.0 billion**

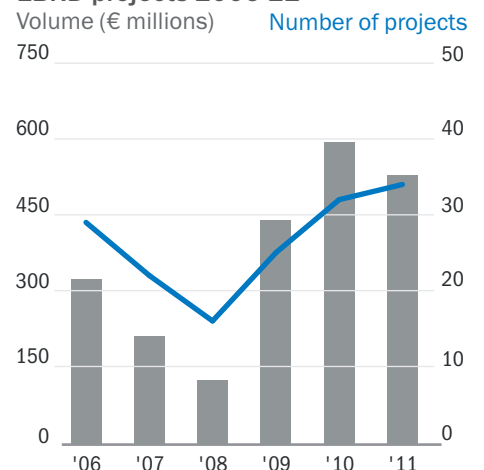
Private portfolio share

**45%**

Portfolio

**€2.4 billion**

### EBRD projects 2006-11



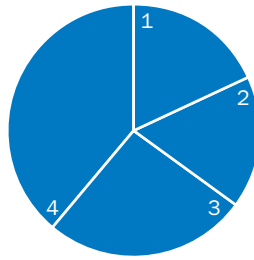
## Country strategy

The EBRD is in the process of preparing a country strategy update that continues to emphasise the strategic importance of privatisation for the few remaining, large state-owned companies, and to make further progress on improving the business environment. Greater private sector involvement, fresh capital and know-how are needed to improve productivity and efficiency levels in the corporate sector.

In the financial sector, the key priorities are to further strengthen the regulation of financial institutions and to encourage the development of local capital markets and local currency lending.

The Bank will also continue its close cooperation with the government on a range of infrastructure projects, primarily related to further developing Serbia's transport network along the pan-European corridors, as well as expanding key national routes on both roads and railways to promote national economic integration.

## Sector breakdown of current projects



1	Corporate	18%
2	Energy	17%
3	Financial institutions	26%
4	Infrastructure	39%

- 1 Corporate comprises agribusiness, manufacturing and services, property and tourism and telecommunications
- 2 Energy comprises natural resources and the power sector
- 3 Financial sector includes investments in micro, small and medium-sized enterprises via financial intermediaries
- 4 Infrastructure comprises municipal environmental infrastructure and transport

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## Fostering business at home and abroad

The EBRD has increased its support for the corporate sector in Serbia, by financing the household and beauty products group Beohemija. A €68 million loan finance package will fund a major improvement programme that includes the modernisation of manufacturing sites, installation of new equipment and construction of new facilities. The EBRD provided €20 million of the total loan, with the rest syndicated via subsidiaries of European commercial banks, including Unicredit Bank, Société Générale Bank, Erste Bank and Eurobank EFG. These investments will help increase production and widen Beohemija's export markets in south-eastern Europe.



## Promoting clean power

Serbia's power utility EPS owns 17 small hydropower plants, five of which were built before 1914 and the oldest having been in continuous operation since 1904. Fifteen of these hydropower plants will be rehabilitated through a €45 million loan EBRD has made to EPS in 2011. In addition, seven new small hydropower plants will be built on existing dams. This project will extend the lifetime of the existing small hydro power plants, and lead to an increase in capacity, and power generation, improved efficiency and carbon savings. It will also increase the capacity and generation of clean hydropower from the new plants.