

European Investors Council Monthly Newsletter



2020 has been the worst year in the last century, devastating for people's health and the economy itself. Some sparks of hope shined at the end of the year with the EU launching of the vaccination campaign against Covid-19. Kosovo will get vaccine free of charge up to 20% of population through COVAX. As for the economic aspect, the COVID-19 crisis, in combination with two changes of government and a prolonged electoral period have had disruptive effects on Kosovo's economy. But since the Western Balkans region remains a priority for the European Union, Kosovo will benefit from the EU funds, such as the Economic and Investment Plan for the Western Balkans expecting to mobilize 9 billion euro to fund this plan. These are few quotes of the exclusive interview with the Head of the EU Office in Kosovo and EU Special Representative, Mr. Tomáš Szunyog, we are bringing to our reader in the first edition for 2021.

Interview with Tomáš Szunyog, Head of the EU Office in Kosovo/EU Special Representative

On December 27, 2020, after a long and anxious wait and with great hopes, the EU launched the vaccination campaign against Covid-19, with the first doses of the Pfizer/ BioNTech vaccine injected simultaneously in all EU countries. Kosovo is expected to benefit a number of vaccines from COVAX program; however the number of population that needs vaccination is much higher.

The first question for Mr. Szunyog is: What Kosovo institutions should do to obtain vaccines for all its citizens and how the EU can/will help in that process?



EU Ambassador in Kosovo, Tomáš Szunyog

Tomáš Szunyog: *Both the Government and the EU are doing their best to secure the vaccine insofar as it can possibly be done under the current circumstances and as quickly as possible. For instance, through a facility called COVAX Kosovo will get vaccine to cover free of charge up to 20% of the population. Kosovo has complied with the necessary procedures, however, due to a high demand, the full COVAX supply most likely will not reach Kosovo before the second half of the year. The EU is the biggest donor to the COVAX facility, a global instrument managed by the World Health Organisation (WHO). Furthermore, with the objective of ensuring a faster delivery to the region, in December 2020 the EU allocated 70m euro additional funds for the purchase of the vaccines procured by EU Member States. Allocation to beneficiaries will be based on the total population.*

This package will help Western Balkans to cover the cost of some of the doses made available by the Member States. It would be a temporary solution to bridge the time gap until the vaccines from COVAX will

be broadly available. A part of the grants may also be used for the purchase of equipment, medical devices, material and consumables necessary for the delivery of the COVID-19 vaccines. Agreements will need to be formalized between the individual Member States and Western Balkan partners and manufacturers will also need to give their agreement.

The 2020 Covid19 crisis has caused the worst economic performance in hounded year globally; Kosovo too is facing economic downturn, and the enormous gap in terms of economic development between the Balkan region and the EU is expected to deepen.

What steps should be taken from both sides in narrowing this gap, and what role will the EU play in helping create a resilient economic market for the region?

Tomáš Szunyog: *Prior to the health crisis, Kosovo, similarly with the rest of the Western Balkan economies, was already facing significant challenges in terms of its weak competitiveness and high unemployment levels. It was also lagging behind as regards some crucial priorities such as the green and digitalisation agenda. The COVID-19 crisis, in combination with two changes of government and a prolonged electoral period have had disruptive effects on Kosovo's economy.*

Apart from addressing the emergency needs of the health crisis, the Kosovo authorities need to step up the implementation of structural reforms so they can tackle the weaknesses of the market and tap on economic potentials and opportunities to move forward.

The Kosovo government and the other Western Balkan partners signed an agreement on the Common Regional Market at the Sofia summit last November. This initiative is built around the four EU pillars of free movement of goods, services, capital and people. By implementing reforms from the Common Regional Market, businesses and citizens will progressively benefit from reduction of technical barriers to trade, reduced cross border banking fees, recognition of professional qualifications, fostering e-commerce, etc. The Western Balkans region is a priority for the European Union. In October last year the EU launched the Economic and Investment Plan for the Western Balkans and proposed a mobilisation of 9 billion euro to fund it. This is a long-term economic recovery plan which, backed by green and digital transition, which will lead to a sustainable economic growth, mainly directed

towards key productive investments and sustainable infrastructure in the Western Balkans.

Fragile political system creates unstable and unreliable environment for business investments, in a few weeks' time, we expect snap elections to take place in Kosovo.

How important it is for Kosovo itself as a weak economy and for its allies to create democratic and stable governance that could move faster towards the EU integration?

Tomáš Szunyog: *The past year was challenging and the political context was not conducive for the Government and Assembly to focus on reforms, including for businesses and economic development. Early legislative elections, unstable parliamentary majorities and repeated changes of government translated in an overall limited progress in addressing structural issues in Kosovo, such as for instance the labour market situation, lack of economic diversification and decreasing capital spending.*

It is very important for Kosovo's European path that these challenges are addressed, reforms implemented and a functioning and competitive market economy built. This would allow for a full implementation of the Stabilisation and Association Agreement to ensure Kosovo benefits the most from the agreement.

As the election date approaches, we expect credible, inclusive and transparent elections conducted in accordance with the best standards. It is crucial that the post-election period brings a swift establishment of new Institutions and in particular of a new Government that can assume its responsibilities immediately.

In December, the European Investors Council published the White Book, a strategic document that provides over 30 recommendations for Kosovo institutions in improving the business climate and attracting FDI.

As the EU ambassador to Kosovo, what message would you send to Kosovo institutions to put in place recommendations coming from the EU investors?

Tomáš Szunyog: *The White Book should serve to strengthen further the dialogue between the private sector and the Kosovo authorities on the main business barriers in the economic sectors. Unfortunately, in a number of areas the White Book 2020 concluded that there was no progress as compared to the recommendations given in 2018. This should serve as a strong signal for the authorities that economic reforms need to be stepped-up.*

The White Book recommendations in the areas of telecommunications, banking, insurance, petroleum and pharmaceuticals, mining and minerals can lead to the reduction of risk and uncertainty for foreign and local investors, reduction of business costs, increasing of competition resulting in an improved investment and business climate. In the future, the publication could address even more sectors such as IT, transport or energy.

A positive development in 2020 for mainstreaming the dialogue with the private sector was the reactivation of the National Council for Economy and Investment (NCEI). Last year we saw regular meetings between the Government of Kosovo and the business community facilitated by NCEI addressing barriers of doing business in a coordinated manner. For an efficient dialogue, it is crucial that the debate between the parties is underpinned by a thorough analysis of the matters under discussion. The White Book provides an excellent opportunity for Kosovo institutions and other business associations to engage in such discussions. As a result, the Government of Kosovo should play its role and be an enabler of real growth. I strongly believe that private sector development and sustainable economic growth is a precondition for progress in other areas of society: political, economic and social.

Among other things, during the White Book event, ambassador Szunyog have stressed out that Kosovo has a great business potential: ambitious companies, talented youth and proximity to EU markets. However opportunities for them have somehow been chocked. The question is: what should the new government do immediately to support businesses and help on economic growth?

Tomáš Szunyog: *Indeed the impact of the pandemic on Kosovo's economy is unprecedented. Decline in budget revenues and overall economic slowdowns have led to massive economic imbalances and financial vulnerability. Because of the crisis, challenges related to the balance of payments have emerged and this has narrowed the ability for the government to provide necessary fiscal space to support the affected businesses and provide socio-economic protection to the vulnerable households.*

Apart from the fiscal support already provided by the government through emergency and economic recovery packages for which implementation to some degree is delayed, to reach a sustainable economic recovery, substantial efforts are needed for the businesses to recover following the economic fallout.

There is a need for supporting the liquidity of affected businesses. As a more strategic objective, however, the COVID 19 impact on Kosovo businesses should be seen as an opportunity to improve their competitiveness, invest on innovation and help companies to become truly digital. Supporting sectors that would contribute to import substitution and have export and job-creation potential, such as the ICT and innovation, should be a priority. On mid to long term, a vibrant and competitive private sector is of paramount importance for determining Kosovo's long-term economic growth in an increasingly globalised world. Adoption of a private sector driven development agenda is needed for growth and to ensure the best prospects for long-term and inclusive economic prosperity, focusing on women and marginalized groups.

As a honorary member of EIC how do you evaluate the work and the role of this organization in protecting the EU investors in Kosovo?

Tomáš Szunyog: We are glad to see the EIC working as a pan-European business platform supporting the resolution of investors' grievances and aiming to improve the overall business environment through an open dialogue with Kosovo institutions. We have seen the Council becoming an important address for current and potential European investors in Kosovo. Its value added is that it creates the conditions for European investors to speak with one single voice. I can only encourage this practice to continue, and have the EIC engage even further in defending and promoting foreign investors to the benefit of the Kosovo population.

The EIC focus should concentrate even further for instance on FDIs. The total FDI inflows in Kosovo in the last years have been stagnant which shows that more needs to be done in terms of investment attraction and promotion. What is important to note is that the largest portion of investments continue to come from the European countries. Kosovo has sufficient strengths to attract new foreign investors because of cheap labour, low corporate taxes and young and dynamic labour force. Nevertheless, the FDI dynamics remains affected by significant competitiveness challenges which relate to low level of export diversification and low values of economic complexity. I am looking forward to engaging with EIC in discussions concerning these and other aspects of their challenging agenda.

For the New Year, what is your message, for Kosovo citizens and institutions and for the foreign investors in Kosovo too?

From the moment I started my assignment in Kosovo last September, I could indeed see that Kosovo has a lot of potential. If the rights policy choices are made, Kosovo can further develop into a competitive economy, improve the qualifications of its skilled workforce and strengthen its public administration. This will have a great impact on Kosovo's advancement on its European path.

Kosovo's immediate efforts in 2021 should focus on achieving political stability as a key factor in attracting investors and delivering on a credible reform agenda. Further, Kosovo's long-term strategic interest in the reform process has to remain in line with the Stabilisation and Association Agreement and the newly adopted European Reform Agenda 2.

Our joint ambition in 2021 should remain supporting the longer-term socioeconomic recovery of Kosovo and its economic convergence with the EU. There is an enormous gap in terms of economic development between the region and the EU. The faster we close that gap, the faster Kosovo will become a resilient, strong, and sustainable market economy. The EU is here to support Kosovo's efforts, with a view of bringing real change and progress on the ground, including business growth and more employment opportunities for the people of Kosovo.

Pro Credit Bank continue its support towards green economy

“Green Business Expo” offered support to businesses during 2020.

Green businesses have been prioritized by Pro Credit Bank, in 2020 as well. This commercial bank, through its program “Green Business Expo” has offered financial support for many Kosovo businesses who included the environment protection into their business development. The business model of Pro Credit Bank is based on the concept which ensures that the way we create the added value, should be sustainable if it respects and protects the limited natural resources of the planet. “Minimizing the negative impact in the environment and proactively promoting the sustainable way of doing business, is part of our business strategy-not only in our lending activity or client financial service, but also into our daily actions,” says a press released by PCB.



IPKO now is certified with ISO 9001 for quality and ISO 27001 for information security

IPKO Telecommunication Company is now certified according to the international standards ISO 9001 for Quality Management System, and ISO 27001 for Information Security Management System. These certifications specify the terms and definitions that apply to all quality management system standards,



developed by **ISO**, that institutions or organizations use to demonstrate that they meet the requirements and criteria required for quality management and meet required conditions and criteria related to information security management. The company became certified with ISO standards, in all categories of services it offers: Mobile phone, Internet and Digital Television, after a successful audit conducted by Slovenian Company “Slovenian Institute of Quality and Metrology” The Executive Director of IPKO, Mr. Robert Erzin, expressed his satisfaction with this certification, showing the long way that the institution has gone through to obtain this certification. *“This proves that IPKO manages the quality and security information system in line with internationally accepted standards. Certification is an ongoing process of improvement, review, and dedication to working in compliance with these standards. Confirms our commitment to the quality, security and confidentiality with which data is maintained; is a symbol of security and trust in our customers and partners. These certifications complete and support the image of IPKO”*- said Mr. Erzin. He added that IPKO was based on ISO standards since its establishment in Kosovo.

ISO 27001 standards help organizations implement processes that prioritize data security and minimize the risk of data breach or dissemination. Upon receiving this certification IPKO has proven its ability to manage the security of sensitive data.

IPKO is recognized as one of the fastest growing telecommunications companies in Europe. Established in 1999, IPKO has grown from being the first Kosovo-wide Internet provider to becoming a modern enterprise offering full range of integrated services as well as content in mobile communications and fixed services such as: Digital Cable TV, Internet services and fixed telephony. Today, IPKO is the biggest and most advanced mobile operator which offers fast-speed mobile internet – 3G and 4G networks in Kosovo.

PCB supported the KosICT festival, the main theme was AI and businesses

Artificial intelligence and the business was the core topic in the 9th edition of the Tech Festival KosICT, supported by Pro Credit Bank. In this festival, which prioritize the Information and Communication Technology, the focus of the discussion was on the global trends of technology and its extraordinary impact in the banking industry. Pro

Credit Bank, is considered a leader in Kosovo in digitalizing its banking services, the bank started the digitalization process years ago when the technology evolvement and the lifestyle changed rapidly. The pandemic period has changed even further the client behavior, where the demand for online services has increased significantly and at the same time increased the pressure on service providers to advance the technology.



KosICT Festival

The opinion from Emrush Ujkani, CEO at EIC


The Economic and Investment Plan for the Western Balkan initiated at the Summit in Zagreb, in May last year and confirmed in October, through which the European Union was planning to prepare a detailed platform for investment in the Western Balkans, it is a stamp that our region remains a priority for the EU. Such a plan comes in a very critical period for the Western Balkans, in particular with consequences of the pandemic Covid19. Also, it is expected that the EU integration to take new dynamic. The amount of 9 billion euro designed for the period 2020 – 2021 as part of the program IPA 3, and its main focus will be in the economic development in these countries through various investments. Moreover, the European Union named it “The Economic and Investment Plan for the Western Balkan” which makes the EU approach


interesting and concrete, and at this point, Western Balkan countries will have the opportunity to benefit from a specific window such as “Western Balkans Guarantee Facility” a 20 milliard Euro fund. This will help economies in the Western Balkans to connect and with European economies too. Having in consideration all these facts, such strategy can be compared with Mini Marshall Plan, which has argumentative elements. Such a comparison could be more convincing, if Western Balkans countries would treat themselves and their citizens properly, and the European Union as well. If such investment would be converted in to concrete actions and results, it would make these countries more prosperous and resilient economies, and politically, stable countries. This is the last moment for Western Balkan countries to act and to prioritize the European integration, as such a process is indispensable, and so acting immediately is a must.



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