

Project Brief

Navigating the Road Ahead: Transportation and Logistics in WB Countries



Project Overview

- ▶ The transportation and logistics (T&L) sector is a backbone of the Western Balkans economy. An efficient logistics system reduces transaction costs for businesses across every sector, enabling trade, investment, and growth well beyond the sector itself. Yet the sector is structurally held back by three interconnected constraints: a critical shortage of skilled HDIV technicians that inflates vehicle downtime and maintenance costs; weak adoption of digital and green technologies among SMEs; and public-sector inefficiencies, slow customs processing, fragmented licensing, paper-based documentation, that raise operational costs and block regional integration.
- ▶ "Navigating the Road Ahead" addresses these constraints through a public-private partnership with Volvo Group. Working through a market systems approach, the project targets the root causes of low productivity and competitiveness in the sector: reforming vocational education, catalyzing private digital innovation, and strengthening the enabling environment for T&L businesses. The central goal is a more competitive, efficient, and inclusive T&L sector, one that generates decent employment for youth and women while reducing costs and barriers for SMEs operating across the region.



Development Model

Private Sector Engagement

At the core of the project is a Public-Private Development Partnership (PPDP) with Volvo Group, one of the deepest private sector commitments in the RECONOMY portfolio. Volvo co-invests in VET infrastructure by donating training equipment (engines, gearboxes, hydraulic components) to partner schools, co-developing industry-aligned curricula, and training teachers at its own facilities. This is market driven initiative with private sector recognizing direct business interest in a qualified regional workforce, since skilled HDIV technicians reduce service costs and downtime for its own operator networks. That alignment of incentives is what makes the partnership durable.



Business Model

The project works through three mutually reinforcing interventions. The Volvo partnership builds the skilled workforce that makes the sector productive. Digital innovation reduces the operational costs and inefficiencies that hold SMEs back. And a stronger enabling environment ensures that policy, regulation, and industry coordination create the right conditions for both to take hold at scale. A more capable workforce without efficient systems to work in delivers limited impact; digital tools without people skilled enough to use and maintain them stall quickly; and neither can sustain results without a regulatory environment that supports rather than obstructs business growth. The three interventions are designed to reinforce each other, and to continue doing so after the project closes.

Key Components

Skills Development and Workforce Productivity

The project addresses the HDIV skills shortage as a systemic problem, not a training gap. This means reforming the vocational education system itself: developing national and regional qualification standards in line with industry needs, introducing a new HDIV mechatronics specialization into VET frameworks, and equipping schools with the tools and teacher capacity to deliver it credibly. Structured school-industry linkages, through curriculum co-development, workplace learning, and ongoing private sector consultation, ensure the system remains aligned with market demand beyond the project's lifetime.

Career Guidance and Social Inclusion

Expanding the talent pipeline requires changing who considers a career in T&L in the first place. Low sector awareness, social perceptions, and gender stereotypes suppress demand for HDIV training, particularly among women and youth. The project strengthens institutional career guidance capacity at partner schools, equipping staff with the tools and approaches to provide relevant, stereotype-free guidance. This creates a durable school-level service that continues attracting diverse learners to the sector after the project closes.

Digital Innovation and Smart Logistics

The project catalyzes private-sector-led digital innovation in the T&L sector by supporting commercially viable solutions that address the efficiency and connectivity gaps holding SMEs back. The priority area is the digitalization of cross-border freight documentation, a reform with significant potential to reduce operational costs, cut border delays, and align the Western Balkans with EU digital freight standards. Rather than delivering digital tools directly, the project backs market actors with the right expertise and incentives to scale solutions sustainably.

Enabling Environment

Sector competitiveness ultimately depends on the quality of the environment businesses operate in. The project works with ministries, industry associations, and chambers to reduce regulatory friction, strengthen cross-border coordination, and build the advocacy capacity that allows the private sector to influence policy in its own interest. This includes harmonization of transport procedures and qualification standards across the region, foundational steps toward deeper economic integration and a more attractive environment for investment in T&L.



Expected Impact

Economic Development and SME Competitiveness

The project's economic logic operates at two levels. At the sector level, a more qualified workforce directly raises productivity: skilled technicians reduce average vehicle downtime, lower repair costs, and enable operators to maintain larger, more efficient fleets. Digitalized documentation cuts border processing times and administrative overhead, reducing the cost of cross-border freight for all operators, and particularly for SMEs who lack the scale to absorb inefficiencies. At the economy-wide level, a lower-cost, higher-throughput logistics sector reduces transaction costs for businesses across agriculture, manufacturing, trade, and services, functioning as a competitiveness multiplier for the broader economy.

Social Inclusion

Women and youth, including those from rural areas and disadvantaged backgrounds, are the project's primary beneficiaries. The new HDIV specialization opens a formal, accredited employment pathway in a sector with strong and growing demand. Stereotype-free career guidance and open adult-learner enrollment deliberately lower the barriers to entry. Digital platforms are designed mobile-first for low-connectivity environments, ensuring logistics SMEs in remote areas are not excluded from the efficiency gains of digitalization.

Public-Private Collaboration

The Volvo partnership demonstrates what a structurally embedded, co-invested private sector collaboration can achieve at scale: shared values, shared costs, shared standards, and shared long-term benefits. School-industry consultation mechanisms are institutionalized within VET operations so that curriculum-market alignment continues independently. Chambers and associations leave the project better equipped to represent member businesses in policy dialogue and regulatory reform, creating a more responsive business enabling environment for the sector as a whole.

Environmental Sustainability

Green and electric vehicle content is integrated into the new mechatronics curriculum, equipping the workforce for the sector's accelerating low-carbon transition. The e-CMR platform cuts paper waste and significantly reduces idle time at border crossings, with a direct impact on fuel consumption and CO₂ emissions across the regional heavy freight network.



Target Group

The project's primary beneficiaries are youth and women, as VET students, adult learners, and job seekers entering the T&L sector, alongside disadvantaged groups with limited access to quality education or formal employment. Institutionally, six VET schools and their staff are directly supported, along with the HDIV companies and T&L operators who depend on a qualified workforce. At the market level, the project targets logistics SMEs seeking digital tools and improved market access. At the system level, ministries of education integrating updated qualification frameworks, and the broader RECONOMY program through a replicable PPDP model and documented learning, are the intended long-term beneficiaries.