



EU INDUSTRY WEEKS



KOSOVO 2022

organized by European Investors Council

KEY TAKE-AWAYS AND RESULTS

For the second year in a row, the European Investors Council has been a host of EU Industry Days in Kosovo, an annual event organized by the European Commission, serving as a platform where pressing industrial challenges, development opportunities, and policy responses are discussed. In this year's edition, we have organized three discussion sessions with topics of high importance in both a global and a local context.

The 2022 edition focused on both the challenges and opportunities that the country is dealing with, related to the Green Agenda and its implementation in Kosovo; the digital industry and its transformation, especially after COVID-19, and the economic growth as a vital aspect.

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EU INDUSTRY DAYS KOSOVO 2022

KEY TAKE-AWAYS AND RESULTS

Executive Summary

EU Industry Days 2022 is an annual event organized by the European Commission, serving as a platform where pressing industrial challenges, development opportunities, and policy responses are discussed. Different stakeholders engage in the discussion sessions organized during EU Industry Days, actively providing their expertise on a wide range of important topics. Moreover, this event helps to ensure that the policies of the European Union are working to enable the European industry to deliver jobs, growth, and innovation throughout Europe.

For the second year in a row, the **European Investors Council** has been a host of EU Industry Days in Kosovo. In this year's edition, we have organized three discussion sessions with topics of high importance in both a global and a local context. Through inclusive conversations with high-level Government officials, representatives of the European Union, as well as representatives from the private sector, this year we put special emphasis on the importance of green transition and digitalization, in support of the overall growth and sustainability of different economic sectors.

The 2022 edition focused on both the challenges and opportunities that the country is dealing with, related to the Green Agenda and its implementation in Kosovo; the digital industry and its transformation, especially after COVID-19, and the economic growth as a vital aspect. More specifically, the role and importance of the private sector in all the above-mentioned regards has been discussed throughout all sessions of the event. During a time of dealing with different crises, plenty of efforts should be put by the Government, the private sector, and other relevant partners, to update the industrial state of the country with greener, digital, and more sustainable policies.

As a representative of the largest EU investors in the private sector in Kosovo, European Investors Council is proud to say that a number of our member companies are front-runners in their green policy adaptations, and action towards a greener and digital Kosovo. We emphasize that the efforts from the private sector should be complementary to the policies and actions from the Government, which create the conditions that ought to be met for our green and digitalization objectives.

MAIN TOPICS AND KEY RECOMMENDATIONS

Green transition

Climate change and environmental degradation are posing an existential threat worldwide, and Kosovo is no exception. The country's high reliance on non-renewable resources as a primary source of energy production is a real concern, posing several social, environmental, and economic threats. Considering the latest increase on energy prices, now more than ever, it is the right time for Kosovo to pursue a clean energy transition, and an overall green agenda. The Government of Kosovo is committed to implement a Law on Renewable Resources, aiming to attract private investors to implement green projects.

Digital transformation

The demand for digital products and information services has evolved significantly during recent years. However, in the context of Kosovo, certain restrictions, such as the size of the market, continue to exist. The ICT sector in Kosovo predicts that digitization is a challenging process for SMEs in the country, due to a lack of investment for the process. Furthermore, compared to the developments taking place in other markets, Kosovo faces the obstacle of reduced professional demand for services of the higher level. Nevertheless, a big advantage in Kosovo is the immediate affinity of the population with digital services. The Government of Kosovo is supporting the digitization of enterprises as much as possible, by introducing digitalization as a criterion in each grant. Moreover, the Government is working on adjourning current laws, and introducing new and relevant ones, in support of digitalization. Initiatives introduced by the EU, such as Compass 2030, aim to empower businesses and people in a human-centered, sustainable and more prosperous digital future. Kosovo is advancing its digital agenda, but there is still a lot of work to be done.

Growth

Following the experience of recent years, dealing with the many crises caused by the outbreak of COVID-19, it has been reinstated that the economy of Kosovo does not have a self-sustainable economic model. The economy is highly sensitive to external shocks and highly dependent on remittances from abroad. An economic transformation led by the private sector is crucial for creating a sustainable growth of the economy of the country, while economic diversification and green transition are key factors towards achieving this transformation. The European Union has constantly supported the economic development of Kosovo, by financing projects that can foster economic growth, innovation, social integration and inclusion, and job creation. Major SME activity, and financial stability remain highly positive aspects for the development and growth of the economy of Kosovo, however, a more serious approach should be taken towards the digitization of processes, as well as green transition. Energy efficiency and renewable resources should be at the top of the priorities for Kosovo.



Eriola Bibolli,
Chairperson of EIC
Board of Governors

Dear EU Ambassadors; dear Ministers; dear EIC Director and Members; dear Guests,

Welcome to the EU industry days event — a continuation of a yearly tradition in the EU, to address the pressing needs of the EU's economic and industrial priorities and perspectives. Gratefully, the European Investors Council has brought this tradition to Kosovo for a number of years now. This year's themes are central for the EU progress on its vision and priorities on green and digital transition, and on inclusive and sustainable growth. These themes are central for Kosovo's future and perspective as well. However, what are the realities around us?

Many countries have undertaken commitments and promises on the UN sustainability goals, Paris agreement, EU green deal, and closer to I'd, signatories of Sofia agreement and the EU plan for supporting WB green and digital transition. Where does Kosovo stand? What do each of us do under such realities? It's not enough to simply say we commit to fighting climate change:

- We must develop strategies, plans, policy frameworks to support actions for green and digital transition.
- We need a clear pathway on what to do in Kosovo.

In addition, this transition and its respective action roadmaps require tremendous collaboration from everyone: the government, the green NGOs, the civil society, the financial sector, the investors, and the private sector. Evidently, there is a sheer need to accelerate Kosovo's economy transition to net zero, digitalized, and leaping to a sustainable eco-friendly model in line with the EU deal goals. We need to think and to start acting on:

- Improving the energy mix,
- Decarbonizing,
- Adopting the circular economy,
- Tackling the air pollution and limiting single use of plastic,
- Digitalizing the public and the private sector
- Attracting innovation and greener technologies and investments
- Attracting the financing and the capital mix to support the transition

Last but not least, the human factor is central, and talented youth is critical and the only hope for a successful undertaking of this transformation.



Tomas Szunyog, Head of EU Office in Kosovo

The EU Industry Days main event, organized by the European Commission in Brussels, took place on the 8th to 11th February, but local events are also organized in the EU partner countries. I am particularly glad that the European Investor Council again won the competition and managed to put together an excellent event for the second year in a row.

I would like to reflect on the main Industry Days event by reiterating some of the main conclusions. Through our internal market, the European Union wants to make a “factory” Europe that creates jobs and gives itself the means to cater for its own needs, but also to conquer world markets and export. The EU wants to increase production capacity and diversify our sources of supply, invest more in technology and education. The EU also wants to set off the new industrial revolution and master disruptive technologies in strategic areas such as batteries, hydrogen, semiconductors, data and cyber security.

It is essential for Kosovo to align its economic, private sector and energy policies to the EU green agenda. The private sector has a major role to play in showing a good example, being innovative and spreading information about opportunities. Kosovo has the potential of becoming a 4 runner in the region when it comes to investment in the renewable energy, and that opportunity has to be seized in order to create decent and good jobs. In fact, there will be significant costs and risks of not implementing this transition.”

SPEAKERS' CONTRIBUTIONS

FIRST SESSION: IMPLEMENTING THE GREEN AGENDA IN KOSOVO

Moderated by:



Neil Taylor,
Head of EBRD Office in
Kosovo

"We know that Kosovo has again endured issues with electricity due to malfunctions of the thermal power plants and the country, of course, still produces 95% roughly of its electricity from coal. We should bear in mind that Kosovo is one of the most energy intensive countries in Europe. This month the tariffs of households over 800 kW have increased and in the midst of all of those, discussions about the future energy mix are ongoing. So it is a very important time, at the moment, to discuss Kosovo's green agenda."



Artane Rizvanolli,
Minister of Economy

"In terms of long-term strategy we have a clear vision. We need to be aware of technical and financial constraints and ensure supply for customers. Kosovo will have a Law on Renewable Resources; it is too early to talk about this, but the goal is to attract private investors. We will work with the Energy Regulator on when this will be feasible. The most important issue is to enable businesses to implement such projects, and the main factor is market liberalization."



Linda Cavdarbasha,
Deputy Minister of
Environment and Spatial
Planning

"In the Ministry of Environment and Spatial Planning, our priority is the implementation of adequate measures in drafting the Law on Climate Change. We need to focus on solar renewable energy, the green agenda, smart cities, and the modernization of the network. Businesses should be in line with the strategy, and they should take care of recycling; investments in Kosovo should go towards recycling."

SPEAKERS' CONTRIBUTIONS

FIRST SESSION: IMPLEMENTING THE GREEN AGENDA IN KOSOVO



Juan Zaratiegui,
Deputy Head of Political
Section at EU Office in Kosovo

"I would like to mention what's in it for Kosovo, the cost and most importantly, the social, health, economic and environmental impact of the green agenda transformation. To mention one example, the coal-based electric generators in Kosovo have a huge health impact on the population. In addition, in terms of European integration, there can be no effective greenstone decision for the European Union without our neighbors being fully on board. It makes no sense to have a green transition in Europe without our neighbors, and at the earliest possible stage, mainly because our economies are interdependent, but also climate change and pollution knows no borders."



Anita Kovacic,
CEO of Raiffeisen Bank
Kosovo

"Talking about Raiffeisen Bank, we have always had policies based on sustainable growth. Adding this green focus, we call it ESG - Environmental and Social Governance, it is focused on our lending policy, meaning that we will encourage, invite, and support businesses when it comes to projects and programs that promote the social welfare of people. Here we can talk about basics, like digital transformation, putting women in business, education and youth employment, and such activities that help the transformation into a sustainable society."



SPEAKERS' CONTRIBUTIONS

SECOND SESSION: DIGITAL TRANSITION

Moderated by:



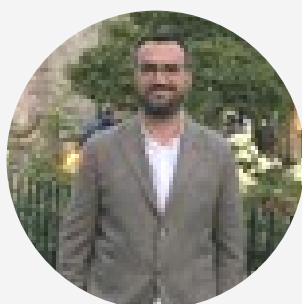
Valon Canhasi,
CEO of Hallakate

"It is generally thought that digital transformation occurs only in the ICT sector, but it is important to note that digitalization is a process that is taking place in all sectors. The ICT sector predicts that there will be a challenge for the SMEs that are planning to go through the digitization process, due to the lack of human capital, in this sector, that would help the enterprises go through this process. The main reason for this is that most of the best experts of this field are focused on the demand that is coming from abroad, which is both better paid and offers the latest trends."



Rozeta Hajdari,
Minister of
Entrepreneurship and
Trade

"Digitization has become an important factor in the manufacturing industry. Many businesses during the pandemic have increased their selling due to digitalization. Some of them have survived just by digitizing. The interaction between industries is our priority. In each grant, we have introduced support for the digitalization of enterprises."

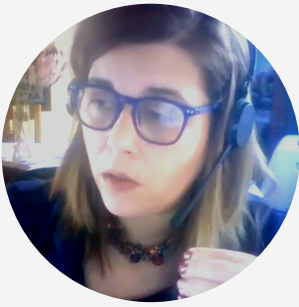


Ardian Shehu,
President of Management
Board, ASSECO SEE

"Demand for digital products and information services has evolved significantly in recent years. We, as Asseco see that in comparison with the developments taking place in other markets, Kosovo faces the handicap of reduced professional demand for services of the higher level. What we notice is that, even though we have many new, developed companies, they still can't cope with being competitive enough in foreign markets, due to the high volume of demand."

SPEAKERS' CONTRIBUTIONS

SECOND SESSION: DIGITAL TRANSITION



Sofia Marinho De Bastos,

Senior Official, European Commission DG, Communications Networks, Content and Technology, European Commission DG CNECT

"Firstly, I would like to congratulate Western Balkan for becoming roaming free zone. The "Rome Like at Home" regime that has started on 1 July with the EU support. Secondly, the Western Balkans are advancing with their own digital transformation and media agendas. Kosovo is preparing their new strategy, which should be adopted this year.

The European Commission has adopted on the 27th January 2022 a Proposal for a Joint Declaration on Digital Rights and Principles for the Digital Decade. This is a follow up of the Digital Compass 2030 Communication, the European ways for the Digital decade, published last year.

The EU vision for digital transformation puts people at the center, empowers citizens and fosters innovative businesses. Linking and complementing the digital targets set in the "Path to the Digital Decade" along the 4 cardinal points: Digital skills, Digital infrastructures, Digitalization of businesses, Digitalization of public services.

For the Business cardinal point, the targets for 2030 are: Tech up-take: 75% of EU companies using Cloud/AI/Big Data, Innovators: grow scale ups & finance to double EU Unicorns, Late adopters: more than 90% of European SMEs reach at least a basic level of digital intensity."



THIRD SESSION: GROWTH

Moderated by:



Blerta Qerimi,
Senior Private Sector
Specialist, World Bank

"The experience of recent years has taught us that Kosovo has a not very stable economic model, which is affected and sensitive to external shocks, and highly dependent on the diaspora and the service sector. Therefore, the pandemic reiterated the need for an economic transformation towards a very high productivity led by the private sector. The Private Sector is able to turn difficulties into opportunities, and we have seen this from an accelerated response in terms of digitalization, which affects the improvement of services and productivity and the strengthening of the financial sector."



Sokol Havolli,
Deputy Governor of the
Central Bank of Kosovo

"Financial stability is the hero of the health of a country's economy. Over the years, the CBK has undertaken a series of reforms aimed at protecting the rights of the client. For us, the contribution of the banking system to economic growth is very encouraging because we are talking about loans of 1.8 billion euros. Green financing is one of the most attractive topics in the field of the financial sector. We have taken some steps to understand the risks. We have a simpler system that creates an advantage."



**Konstantinos
Mastrogianopoulos,**
Loan Officer
European Investment Bank

"The EIB is the EU lending arm and remains a strong partner of Kosovo, willing to support Kosovo's economy. Since 2013 we have supported Kosovo's economy with more than €200 million euros in a wide range of sectors. We believe that economic growth can be achieved and sustained by infrastructure projects that can contribute to job creation, to increase productivity. So, our efforts are mainly focused on financing and infrastructure projects and we have been active in the transport sector, where we have supported rail and road projects. We're focusing on projects that enhance connectivity, this is why we support projects that strengthen the link Kosovo with the region and further beyond."

SPEAKERS' CONTRIBUTIONS

THIRD SESSION: GROWTH



Thomas Heinemeier,

DG, Internal Market,
Industry, Entrepreneurship
and SMEs, European
Commission

"The financial stability Kosovo has maintained even during the difficult times of COVID-19, is very encouraging. Economic history has a few good examples where foreign direct investments have actually succeeded to modernize the domestic companies, whether they were smaller or larger, by working very closely with them. So in this regard, if foreign direct investment in manufacturing industries can be encouraged, it would certainly help the domestic enterprises. I'm optimistic that over the next few years we could develop and Kosovo will continue to show higher productivity statistics."



Florence Dobelle,

Head of the Danube,
Balkans Regional Economic
Service, Embassy of France
in Bulgaria

"If we consider the last decade all the countries in the region, including Kosovo, have suffered from persistent vulnerabilities, which have seriously disturbed market competition and the allocation of the main productivity factors, and its productivity that makes growth. So, we suggest focusing on these productivity factors, i.e., the handling of human resources, the accumulation of capital, being private or public, and the total amount of the productivity factors that are very much related with institutional governance and the rule of law."



CLOSING REMARKS



Emrush Ujkani, CEO of European Investors Council (EIC)

European Investors Council member companies are front runners in their green policy adaptations, and action towards a greener and digital Kosovo. The efforts from the private sector should be complementary to the policies and actions from the Government, which create the conditions that ought to be met for our green and digitalization objectives.

EIC will continue to support The Government of Kosovo in its commitments to implement relevant legislation and policies, aiming to attract private investors to implement green projects. Kosovo is advancing its digital agenda, but there is still a lot of work to be done. EIC will continue to work towards a digital agenda for foreign direct investments.

An economic transformation led by the private sector is crucial for creating a sustainable growth of the economy and only by staying behind these priorities that were discussed today, we can contribute to sustainable growth. In this regard EIC will remain committed to facilitate dialogue with the Government institutions, the EU office in Kosovo, EBRD and all other relevant mechanisms, dialogue that aims to create a better environment that can attract further FDIs in the country.



EU Industry Days Kosovo 2022 was sponsored by **ProCredit Bank Kosovo**



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