

European Investors Council Monthly Newsletter



“In 2020, the EIB already started providing financial support to the private sector in the region to help address liquidity constraints and employment issues. Thanks to new EIB loans, small businesses in the region will be able to access new sources of financing under the most favorable conditions with lower interest rates and increased maturities. In addition, the European Investment Fund, part of the EIB Group, unlocked new guarantees that will allow local banks to reach a wider range of clients, including those with higher credit risk such as micro-companies, startups and small rural subsistence farms. In this context, in December 2020 the EIB Board of Directors approved a loan of up to €40 million to the Kosovo government to support the SME sector via the Kosovo Credit Guarantee Fund (KCGF),” said Konstantinos Mastrogiannopoulos – EIB country manager for Kosovo in a broad interview we are bringing to our readers in this newsletter.

Interview with Konstantinos Mastrogiannopoulos – EIB country manager for Kosovo

Interviewed by: Majlinda Aliu

2020 was a devastating year for the global economy due to the COVID-19 pandemic, with small, developing countries like Kosovo being severely impacted. To date, public debt in Kosovo has reached €1.3 billion; however, most of this is domestic debt. The EIB works closely with EU institutions to support the Western Balkans region.

The first question for EIB country manager for Kosovo, Mr. Mastrogiannopoulos is: Will EIB provide any financial support for the region, including Kosovo, to overcome the economic consequences of the health crisis?

Konstantinos Mastrogiannopoulos: “The EIB adopted a €1.7 billion financial package in 2020 to help the region address the immediate negative effects of the COVID-19 pandemic. This support is part of the Team Europe financial programme for the region’s socioeconomic recovery, announced at the EU-Western Balkans Summit in Zagreb in May 2020. Over the course of 2020, the EIB Group mobilised over €1 billion for the most affected sectors, such as healthcare and small and medium-sized enterprises.”

“In parallel to this, we have extended our efforts to support the modernisations of vital infrastructure, especially transport, wastewater and digital technology. As a result, the EIB invested €873 million in the Western Balkans in 2020, increasing its financing in the region by 50% compared to 2019.”

“The EIB provided an €11 million investment loan to Kosovo in 2020 for the construction of the wastewater treatment plant in Gjilan/Gnjilane, which will improve access to drinking water and sanitation services for over 90 000 people. The investment comes under the EIB’s Economic Resilience Initiative, which aims to foster social and economic progress in the region. Moreover, the Bank’s Board of Directors approved a €40 million loan to the Kosovo government in December 2020 to support SMEs that have been hit by the pandemic.”*

The private sector in general and FDI in particular has been significantly affected by COVID-19. Will the EIB provide loans or other forms of aid to help the private sector in Kosovo recover?

Konstantinos Mastrogiannopoulos: “The impact of COVID-19 has been particularly severe for SMEs, which make up 99% of all firms, generate around 65% of total value added and account for 73% of total business

sector employment in the Western Balkans. Some of the challenges faced are cash flow problems, supply chain disruptions and labour shortages. Given the substantial contribution of SMEs to the economies of the region, providing support to the private sector is crucial for tackling the severe economic and social impact of the pandemic. A deceleration of both public and private investments is expected, while reduction in FDI will further inhibit economic growth in the region.”

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“In this context, in December 2020 the EIB Board of Directors approved a loan of up to €40 million to the Kosovo government to support the SME sector via the Kosovo Credit Guarantee Fund (KCGF). The EIB financing will enable KCGF to unlock guarantees to commercial banks and to support liquidity and investment needs in the private sector.”

In October 2020, the European Commission confirmed that the EIB will be in charge of implementing the €22 billion EU financial support package for the Western Balkans from 2021 to 2027. Where does Kosovo stand on this map, and what type of financial assistance will be given to Kosovo?

Konstantinos Mastrogiannopoulos: “The European Commission adopted a new Economic and Investment Plan (EIP) in October 2020 that outlines a new development strategy for the Western Balkans. The plan sets out a substantial investment package mobilising up to €9 billion of funding for the period 2021-2027. The aim is to support convergence with the European Union, primarily through investments and by supporting competitiveness and inclusive growth, sustainable connectivity and the twin transition to a green and digital economy. Investment capacity is expected to be boosted by the mobilisation of a new Western Balkans Guarantee Facility, with the ambition to raise investments of up to €20 billion.”

“Kosovo will benefit from this EU investment package. The EIP has already incorporated a first set of investment flagship projects and this list includes

several priority projects in the transport and energy sectors in Kosovo. The investment package will be a key driver for facilitating increased public and private investment in the region and aims at blending grants, loans and guarantees.”

“The EIB, as the EU bank, will work closely with the European Commission, the EU Member States and other international financial institutions to turn the Economic and Investment Plan into concrete projects, starting with the flagship priorities. The EIB stands ready to provide technical and financial support in this challenging but vital task, and we are working with local partners to help them utilize the available funds and prepare and implement the flagship projects defined in the plan.”

What should Kosovo institutions and other stakeholders do to benefit from these financial instruments?

Konstantinos Mastrogiannopoulos: “To reap the benefits of investment supported under the EIP and deliver sustainable economic growth, Kosovo and the Western Balkans region in general will have to address and implement reforms, jointly agreed in the course of economic and financial dialogue with the European Union under the Economic Reform Programmes (ERP). Policy and structural reform priorities identified in this context confirm the need to strengthen administrative capacity for the planning, selection and management of investment projects. Progress with economic governance reforms is essential in order to realise the expected large increase in investment in a timely and efficient manner. In terms of investment management, Kosovo and the region will need strong capacity in order to identify, prioritise, develop and manage future oriented infrastructure and other strategic investment projects, in close consultation with the public and other stakeholders.”

“The funds under the EIP will be available to the public and private sector. The EIB Group stands ready to work with its partners in Kosovo to make sure the country benefits as much as possible from this plan. To this end, the Bank will provide financial and technical support for the implementation of the plan and will put resources at the disposal of local partners.”

Kosovo now has newly government institutions, with a completely new format. What does this mean for international cooperation, in particular for signing financial agreements?

Konstantinos Mastrogiannopoulos: “Kosovo and its people need political stability, as this is a prerequisite for economic growth and for attracting new investments.

The parliament recently elected a new government and this is welcoming news, as government institutions can now focus on their tasks. Due to the volatile political context during the past year and the necessary focus on the pandemic response, there was limited progress on EU-related reforms and on accelerating project implementation. The ratification of several international agreements had to be delayed, with clear implications for the progress of projects. In spite of this difficult situation though, the international cooperation community remained committed to supporting the Kosovo authorities.”

“The EIB project pipeline in Kosovo includes several projects, many of which are in the financial agreement preparation phase. The Bank stands ready to work with the new government and support its plan for economic recovery, in line with the EU priorities and policies and with the aim of bringing Kosovo closer to EU accession.”

The EIB provides finance and expertise for sound and sustainable investment projects in Kosovo. Since 2007, the EIB has financed six lifetime projects amounting to €240 million. What was the economic impact of these investments?

Konstantinos Mastrogiannopoulos: “Since 2007, the Bank has supported investments in transport, the environment, telecommunications and SMEs. Assessing the impact of our investments is at the core of our operations and we put strong emphasis on our methodology for measuring the impact of our investments.”

“Our investments in the transport sector will enhance connectivity and improve regional cooperation. The Kijeve-Zahaq road project will cut travel time between Peja and Pristina by half, on a route that serves 15 000 vehicles per day. The R10 rail project from North Macedonia to Serbia via Pristina is part of the Trans-European Transport Network, which will connect the Western Balkans with the European Union. This rail connection will also significantly improve passenger and freight capacity and travel times, with reduced CO2 emissions contributing to climate action.”

“The project in the environment sector will bring substantial benefits to the municipality of Gjilan. Improving wastewater infrastructure and the quality of services will ensure that wastewater treatment is in line with the standards stipulated in the relevant EU directives.”

“In the telecommunications sector, our investment enabled the provision of better telecom services and contributed to the expansion of the mobile customer

base in Kosovo by increasing penetration from 48% to 70%. The project increased mobile data transmission rates, which were previously unavailable in the Kosovo market.”

“Last but not least, our loans to commercial banks assisted SMEs by providing access to funds at more favorable terms and conditions than what the market was offering. In this way, our funds supported SME investment plans and helped preserve employment.”

In March, the European Commission presented its vision for a European “digital decade” as the EU aims to be at the forefront of today’s digital revolution. Will the EIB add the digital economy to its priorities, while providing financial assistance for the region, and where does Kosovo stand on its way to becoming digital?

Konstantinos Mastrogiannopoulos: “The COVID-19 pandemic and its impact on the economy and society have underlined the crucial role of digital technologies for people and businesses. Digital technologies are critical to recover from the crisis, to ensure that everybody everywhere can benefit from digital opportunities. As you mentioned, the European Commission recently presented its vision for the digital transformation of Europe by 2030. This vision focuses on improving people’s digital skills, securing high performance and sustainable digital infrastructure, ensuring the digital transformation of businesses and supporting the digitalisation of public services.” “The digital economy is already one of the Bank’s public policy goals. Innovation, digital and human capital are part of the EIB’s priorities and are in line with the EU Digital Agenda. In 2020, the EIB started financing new digital infrastructure in the region and we intend to scale up our support for these kinds of investments. Kosovo has satisfactory broadband coverage; however, investments in the development of human capital for the digital economy are necessary to promote economic growth and employment, together with social cohesion and inclusion.”

“To date, the EIB has already invested €87 million in telecommunication capacities in Kosovo. We have financed the rollout of the second mobile network in Kosovo, improving the accessibility and quality of mobile services. Moreover, we have successfully endorsed a technical assistance grant application via the Western Balkans Investment Framework (WBIF) for the preparation of a study to assess the need for digital investments in education. The study is expected to commence in Q2 2021.”

The EIC is in charge of protecting EU businesses in Kosovo and defending their interests. How would you assess its performance so far?

Konstantinos Mastrogiannopoulos: The EIB welcomes all initiatives that help open up dialogue on important issues and build a multilateral collaboration that can lead to resolving issues. The EIC is significantly contributing to the development of the local economy by sharing know-how and combining international and local experiences to improve conditions for new investments and increase the competitiveness and stability of the local market. Its work to inform the public and other stakeholders about the business environment and potential obstacles faced by foreign investors is important and conducive to improving the attractiveness of the Kosovo economy.

What is your message for our readers, and is there anything else that you would like to add?

Konstantinos Mastrogiannopoulos: “First of all I would like to thank you for your invitation. I would also like to encourage the work you are doing and I hope that you will continue to make Kosovo an attractive place to invest. I would like to highlight that the EIB, as the EU bank, stands ready to support both public and private sector clients in implementing sound investment projects, in line with the EU priorities and policies. The green transition of markets has become central to the Bank’s activity. In this context, in 2020 the EIB Group adopted the Climate Bank Roadmap, in which the Bank committed to support €1 trillion of investment in climate action and environmental sustainability by 2030 and decided to align all its financing activities with the goals of the Paris Agreement, dedicating over 50% of annual financing to green investments by 2025. The new commitments also highlight the intention to leave no one behind and to support a “just transition” for the communities and regions affected by the shift to low-carbon economies and those that are most vulnerable to the negative impacts of a changing climate and have the least ability to adapt. The EIB, as the largest financing institution in the world, remains committed to working closely with all stakeholders for the benefit of Kosovo and the Western Balkans region.”

*This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.



Konstantinos Mastrogiannopoulos – EIB country manager for Kosovo

Under the EIC lead “the EU industry week 2021” takes place in Kosovo for the first time

25th March, 2021

The European Investors Council in cooperation with DG Grow and with the support of EU/EUSR in Kosovo organized a round table in Prishtina, as part of “the EU Industry Week 2021” led by EU commission that is Europe's flagship annual event on industry serving as the main platform to discuss industrial challenges and develop policy responses. A highlight of this meeting was the need in increasing Kosovo's competitiveness. The EIC's is the only business association from the Western Balkans that made a proposal at the EU Industry Week, on "EU competitiveness in the changing global competitive landscape", and this shows the importance of EIC in joining this event with the support of DG Grow, said the Chairman of the EIC Board, Mr. Visar Ramajli also the CEO of KIVO LLC. Mr. Thomas Heinemeier from DG Internal Market, Industry, Entrepreneurship and SMEs at the European Commission shared the perspective of the EU Industry Strategy on the importance of Increasing Kosovo's economic competitiveness in post-Covid-19 era. He also praised the EIC for organizing “Industry Week 2021” for the first time in Kosovo. In his speech, Mr. Riccardo Serri Deputy Head of EU Office in Kosovo/EUSR, said that Kosovo's commitment on the European path as well as its strong policy trade and investment relationship with the European Union will help Kosovo transition towards a greener and digital economy. Contribution to the discussion was made by reps of financial, manufacturing and ICT sector. Mrs. Eriola Bibolli from the banking sector mentioned the consequences of Covid19 in Kosovo's economy and shared suggestions on behalf of the banking sector. While Mr. Kujtim Gjevori (PowerPack) from manufacturing sector and Mrs. Diellëza Gashi (ASSECO) from ICT sector shared their perspective on competitiveness in these sectors.

NEWS OF THE MONTH

Kosovo's parliament backed Albin Kurti as prime minister on Monday, more than a month after Kosovo held a snap election. Kurti, 46, a leftist, whose coalition with “lista Vjosa” and non Serb minorities secured 67 votes in the 120-seat parliament. He said its main priorities will be the fight against corruption and the creation of jobs in a country with the youngest population in Europe and unemployment of around 30%. Before the vote, Kurti said he wants to resolve all pending issues with Serbia, but added that recognition of Kosovo's independence by Belgrade remains the main precondition. (Source: Reuters)



QKUK received donations from NLB Bank

The pandemic has worsened the situation in offering medical services at the University Clinical Center of Kosovo. NLB Bank has donated medical equipment and medicines in the amount of € 19,765. The first part of the donation was delivered in December 2020, while by the end of March the Pediatric Clinic received two trinocular microscopes for the Hematology unit. The Anesthesiology Clinic as well received medical equipments for patients with the severe condition caused by COVID -19. "As a Bank, our mission is to contribute in improving the quality of life and raising awareness of those who need help. We are extremely grateful to healthcare professionals who work consistently in difficult conditions to protect our health. Therefore, we are proud that we constantly provided support to the Clinical and University Center in a traditional way and that we can contribute with these medical equipment and medications in facilitating their work and improving the health of the citizens of Kosovo," said Mr. Albert Lumezi, President of the Management Board of NLB Banka in Prishtina. By signing the United Nations Principles for Responsible Banking, NLB Banka is committed to actively supporting sustainable development in society.



IPKO establishes partnership program and invites individuals or small businesses to partnership with innovative ideas in the ICT sector

IPKO Telecommunication LLC, being the fastest growing telecommunications companies in Europe, continues to innovate and introduce cutting-edge ideas in Kosovo. Building on the strong foundations, IPKO has recently established a partnership program, inviting people that have different ideas related to the ICT sector to develop business concepts together, as partners. By taking this approach, IPKO is determined to provide

equal opportunities to all people/business partners that want to approach IPKO and develop ideas and business concepts together for joint success. Everyone with an idea or vision, small or big, can apply to this partnership program and benefit from IPKO's numerous resources. IPKO's CEO, Robert Erzin stated: "The trends and innovations in the ICT industry are evolving faster than any telecommunication company can follow.



At all times, new approaches are required with innovative ideas. We at IPKO, are highly driven to invest and be in line with the latest technological developments. Having the necessary infrastructure, network and technology, we are motivated to help people with innovative ideas to achieve their goals faster by becoming Partners in Business." Additionally, he added: "Our objective is to be successful together. IT companies should consider us a partner and not a competition. Everyone can approach us with their ideas and we will analyze and develop together the best way for cooperation and for success for both parties".

As explained by the leader of the program, Blendi Pustina, being a partner with IPKO, has numerous benefits for small businesses and individuals, for being a well-established telecommunications company has its many advantages in the market. First and foremost, IPKO Partners will benefit of the infrastructure and advanced technology that IPKO built throughout all these years of operating in Kosovo market. Its wide network, internet stability, most modern data center in the country, hosting and many other services, make IPKO an outstanding partner for every business. Furthermore, IPKO has a great number of experienced employees with whom businesses can team up to develop their ideas, receive support and mentoring.

Additionally, IPKO Partners will have access to a great number of customers, business and residential, loyal clients, who put their trust in IPKO products and services. IPKO Partner will benefit of the IPKO sales channels as well as marketing channels for a high outreach of

potential buyers. For more information about Partnership Program and applying methods, please visit www.ipko.com. 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. n internet të shpejtë - rrjete 3G dhe 4G në Kosovë.

Illyria Insurance and NLB Bank present special offer for “car loans” with interest rates of 5.12%

Illyria Insurance Company in coordination with NLB bank has presented a special offer for car loans with estimated effective interest rates of up to 4.80% per month. The maturity is up to 60 months, with administrative expenses 0.50%. Car insurance will be 100% Casco at preferential prices. Illyria insurance stands ready to provide support in meeting insurance needs at any time and place like your health, family, home, or vehicle.

Ofertë Speciale Kredi për veturë



Norma e interesit: 4.80%
Maturiteti: deri në 60 muaj
Shpenzimet Administrative: 0.50%
Financim deri 100%
Kasko me çmim preferencial




Ecohigjiena

The cleaning company “Eco-Higjiena” was the first and the only firm in Kosovo from this field that was established by the Agreement of Public-Private Partnership. It offers cleaning services in the geographic territory of the region of Gjilan. Main services provided by Eco-Higjiena are: waste collection, transportation and treatment. The company provides other cleaning service; it maintains and cleans streets, city squares, cemeteries and markets. Its activity lies in the South-east Region of Kosovo know as “Anamorava” which includes Gjilan, Viti and Kamenica. “Eco-Higjena” also has a cooperation agreement with four other municipalities: Novobërda, Partesh, Ranillug and Kllokot.



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