

European Investors Council Monthly Newsletter



The post-pandemic period was crucial for the economic recovery. Each actor can play an important role in helping Kosovo to recover. Has the pandemic period changed EBRD's priorities? Which are the new priorities? In this newsletter we are bringing an in-depth interview with the head of the EBRD to Kosovo, Mr. Neil Taylor. "Although we can expect continued turbulence from covid-19, we are already starting to see the green shoots of recovery. Over the coming five years, I believe the Bank has a critical role to play to help the economy bounce back greener, to help address Kosovo's energy transition, to accelerate reforms to create a more inclusive and entrepreneurial economy, and to encourage digitalisation as well as connectivity," says Mr. Taylor in this interview.

EIC organized a public discussion on International Trade Law

Kosovo continues to face lack of FDI, despite its efforts to attract investors. This concern was raised by the Minister of Industry, Entrepreneurship and Trade, Mrs. Rozeta Hajdari, during the public discussion organized by the European Investors Council. During her speech, the Minister said that Kosovo is suffering from barriers imposed by Serbia in terms of exports which is discouraging many investors. She added that even in 2021, Kosovo is unjustly recognized in CEFTA with UNMIK symbols. *"With all our institutional capacities, we have established working groups on industry and entrepreneurship issues, in order to have easier policies. Therefore the government structures have not been successful due to their own procedures and have not had it very easy."*

Serbia is creating barriers even in the implementation of the Stabilization and Association Agreement, said Mr. Zef Dedaj from the Ministry of Trade. *"The signing of the SAA, despite the fact that it was supposed to bring progress, we still continue to have many barriers in relation to Serbia,"* he said.

Some of the laws with a great impact such as, the Law on Competition, Law on External Trade and Law on Consumer Protection were mentioned during the discussion.

The CEO of EIC, Mr. Emrush Ujkani, in his opening remarks said that the legal structure in Kosovo should be build in line with the EU standards and are applicable in practice. *"They need to be simplified in some aspects"* he said.

Head of EBRD in Kosovo, Neil Taylor, mentioned that Kosovo is recovering from the crisis caused by Covid 19 and the country has made progress based on GDP growth. *"This is a good opportunity for businesses to take advantage of this growth to rebuild their businesses,"* se said." He added that, EBRD is working closely with EIC in the common goal of increasing foreign investors in Kosovo.

The business community welcomed this EIC's initiative to invite stakeholders to discuss about crucial points for the businesses.

Shpend Balija, the CEO of "Illyria" Insurance company and Vice Chairman of the Board of EIC said *"we believe that the reforms that we are undertaking are important and necessary even though they may be challenging."*

While Alfons Benjamin from "Lentze, LLM" said that EU should be the main partner and address for Kosovo, but the country needs to engage in a global trade context. He added that Kosovo needs to improve its logistics, which is also in the list criteria, including in the ERA report.

During this meeting, business community, EIC members affected by the International Trade Law shared their thoughts and recommendations on this topic.



EIC organized a public discussion on International Trade Law

Business community and CSO's met with the deputy PM to discuss the ERA agenda

The Deputy Prime Minister for European Integration, Development and Dialogue, Mr. Besnik Bislimi, invited in a consultative meeting, the Civil Society Organizations (CSOs), the business community and Trade Unions. The core topic of the discussion was the European Reform Agenda (ERA II).

Considering the CSO's, Business Community and Trade Unions as partners of the government in implementing the EU integration reforms, the deputy Prime Minister, Mr. Bislimi said that the government will continue this cooperation in implementing the European Reform Agenda. He announced that there will be periodic meetings with CSOs and additional sectorial meetings at a more frequent pace. The Executive Director of EIC Mr. Emrush Ujkani participated in the meeting, and he welcomed the government's initiative for continuing the dialogue with non governmental partners. He stressed that the European Reform Agenda (ERA II) is a document that will bring benefits to Kosovo's economy, therefore government's commitments to introduce the ERA to its policies, is of high importance.

Representatives from CSOs, the business community and trade unions welcomed the consultation initiative and called for consistency. They also offered their willingness to contribute in their respective fields within the pillars of the ERA II European Reform Agenda.

The EU will conduct a fact-finding mission on the Economic Reform Programme

November 16, 2021

The European Commission, represented by DG's NEAR, ECFIN, EMPL, and the EU Office in Kosovo, will conduct an ex-ante fact-finding mission on the Economic Reform Programme '2022-2024'.

The Economic Reform Programme is an annual exercise, shadowing the European Semester carried out by Member States, whereby Kosovo authorities are invited to identify key structural challenges that hinder growth and competitiveness, as well as providing realistic short- and mid-term macro-financial forecasts. As such, this exercise identifies 20 measures which should ideally be able to solve or alleviate these pre-identified challenges.

In light of the ERP fact-finding mission in Kosovo, and as has been traditional in recent years, it was an informal discussion conducted virtually, with many private sector representatives. In this meeting participated as well Mr.Emrush Ujkani as the representative of the EIC, who also shared his opinion and recommendations.

Interview with Neil Taylor, the Head of EBRD in Kosovo

Interviewed by: *Majlinda Aliu*

1. EBRD in Kosovo is focused in three aspects: helping to develop the private sector, sustainable energy, and regional integration, a part of the strategy, which was adopted in 2016. A new strategy is expected to be adopted this year. Has the pandemic period changed EBRD's priorities? Which are the new priorities?

Neil Taylor: *Yes we are currently finalising our new five year country strategy for Kosovo. This is an opportunity to reflect on our approach in light of COVID19 but also climate change and other emerging priorities such as digitalisation and inclusion - particularly to encourage more women entrepreneurs. Since 2016 we have invested over EUR 300m here, bringing the total to over ½ a billion euros since Kosovo became a shareholder in 2012. I am particularly proud of our private sector work, ranging from credit lines through partner banks coupled with business advice for hundreds of SMEs, to financing companies directly such as REKS plastic recycling, to leading the way with the first large-scale investments in renewables. And we were one of the very first IFIs to lend to Kosovo on a sovereign basis for important infrastructure projects such as rehabilitating the North-South railway.*

Although we can expect continued turbulence from covid-19, we are already starting to see the green shoots of recovery. Over the coming five years, I believe the Bank has a critical role to play to help the economy bounce back greener, to help address Kosovo's energy transition, to accelerate reforms to create a more inclusive and entrepreneurial economy, and to encourage digitalisation as well as connectivity. I am grateful to Emrush and your team for the feedback on our new strategy that we have already received from the EIC. For those that may be interested, you can find the latest version online where it is now open for public feedback – we'd love to hear from your members.

2. The post-pandemic period was crucial for the economic recovery. How would you evaluate Kosovo's government's decisions and measures in helping the economy to recover?

Neil Taylor: *Without question, COVID19 has been an enormously challenging period. The authorities provided support to the economy both in the pandemic and in the recovery phase, while ensuring access to funds to meet the financing needs. In addition to the increased spending envelope, the authorities commendably extended regulatory flexibility in the banking system through the debt moratorium and associated measures – this type of forbearance has proved to be a very effective measure across the EBRD region to support economic resilience.*

The EBRD has played its part as well; last year, the EBRD was the first IFI to adopt emergency measures under our Solidarity Package by introducing new instruments and policy support to address the economic impact of the pandemic. A key pillar in Kosovo has been the provision of a EUR 30m facility to provide emergency liquidity through the government to publicly owned enterprises in order to safeguard vital infrastructure services. We have also deepened our engagement with banks, including Raiffeisen, Procredit and BpB, to offer SME competitiveness credit lines with technical assistance and SME grants provided by the EU and Luxembourg. Finally we increased the grants available for our advice for small businesses and we offered training to entrepreneurs in highly-demanded topics such as financial management and digitalisation.

3. Going green and digital, is on EU's agenda for 2030, EBRD has embraced these priorities, is Kosovo ready to prioritize in particular the green economy, and what can be the costs and benefits for the economy?

Neil Taylor: *Supporting the transition to a greener, lower carbon economy lies at the heart of our upcoming five-year strategy in Kosovo. The coronavirus crisis highlighted the danger that exogenous non-economic events such as a health pandemic can pose to the economy. It is also a valuable lesson about the potential dangers of climate change. Green transition has other aspects as well. As we know, Kosovo's energy system depends overwhelmingly on lignite coal, which not only has significant greenhouse gas emissions but human and economic impacts linked to poor air quality. Decarbonisation would bring tangible economic and health benefits, due to new investments and improvements in air quality. Yet, it is important to*

ensure that these benefits are evenly distributed and any adverse socio-economic impact on directly affected communities is mitigated as well as ensuring that energy prices remain affordable for the most vulnerable households, a topic that is currently troubling policymakers across Europe. For this reason, pursuing a “just transition” will be crucial to ensure as rapid and smooth a transition as possible.

We will continue to support the Government as they develop the new Energy Strategy but I think we can certainly expect to see a focus on more renewables. At EBRD we have already made breakthrough investments in both the 35MW Kitka windfarm and the 105MW Bajgora windfarm. From signing two years ago, Bajgora will be fully commissioned very soon – proving that the private sector can deliver green energy to Kosovo in a very short space of time. We are currently supporting the authorities with an auction scheme to award licenses for the next round of renewables in a transparent and competitive process. We are doing this together with our colleagues in the Energy Community and World Bank and we have a strong advisory team in place that supported the recent successful auctions in Albania. So we can expect there to be significant new investments in renewables and associated opportunities for local green businesses.

On the other side of the equation, Kosovo remains one of the most energy intensive countries in Europe. We have made good progress with stimulating energy efficiency investments – just last week we planted trees in Pristina, with Procredit and Raiffeisen among others, to recognise reaching over 1000 households that have accessed our GEFF credit lines together with technical assistance and 20% cashback grants funded by the EU and Austria. Next year we plan to launch our new SME Reboot programme that will enable more SME green investments. We are also working on new municipal energy efficiency projects in Pristina and Prizren, solar district heating and I cannot wait to see electric buses on the streets of the capital as well as more bicycle lanes. All of these initiatives will present opportunities for local businesses to get involved and thereby create more green economy jobs in Kosovo.

4. EBRD forecast for Kosovo real GDP growth 4.5% for the next year, which is the highest in the region after Montenegro. What are the factors?

Neil Taylor: There are a few factors that help to inform our projections for next year. We assume that countries will start converging towards their longer term growth path after the initial recovery in 2021. Given the current low level of income, Kosovo has more space for faster economic convergence with more developed countries compared to countries with higher income levels. Further, the strong recovery we are seeing this year, which might also spill into next year, comes partly on the back of a significant shock last year - Kosovo experienced the strongest contraction in the region after Montenegro in 2020. Finally, exports are likely to continue growing both on the back of diaspora travels as well as expanding capacities in the goods sector. Downside risks, particularly relating to new variants of covid19, of course still remain. But all of this is likely to give continued growth impetus to the economy next year.

5. Which sectors in Kosovo have a bigger potential to grow and be export-oriented?

Neil Taylor: The economy in Kosovo is dominated by services and so is the existing export basket. However, there have been some positive signals lately towards the diversification of goods exports, in particular with the strengthening of the furniture sector and light manufacturing. We have seen successful examples of producing certain components for the automobile industry in the region, Kosovo could also benefit from becoming more included in this and other global value chains. There will be more opportunities also in circular economy building on success stories such as KIVO recycling. Finally, I would highlight the young but export-oriented ICT sector as an area where Kosovo has a competitive advantage and we can expect much more growth, indeed the digital economy is a sector in which we hope to invest even more over the coming years.

6. The interruption of the supply chain from the east has forced particular the EU companies to look for new markets closer to home (which also contributes in going carbon neutral). Kosovo, even though small, is in the right moment for the outbreak. What the companies and the institutions should keep in mind to catch this unique moment for the economy to boost?

Neil Taylor: They should keep in mind that increasing foreign investments at any point in time requires

addressing key business environment obstacles in a rigorous way and offering a stable environment for them to come to fruition. The window of opportunity is not wide and there are many countries hoping to take advantage of this situation. A renewed focus on attracting foreign investors, including but not only from the diaspora, that plays on existing advantages such as proximity to the European market, the young and multilingual population, comparatively lower costs and existing pockets of expertise could certainly help. For longer term success, it is important to establish effective public-private dialogue to prioritise key reforms and continue to remove barriers to investment. As one of the foremost business associations, EIC plays a critical role in this. I encourage all business associations to make use of the National Council for Economy and Investment, which we have been supporting, as a platform to raise and accelerate reforms to boost your business and the wider economy.

Of course, making progress with the dialogue and advancing with European approximation are critical to encourage more foreign investment and near-shoring opportunities. Other enablers include tackling skills gaps through better vocational education and fostering linkages between research and academic institutions and the private sector. Strengthening economic zones and expanding industrial parks such as Drenasi, where Powerpack is located, to provide spaces with enabling green infrastructure and professional management will also help to encourage greater inbound investment. Finally, COP26 showed that the world is moving faster than ever to a green sustainable future – among other things we can expect carbon taxes to become a reality soon in the EU and elsewhere. This is important because without a rapid shift to greener energy sources, businesses in Kosovo will lose their competitive advantages. Many of your members are already ahead of the curve on this but we can also help you with the process of greening your business and jointly advocate for this transition to happen as quickly as possible.

7. For over a year now, the European Investors Council is publishing a monthly newsletter, bringing professional views of our valuable members, activities of EIC and success stories of foreign companies in Kosovo. How relevant are such media products and information for foreign investors?

Neil Taylor: The experience of actual European investors is enormously important for a young country such as Kosovo, and the success stories of your members are critical to attract more investment here and encourage innovation. Personally, I am also grateful that the EBRD is an honorary member of the EIC as I have learned a lot from your members about doing business here.

As an aside on information sharing, we have also been supporting (since the Trieste summit in 2016 I believe), the establishment of a business registry for the entire Western Balkans as a way of promoting more businesses linkages. I hope that the Kosovo business registry will soon be ready to join Bifidex as this will also help businesses here to find more partners in the region and beyond.

As a suggestion for the EIC, I would also encourage you to continue to reach out to partners as well as reputable media both domestically and abroad to raise awareness about leading businesses and investor opportunities in Kosovo. On 28 February next year we plan to again hold our Western Balkans Investment Summit to also foster this. It would be my pleasure to welcome your members to this event in London, I hope in person! Let me close by saying I am looking forward to working even closer with the members of the EIC as we implement our new strategy for Kosovo. Among other things, we will know if we are on the right track if we see even more European investors and companies set up shop here and join your association.



Neil Taylor, Head of EBRD in Kosovo

Germany continues to be an undisputed partner of Kosovo

Germany, is among the biggest investors in Kosovo, and the economic cooperation between the two countries are growing. As part of his agenda that aims to strengthen the partnership with the EU countries, the Executive Director of the European Investors Council, Mr. Emrush Ujkani met with Mr Jan-Axel Voss, deputy Head of mission of the German Embassy to Pristina.

During the meeting, Mr. Ujkani informed the German official about organization's activities and the both sides expressed their interest to expand cooperation in improving the investment climate in Kosovo. Mr Jan-Axel Voss showed his interest on European investors in Kosovo and about any issues they're facing while doing business in Kosovo. They agreed to continue further the cooperation in facilitating the process of doing business for the current and potential German investors in Kosovo.

Finland ready to facilitate the process of doing business in Kosovo

The Trade Counsellor for the Balkan Region in Finland, Mr. Janne Sykko has visited Kosovo during November. Among his official meetings was as well the one with the CEO of EIC, Mr. Emrush Ujkani who briefed him about the work of EIC. Mr. Sykko showed a great interest on how the European businesses are doing in Kosovo and what difficulties they are facing.

In this regard, the Finnish trade officer, showed his commitments in helping EIC to address obstacles the EU companies have, particularly, the Finnish companies that are operating in Kosovo. They agreed in continuing further the cooperation in facilitating the process of doing business for the current and potential EU investors in Kosovo, and working in bringing new Finnish investors to Kosovo.

The European Investors Council aims to expand cooperation with the Finnish and other embassies with the aim to support European businesses operating in Kosovo and to create a better investment environment for all the new foreign investors.



Finland ready to facilitate the process of doing business in Kosovo

Political disputes shouldn't affect Romanian investors in Kosovo

Although Rumania is among the five EU countries that doesn't recognize Kosovo as an independent state, the Rumanian Liaison Office is very open to increase cooperations with Kosovo. The executive director of EIC, Mr. Emrush Ujkani during November met with the head of the Liaison Office of Rumania to Prishtina, Mr. Daniel Onisor. During this meeting, they have discussed various issues with a mutual interest, but in the core of the discussion was the theme of bringing new Rumanian investors to Kosovo. The both sides agreed that political disputes shouldn't be allowed to interfere in business life. Mr. Onisor has shown his readiness to work with the EIC in helping improve the investment climate in Kosovo.

The EIC remains committed in its efforts to attract investors from all European countries, and the meeting was conducted as part of its agenda of meetings with foreign missions in Kosovo.

EIC works in strengthening Kosovo's cooperation with Czech businesses

November 10, 2021, Prishtina

The Ambassador of the Czech Republic to Kosovo, Mr. Pavel Bílek received in a meeting the executive director of the EIC, Mr Emrush Ujkani.

The focus of the meeting was on strengthening cooperation between the two countries, and attracting Czech investors to Kosovo. The head of the Czech Republic embassy to Kosovo and the Economic and Commercial Counsellor, Mr. Květoslav Sulek shared with the EIC some very relevant informations about the investments support system in their country and contacts of local organizations who deal with investment support. While the CEO at EIC, Mr. Ujkani informed the Czech ambassador about EIC's activities and the both sides agreed to strengthen the cooperation in improving the investment atmosphere.

The meeting was part of EIC's agenda to strengthen the economic cooperation between Kosovo and the EU countries.

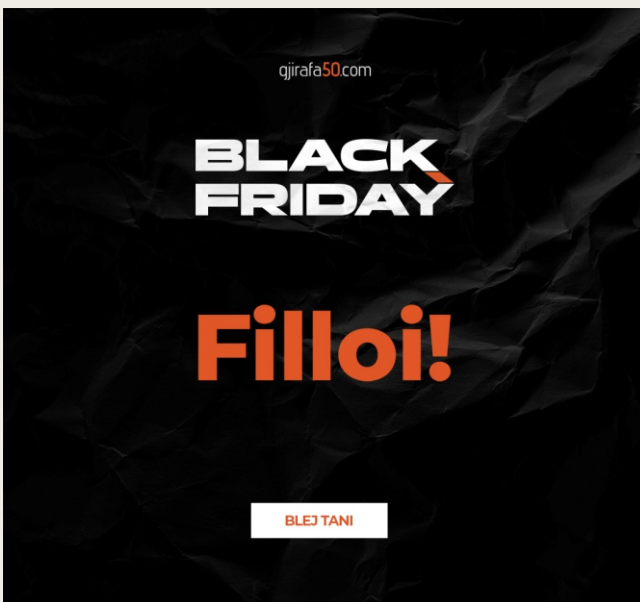


EIC works in strengthening Kosovo's cooperation with Czech businesses

GjirafaMall comes with fantastic offers for the Black Friday sales

The biggest online shopping center in the country GjirafaMall launched the campaign for Black Friday sales, starting from 15 until 30 of November. What's unique for this Black Friday at GjirafaMall are the fantastic prices for each category of products, overcoming other stores. Starting from perfumes, known as the product with the highest demand, due to their originality and good prices even before the Black Friday offer. Also, in the up to 50% sales Gjirafa has offered cosmetic products from well-known brands such as: Estee Lauder, Revlon, Chanel, Dior, Anastasia Beverly Hills, The Ordinary, CeraVe, Maybeline, NYX, Sisley, and lots of other brands. The company has also offered good prices for smart-home products, such as: iron "Vivax", robotic cleaners, BBQ, espresso coffee machines, etc.

In the discount are included as well many fitness products. All these offers can be found in our website gjirafamall.com. GjirafaMall is known for its original products, delivered in a safe and fast transport, making the purchasing an easy and simple process. The platform also gives its clients various forms of payments, including installments. The campaign is implemented in three countries: Kosovo, Albania and North Macedonia.



Nexia is operating in Kosovo since 2019

Nexia started operating in Kosovo in 2019, offering Audit, Consultancy, Tax and Accounting services and in 2020, the company started providing legal services to businesses. Nexia KS is registered in Kosovo, and operate with main office in Prishtina. During these years of operation in Kosovo, Nexia KS has provided services to a wide range of clients of various industries. Offering many opportunities and helping businesses make a difference in their industry. The largest concentration of services is in these industries. Finance, Trade, Construction, Production, Services, and others. While the most services that are offered are: Business Consulting, Tax and Accounting, Audit. KS is a member firm of the "Nexia International" the 8th largest network worldwide and its members deliver an extensive portfolio of audit, accountancy, tax and advisory services. Nexia International is a leading worldwide network of independent accounting firms, providing clients with national and international audit, accounting, tax and advisory services in a cohesive, personal and customised manner. Nexia was established over 25 years ago.

"Our continued success is thanks to what lies at the heart of our business: international knowledge, proven experience and enduring relationships. This is reflected in our promise, 'Closer to you'. When you choose a Nexia member firm, you get a more responsive, more personal, partner-led service wherever you are in the world," it is said in a statement of Nexia. Nexia is a highly active network that drives quality and facilitates collaboration to enable its member firms to provide effective local and global solutions. Nexia member firms deliver a partner-led service to clients which ensures continuity, expertise and a deep understanding of the client's business. They are characterised by people who have an entrepreneurial spirit and who can relate closely to the SME and owner-managed businesses. Nexia International is a highly active network that drives quality and facilitates collaboration to enable its member firms to provide effective local and global solutions. Nexia firms are focused on supporting local businesses as they grow and through the Nexia International network, they can also help their clients confidently venture into new international markets.

For more information you can visit the website www.nexia.com



Kosovo held the second round of local elections in 21 municipalities

On November 14, Kosovo organized the second round of the elections, in 21 of 38 municipalities. In the second round, the LDK candidate, Mr. Përparim Rama, British educated architect, won the capital city, Prishtina, becoming the new mayor of Prishtina. This is the first political post for Rama, since the architect recently joined the ranks of the Democratic League of Kosovo or LDK. His candidacy is widely seen as an attempt to revamp the LDK after disappointing results in the parliamentary elections in February.

He defeated former health minister Arben Vitia, from the governing left-wing Self-Determination Party, or Vetëvendosje, led by prime minister Albin Kurti. Rama campaigned on the promise of turning the capital into a greener, pedestrian-friendly city, pledging to resolve the issue of traffic jams plaguing the city and planting 800 thousand trees during his four-year mandate. After the victory, Rama told the gathered supporters that the opportunity to put his plan into action "is a dream come true". (Source: Euronews)

The national strategy for development 2030

Kurti: Social transformation cannot be reached without a careful planning

The Prime Minister Albin Kurti has said that the National Strategy for Development 2030 aims to improve citizens' lives, by increasing workers incomes, improving welfare and protecting the environment for the future generations. In the opening remarks he said that, the the social transformation can't happen without a proper and a careful planning.


"The economic development should be followed by increasing the standard of living, improving the public and health services, environment protection by reviving the nature and sustainable solutions for energy resources, water and other sources" said Kurti.

This meeting was organized by the Office for Strategic Planning at the Office of the Prime Minister, in cooperation with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, and the goal was to define plans to advance development projects.



National Strategy for Development 2030

 European Investors Council
Tringë Smajli, nr. 23

 +383 49 632 777
+383 49 398 600

 EICKosovo  www.eic-kos.eu

