

THE EBRD IN KOSOVO

Results snapshot



European Bank
for Reconstruction and Development

#EBRDImpact

Overview

Kosovo formally joined the European Bank for Reconstruction and Development (EBRD) in 2012, and the Bank's rapidly increasing operations in the local economy have resulted in net cumulative investment of around €600 million to date. Between 2017 and 2022, EBRD investments reached more than €300 million with donors being key partners in supporting Kosovo. Technical assistance and concessional finance amounted to nearly €52 million between 2017 and 2022.

In Kosovo, the Bank's strategic focus is on:

- ▶ a competitive and inclusive private sector
- ▶ strengthened integration and connectivity
- ▶ green economy transition

Since the onset of the Covid-19 pandemic, the EBRD has been providing financial support to Kosovo under the EBRD's Solidarity Package to help existing clients weather the crisis and aid the broader economic recovery.

The EBRD in Kosovo*

Total	2017-22
€589 million	€302 million
Net cumulative investment	
97	50
Number of projects	
50%	
Private-sector share of portfolio	
€273 million	€201 million
Green economy financing commitments	

Our policy engagement

- ▶ Regulatory frameworks for private-sector growth
- ▶ Corporate governance, environmental and social standards, tariff-setting mechanism and commercialisation
- ▶ Investment attractiveness
- ▶ Economic inclusion, gender equality and skills development

[Read](#) the EBRD country strategy for Kosovo.



EBRD results highlights for Kosovo, 2017-22

Access to finance

SMEs saw €126 million in additional turnover. More than 1,500 women-led businesses accessed finance and more than 2,000 jobs were generated.

Green transition

By investing in Kosovo's first wind farms, the Bank is helping to reduce an estimated 356,400 tonnes of CO₂ per year, equivalent to saving the annual energy use of 2,919 households.

Sustainable infrastructure and better integration

Scaling up connectivity, regional integration and economic inclusion by upgrading railway and road infrastructure; providing the capital's first green buses and improving sanitation services for more than 100,000 people.

Kosovo in context

The Kosovan economy rebounded in recently, growing 10.7 per cent in 2021 and 4% in 2022 on the back of renewed post-Covid mobility and strong support from the diaspora. Household consumption was bolstered by high remittance inflows and significant credit growth. Inflows from the export of services nearly doubled from 2020 thanks to diaspora visits, surpassing 2019 levels. While still modest compared with services, goods exports surged almost twofold from 2019.

Gross domestic product (GDP) growth slowed to about 4 per cent in 2022, with robust annual credit and remittance growth offset by strong inflationary pressures, which ultimately affected disposable incomes and resulted in a slowdown in household consumption. Rising energy and food prices were exacerbated by Russia's war on Ukraine.

Large opportunities for the economy lie in improving the competitiveness of the private sector. Supporting economic activity, employment and skills development would fuel a rise in productivity and greater business sophistication. Infrastructure improvements would support connectivity and integration. Large gaps remain in the green economy transition; most of the country's electricity is generated by inefficient coal-fired power plants. Greening the energy sector and renewables are key to ensuring energy security. Seeing as how Kosovo's energy intensity is four times that of the European Union (EU), the energy savings potential is vast.



Key economic indicators

	Kosovo (2017)	Kosovo (2022*)	OECD comparators (2022*)
GDP per capita, PPP (constant 2017, international US\$)	10,764	11,864	44,915
Foreign direct investment, net inflows (% of GDP)	3.4	4.0	0.9
Current account balance (% of GDP)	-7.6	-8.7	0.4
Unemployment, total (% total labour force)	29.6	25.9	7.2

Our approach and operational delivery

The EBRD supports the development of the private sector through a combination of investment, policy dialogue and technical assistance. We provide a wide range of financial instruments, both as direct investment and through partner financial institutions. In addition, we provide business advisory services and technical assistance to help improve the institutional capacity of our clients. In our policy engagement, we work on policy reform with governments, business leaders and regional officials, helping to shape policies and initiatives that create favourable economic conditions that promote inclusion and sustainable growth.

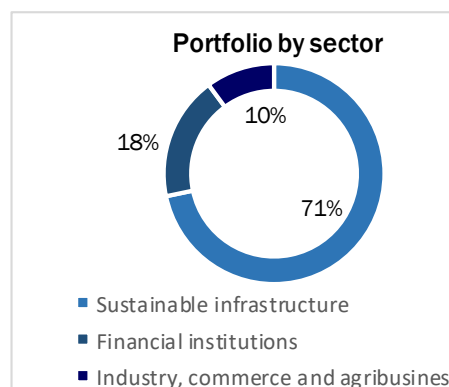
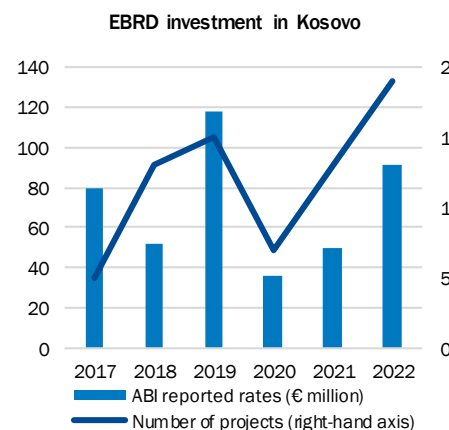
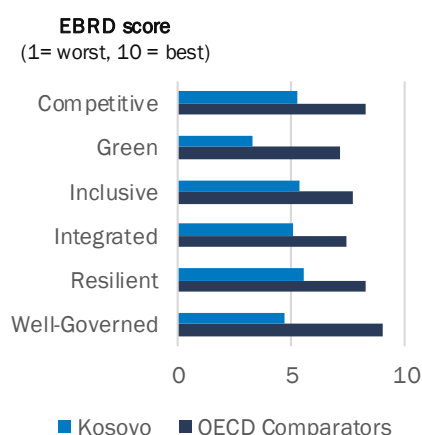
In line with the 2016-21 country strategy for the Kosovan economy and its green agenda, the EBRD diversified its efforts to support the country's transition to a more sustainable energy mix. It also stepped up its engagement with Kosovan municipalities, with sustainable infrastructure the largest sector targeted in its portfolio. These efforts boosted investment, which reached an annual record in 2019, and increased disbursement levels. A new five-year strategy for Kosovo (2022-27) was published in 2022 and set new priorities to help Kosovo weather the current energy crisis and accelerate its green transition.

* Or latest available.

We seek to help countries transition towards democratic and sustainable market economies. We finance projects that strengthen the private sector in economies undergoing transition to a well-functioning market system. Our investment decisions are guided by six "transition qualities", which focus on making economies competitive, well-governed, green, inclusive, resilient and integrated.



For more detail on our transition qualities visit www.ebrd.com/qualities



The EBRD in Kosovo

The EBRD improves SME access to finance and know-how

A competitive and inclusive private sector

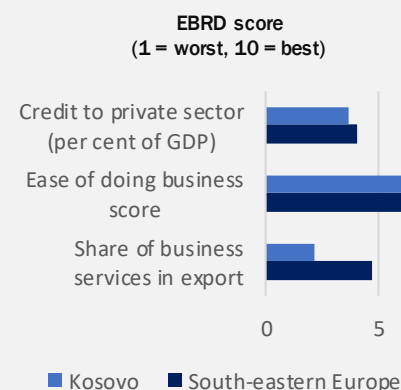
#EBRDimpact

SDG alignment



The private sector already plays an integral role in Kosovo's economy, with small and medium-sized enterprises (SMEs) accounting for 99.9 per cent of the business population, 76 per cent of the all business-sector employment and 81 per cent of value added.

Despite its strong growth rates, high rates of economic inactivity and unemployment, particularly among the youth and women, pose significant challenges for the economy. This suggests the need for a more vibrant private sector. Steps need to be taken to create more dynamism and competitiveness, as only a small share of private firms export to external markets. Limited access to finance is still a major obstacle to further development; women and youth are particularly affected. A shortage of on-the-job training and persistent skills mismatches remain a hindrance to private enterprise.



How we work

We work towards achieving a dynamic market economy and strengthening the competitiveness of the private sector. We provide support for SMEs, especially those led by women and youth, through targeted credit lines and flagship advisory and skills development programmes, such as Advice for Small Businesses, Women in Business and the SME Competitiveness Support Programme, which focuses on mobilising impactful support and networks for a select group of SMEs. We also work to strengthen business value chains, supporting their integration into global networks and facilitating trade through the EBRD Trade Facilitation Programme.

The EBRD in Kosovo

Total	2017-22
€144 million	€83 million
Direct EBRD investment in SMEs	
€36 million	€16 million
Net cumulative investment in the local agribusiness sector	
€7.4 million	€3.5 million
Technical assistance funding for SMEs	

Quick links

- [Women in Business Programme](#)
- [Trade Facilitation Programme](#)

The [EBRD Women in Business](#) Programme provides finance, business advice, training and mentoring to female-led SMEs.



EBRD achievements and results: A competitive and inclusive private sector in Kosovo

We promote private-sector growth by:

- ▶ improving SME access to finance through the EBRD SME Competitiveness Programme (63 SMEs, €17 million) and providing business advice to 259 SMEs, together with coaching and skills transfer training
- ▶ promoting women-led SMEs through dedicated credit lines amounting to €9 million and advisory services via TEB Bank and AFK
- ▶ launching the SME Sustainable Reboot programme to enable companies to recover rapidly from the pandemic; enhancing the capacity of the agribusiness industry through direct lending (for example, Viva Fresh and Meridian); and providing advisory services to help over 40 businesses expand, upgrade their value chains, develop their standards and analyse market needs to accelerate exports
- ▶ supporting the expansion and upgrade of specialised companies including in recycling (REKS) and pharmaceuticals (Santefarm) (through direct lending of over €18 million).

We help to improve the business environment by:

- ▶ supporting the Central Bank of Kosovo in adopting the legal and regulatory framework on factoring and reviewing the legal framework governing bank resolution to align with international best practice
- ▶ promoting financial stability and a well-functioning banking sector by strengthening the deposit insurance system through the Deposit Insurance Fund of Kosovo (DIFK)
- ▶ strengthening the corporate governance of (i) state-owned enterprises for more efficient and open markets at both the domestic and international levels, and (ii) financial institutions for more transparent and efficient governance, in line with international best practices.

Inclusive entrepreneurship

More than 700 women received EBRD training or participated in needs assessment seminars. In addition, more than 1,500 women-led businesses accessed finance, with 54 per cent reporting growth in employees (on average, around seven employees) and 79 per cent seeing an increase in turnover (on average, €130,548).

In 2022, the EBRD launched a new Youth in Business credit line together with access to know-how to stimulate youth entrepreneurship and help tackle the country's large youth unemployment challenges.

SME growth and jobs

SMEs advised by the EBRD achieve high growth: 76 per cent increased their turnover, creating a total of €126 million in additional turnover. Fifty-four per cent became more productive. Thirty-three per cent grew their exports, creating a total of €15.6 million in additional exports. Sixty-seven per cent of SMEs advised by the EBRD achieved high growth and hired more people, creating a total of 2,161 new jobs.*

Better corporate governance

More than 70 SMEs introduced improved standards. In the information and communications technology (ICT) sector, more than 70 telecom officials and staff were trained in market regulation and technical support. This was accompanied by policy advice to support the privatisation of Kosovo Telecom.

Improved regulatory framework

The Central Bank, supported by the EBRD, drafted a new regulation on factoring as an alternative means of access to finance for SMEs.

Greater resilience to financial risks

The EBRD helped strengthen confidence in local banks by supporting an increase in protection levels and insurance coverage to €5,000.



[Read](#) how the EBRD supports the pharmaceutical sector in Kosovo through its Direct Financial Framework.



Xhyllzare Dushi is an entrepreneur and owner of a dry-cleaning and laundry chain. She successfully expanded her business after receiving an EBRD loan to buy machinery through the Women in Business Programme. She also improved the delivery process for customers through digitalisation, supported by EBRD advisory services.

Watch this [video](#) to learn more about the Women in Business Programme in Kosovo.



[Read](#) how the EBRD and donors are boosting the competitiveness of a glass producer in Kosovo through the Financial Investment Framework and the SME Competitiveness Support Programme.



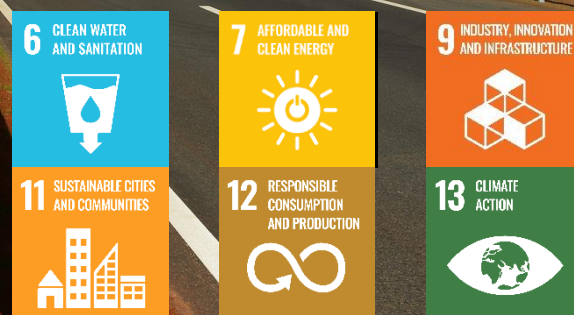
The EBRD in Kosovo

The EBRD invests in critical infrastructure

Strengthened integration and connectivity

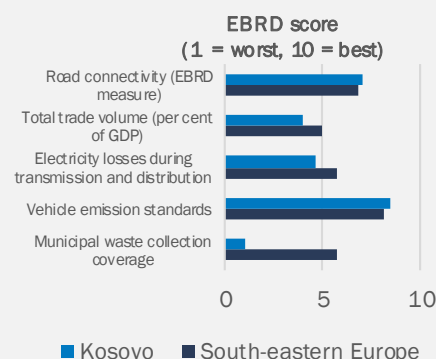
#EBRDimpact

SDG alignment



Kosovo continues to face major gaps in public infrastructure in essential areas (road, rail, air transport and energy). This also limits the economy's integration into regional supply chains. Despite recent improvements, the disparity in infrastructural quality between Kosovo and the EU countries, mainly in terms of transport infrastructure, installed capacity for energy generation and telecommunication networks, continues to hold back foreign direct investment.

Efforts are needed to modernise the economy's critical infrastructure. The country needs to improve its air quality, waste management and wastewater treatment, overhaul the power grid and strengthen implementation capacity, efficiency and transparency in the delivery of essential services to the population.



How we work

The EBRD promotes connectivity, regional integration and economic inclusion by investing in transport infrastructure and attracting private investment to the sector. Most of the Bank's projects in the municipal infrastructure sector are associated with policy advice and technical assistance aimed at improving the efficiency of public utility companies. The Bank's flagship programme, EBRD Green Cities, offers more than €5 billion of EBRD and donor support to countries to address their pressing environmental challenges. Pristina has developed and adopted its Green City Action Plan as part of its participation in EBRD Green Cities. Three follow-on investments include the pioneering solar district heating project for Pristina.

The EBRD in Kosovo

Total	2017-22
€254 million	€143 million
Net cumulative investment in sustainable infrastructure	
€105 million	€76 million
Net cumulative investment in the energy sector and energy efficiency	

Quick links

- [Municipal and environmental infrastructure](#)
- [Transport](#)
- [EBRD Green Cities](#)

[Read](#) how the EBRD's Infrastructure Project Preparation Facility focuses on project preparation, policy dialogue and institutional strengthening to address both public-sector infrastructure projects and public-private partnerships.



EBRD achievements and results: Strengthened integration and connectivity in Kosovo

We help to improve infrastructure connectivity by:

- ▶ rehabilitating and connecting the Western Balkans core railway network in Kosovo (the 148 km Rail Route 10) with that of Serbia and North Macedonia, to scale up regional integration into the Trans-European Transport Network (TEN-T)
- ▶ alleviating traffic congestion by financing key road sections between the cities of Ferizaj and Gjiilan and also in Prizren
- ▶ improving the stability and reliability of power supply, for example, through Kosovo's public energy company (KOSTT), and enabling its market integration into the European Network of Transmission System Operators for Electricity (ENTSO-E).

"We are very proud to continue our close collaboration with our long-standing partner, the EBRD, in our joint effort towards a green transition. The introduction of the first electric buses to the city and the country is a pivotal moment in this regard. It will have a tangible impact on the lives of our citizens and take meaningful steps towards a healthier and cleaner Pristina."

Përparim Rama, Mayor of Pristina

We promote better quality and sustainability of municipal services by:

- ▶ modernising the bus fleet in Kosovo's capital city through the acquisition of 30 new buses, in addition to an initial purchase of 51 buses, which are compliant with the latest EU environmental standards, thus significantly improving people's living conditions
- ▶ building a new wastewater treatment plant and extending the wastewater network to improve sanitation services in the cities of Gjiilan and Mitrovica
- ▶ maintaining essential service levels for the population of Kosovo and strengthening the economy's resilience during the pandemic; through the provision of up to €30 million to affected vital energy service providers across the country.

Improving water quality

The rehabilitation and upgrade of Gjiilan's wastewater network, supported by the EBRD, is expected to improve sanitation services for around 110,000 people.

Increased connectivity

The EBRD supported road connectivity with the rehabilitation of about 60 km of road linking Kosovo with Serbia and Montenegro. More than 5 million passengers are benefitting from better-quality roads, traffic capacity and connectivity.

Strengthened corporate governance

The EBRD helped Kosovo's state railway company develop and implement transparent and efficient standards of corporate governance. These standards include a robust asset management plan, International Financial Reporting Standards (IFRS) accounting procedures and international human resources practices on equal opportunity.

Better public transport

Through a new bus fleet, Pristina has improved its urban transport services for 8 million passengers per year, while reducing an estimated 3,967 tonnes of CO₂ per year (equivalent to taking 863 cars off the road annually) and keeping noise levels low in the municipality.

Improved sustainability skills

More than 30 engineers and project managers from governmental and municipal institutions were trained in environmental and social management for contractors and in the mitigation of impacts during the construction phase of infrastructure projects.



[Read](#) how the EBRD is financing Kosovo's first electric buses.



[Read](#) how the EBRD is modernising Kosovo's only international railway.



[Discover](#) how EBRD improve wastewater and sewage treatment in Kosovo

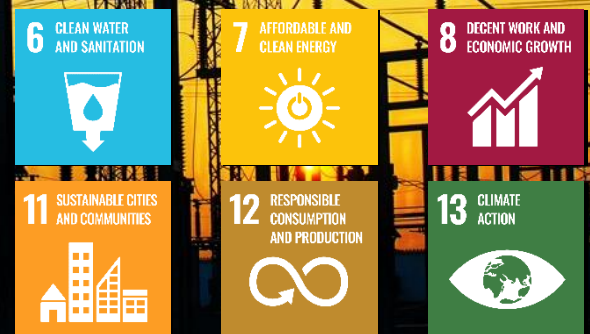


The EBRD in Kosovo

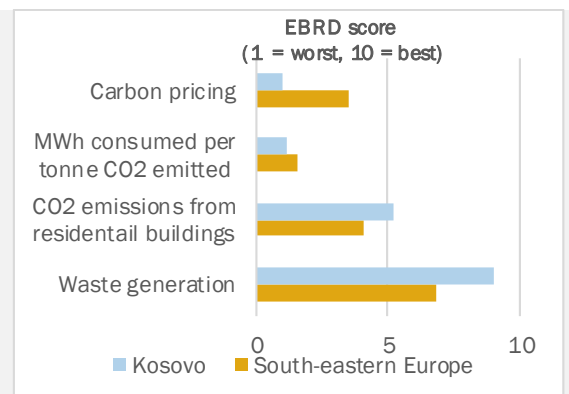
Green economy transition

#EBRDImpact

SDG contribution



Around 87 per cent of Kosovo's electricity is produced by two thermal power plants with poor performance and limited capacity to meet the demands of the population. The unreliable power supply has greatly impacted private businesses, with numerous power outages causing a loss of revenues for Kosovan firms. Kosovo's green economy transition needs to focus on investing in sustainable energy and a rapid transition away from carbon-intensive sectors. Kosovo is on the right track, with renewables having accounted for an on-target 25 per cent of energy consumption in 2020. The country has set itself another target of at least 1,400 MW of renewable energy by 2031.



How we work

The EBRD supports the transition to a greener economy through investment and policy dialogue. For example, it provides financing for the development of wind and solar power projects, including the structuring of appropriate market mechanisms, such as feed-in tariffs. The Bank also provides credit lines via partner banks through Green Economy Financing Facilities (GEFFs). It seeks to foster positive demonstration effects, particularly with respect to utilising financial intermediaries to increase energy efficiency and promote small renewable energy investments.

The EBRD in Kosovo

Total	2017-22
€105 million	€76 million
Net cumulative investment in the energy sector and energy efficiency	
€278 million	€201 million
Green economy financing commitments	

Quick links

- ▶ [Green Economy Financing Facility \(GEFF\)](#)
- ▶ [EBRD Green Cities](#)
- ▶ [Green Economy Transition](#)

[Read](#) about the GEFF – a credit line facility for participating financing institutions to on-lend to the commercial and residential sectors for investment in renewable energy and climate resilience projects.



EBRD achievements and results: Green economy transition in Kosovo

We stimulate investment in renewable resources by:

- ▶ investing in the construction of the country's first-ever utility-scale wind project and its largest wind generation plant – the 32.4 MW Kitka plant in Kamenica municipality and the 105MW Bajgora facility in Mitrovica municipality, respectively
- ▶ supporting policy reform to develop a best-practice framework for renewable energy in Kosovo, in line with international best practice
- ▶ promoting the innovative integration of solar power and helping the country become the first Western Balkans economy to use solar energy for district heating.

“The new EBRD GEFF funds will support our customers – from low-income individuals in rural areas of Kosovo to micro- and small-sized enterprises, the most vibrant and fast-growing segment of our economy – in making investments in high-performance green technology and solutions.”

Lulzim Sadrija, CEO of KRK

We have promoted energy efficiency by:

- ▶ building a green and competitive economy by facilitating the expansion of residential energy-efficiency lending in Kosovo as part of the GEFF programme with local partner banks (TEB, AFK and KRK)
- ▶ financing €10 million in sovereign loans to Kosovo to help it improve the energy efficiency of public buildings such as kindergartens, schools and primary healthcare facilities in Pristina and Prizren; making credit available to SMEs to upgrade production facilities and improve environmental protection
- ▶ supporting the rehabilitation of energy transmission infrastructure to improve the stability and reliability of the power system by reducing inefficiencies and bottlenecks in the network.

Reliable and green energy

EBRD-supported wind farms have installed renewable capacity of more than 200 MW. The implementation of renewable auctions is expected to unlock financing for more renewable projects and attract significant investment.

Sustainable buildings

More than 1,000 houses and three SME premises have implemented energy-efficiency measures, such as the thermal insulation of walls, roofs, floors, windows and outside doors. This is the first time that these measures have been implemented on such a scale, in alignment with the Kosovan Energy Building Code.

Energy saved

An estimated 1.46 million GJ/year of energy has been saved through EBRD-supported energy efficiency and renewable energy investments.

Some 960 households, supported by the GEFF, have contributed to estimated savings of 9,010 MWh of energy and a reduction of more than 3,100 tonnes of CO₂ emissions per year – equivalent to not charging more than 377 million phones.

Cleaner air

EBRD-supported renewable energy projects have led to an estimated 356,400-tonne reduction in CO₂ emissions, equivalent to removing more than 77,510 cars from the road for one year.

Improved skills in energy efficiency

More than 300 loan officers and engineers were trained in tailored green financial products and energy-efficiency techniques.

[Read](#) a case study on the REKS recycling company.



Discover how the EBRD is investing in green residential buildings in Kosovo's rural areas.



[Read](#) about how the EBRD is supporting Kosovo's largest wind farm, Bajgora.



[Discover](#) how Kosovo will become the first Western Balkans economy to use solar energy for district heating with EBRD support.



Partnerships

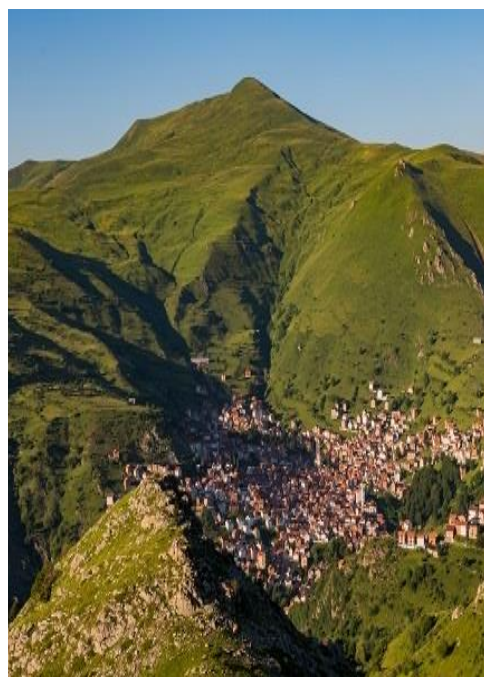
The EBRD is supporting the transition process by taking a holistic approach through a combination of investment, risk mitigation, capacity building and policy dialogue with local and central governments, regulators, financial institutions and representatives of civil society. Partnership with donors is critical to this process, to address transition

challenges, affordability constraints, improve market outcomes in the presence of significant externalities, and to steer investments towards greater sustainability and transition impact across the EBRD's regions. With a focus on sustainable and inclusive private-sector development, donor funds also play a key role in building low-carbon

economies and mitigating climate risks. The EBRD has worked with donors since its creation and currently manages relationships with a broad and varied donor community of up to 50 different partners, primarily governments and multilateral organisations.

Our partnerships in action

- ▶ Between 2017 and 2022, donors to Kosovo supported nearly €52 million in technical cooperation funds and co-investment funds.
- ▶ The EBRD has provided essential advisory and business advice to SMEs in Kosovo through the Small Business Impact Fund, with the support of donors including Italy, South Korea, Luxembourg, Norway, Sweden and the United States of America.
- ▶ With the support of Luxembourg, the EBRD is strengthening the corporate governance of state-owned enterprises and the supervisory capacity of the Central Bank of Kosovo, aligning them with international best standards.
- ▶ Together with the EU, the EBRD co-financed vital infrastructure and regional trade in Kosovo, including railway rehabilitation through the Western Balkans Joint Fund.
- ▶ The EBRD, the Swiss State Secretariat for Economic Affairs (SECO) and Luxembourg have engaged in policy dialogue with Kosovo on enhancing its regulatory and institutional framework.
- ▶ With our donor partners, the EU, Austria and the Western Balkans Investment Framework, we are improving energy efficiency in the residential sector to reduce air pollution and GHG emissions.
- ▶ Donors are also supporting the EBRD's Trade Facilitation Programme, helping Kosovo to develop and strengthen banks' capacity for trade finance, improve know-how and enhance its regional integration.



Work with us

Financing
Loans
Equity
Guarantees (including to local banks for trade finance)

Advice
Expand
Improve processes and governance
Meet standards
Navigate the regulatory environment
Train workers

Goods and services
Procurement
Careers

Participate
Have your say on EBRD policies and strategies

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Shareholding

17 December 2012
Kosovo joined the EBRD

€5,800 million
Kosovo's capital subscription

Hekuran Murati
EBRD Governor for Kosovo

Migle Tuskiene
EBRD Board Director for Kosovo

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