

# Kosovo in the Berlin Process: Addressing Uncertainties and Harnessing Opportunities

**Sokol Zeneli**  
**Gresa Smolica**  
**Arbenitë Morina**

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Responsible: Dr. Peter Hurrelbrink

Authors: Sokol Zeneli, Gresa Smolica, Arbenitë Morina

Project Coordinator: Jeta Loshaj

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## Key takeaways:

### Common Regional Market

- Common Regional Market (CRM) remains an important instrument for the Western Balkans and Kosovo specifically. The successful implementation of CRM enhances employment, and regional cooperation and could bolster the economic development of the region, while also bringing the region closer to the EU.
- CEFTA continues to be a problematic aspect of CRM implementation. The issue of representation of Kosovo remains a discussion without a solution which poses hurdles to the CRM progress. Addressing these representation disputes is pivotal for smoother CRM implementation and regional cooperation.
- Discrepancies in the CRM agreement ratifications among Western Balkan countries create disparities in regional progress, hindering unified outcomes. To rectify this, concerted efforts should focus on expediting ratifications across all member states.

### Green Agenda

- Several obstacles challenge the implementation of the Green Agenda for the Western Balkans, in Kosovo specifically, among them: a project mindset and no strategic planning, limited understanding of the concepts related to climate change & environment, and the lack of cross-sectorial approach in the implementation of the Agenda.
- In the coming period, respective institutions should focus on: frequent follow-ups within the sectors to be up to date with the latest developments in the area, multi-stakeholder inclusion

### Connectivity

- Kosovo faces challenges in the implementation of key connectivity projects, particularly in sustainable transport. Delays in projects like the Peace Highway and Railway Route 10 impact trade, economic development, and regional connectivity. The country must address issues such as institutional capacity, project maturity, and financing gaps to accelerate project implementation.
- Despite facing political tensions and exclusion from certain EU programs, Kosovo has made notable progress in digital connectivity. Ongoing initiatives, including EU-supported projects, aim to improve digital governance, contributing to enhanced digital services and interoperability, representing positive steps in this domain.
- The New Growth Plan for the Western Balkans offers economic support, contingent on the successful implementation of a reform agenda. For Kosovo, this represents an opportunity, emphasizing a merit-based approach for EU integration and tailored arrangements to access the single market.

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## Abbreviations

|                 |   |
|-----------------|---|
| <b>AP</b>       | Additional Protocol   |
| <b>B2B</b>      | Business-to-Business  |
| <b>BiH</b>      | Bosnia and Herzegovina  |
| <b>BP</b>       | Berlin Process  |
| <b>CA</b>       | Connectivity Agenda   |
| <b>CEFTA</b>    | Central European Free Trade Agreement                         |
| <b>CRM</b>      | Common Regional Market  |
| <b>CSOs</b>     | Civil Society Organisations                                   |
| <b>EBRD</b>     | European Bank for Reconstruction and Development              |
| <b>EC</b>       | European Commission   |
| <b>EIB</b>      | European Investment Bank                                      |
| <b>EIP</b>      | Economic and Investment Plan                                  |
| <b>ESAP</b>     | Environmental and Social Action Plan                          |
| <b>EU</b>       | European Union  |
| <b>GAWB</b>     | Green Agenda Western Balkans                                  |
| <b>GDP</b>      | Gross Domestic Product  |
| <b>GP</b>       | Growth Plan   |
| <b>ICT</b>      | Information and Communications Technology                     |
| <b>IFI</b>      | International Financial Institutions                          |
| <b>INFRAKOS</b> | Kosovo Railway Infrastructure                                 |
| <b>IPA</b>      | Instrument for Pre-Accession Assistance                       |
| <b>IPARD</b>    | Instrument for Pre-Accession Assistance for Rural Development |
| <b>KAIS</b>     | Kosovo Agency of Information Society                          |
| <b>KfW</b>      | German Development Bank                                       |
| <b>KODE</b>     | Kosovo Digital Economy Project                                |
| <b>LAP</b>      | Land Acquisition Plan   |
| <b>MI</b>       | Ministry of Infrastructure                                    |
| <b>MS</b>       | EU Member States  |
| <b>RAA</b>      | Regulatory Reform Agenda                                      |
| <b>RCC</b>      | Regional Cooperation Council                                  |
| <b>REA</b>      | Regional Economic Area  |
| <b>RYCO</b>     | Regional Youth Cooperation Office                             |
| <b>SAA</b>      | Stabilisation Association Agreement                           |
| <b>SECO</b>     | Swiss State Secretariat for Economic Affairs                  |
| <b>SEPA</b>     | Single European Payment Area                                  |
| <b>SME</b>      | Small and Medium Enterprise                                   |
| <b>TEN-T</b>    | Trans-European Transport Network                              |

|              |                                     |
|--------------|-------------------------------------|
| <b>UNMIK</b> | United Nations Mission in Kosovo    |
| <b>WB</b>    | Western Balkan                      |
| <b>WBF</b>   | Western Balkan Fund                 |
| <b>WBIF</b>  | Western Balkan Investment Framework |

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## Introduction

The geopolitical and security uncertainties the world has been facing since 2020, have once again shown that being part of a union or alliance shields countries from the impacts of these dynamics. For more than 20 years now, the Western Balkans<sup>1</sup>(WB) region has been pursuing European Union (EU) integration, yet the progress has merely advanced to the next level of negotiations or the opening of accession chapters. The constant stagnation of EU enlargement necessitated an intervention, which materialised with the Berlin Process (BP) - launched in 2014 by the German Chancellor Angela Merkel. The BP has unlocked important opportunities for the WB countries to develop and converge towards EU integration. To this day, the BP serves as an important regional platform, fostering cooperation and aiming for sustainable development in the region.

As we come closer to a decade of its operation, the BP has managed to bring to life important initiatives such as the Regional Economic Area (REA), Common Regional Market (CRM) and Connectivity Agenda (CA) - all of them playing a significant role in the economic development of the region.

Upon further examination the BP has also been criticised for not having an institutional framework or a mechanism that monitors its implementation. While the process proved successful in terms of economically activating the region, unfortunately, it failed to address bilateral issues and reconciliation in the region - especially in the case of Kosovo and Serbia. Despite it not being the main goal, such issues have been hampering the implementation of other initiatives created within the BP. Many joint declarations have been signed related to bilateral issues<sup>2</sup>, yet they have not yielded concrete results, and the frustration among other countries in the region continues, rightfully so. Unfortunately, neither BP, the EU or the WB countries with bilateral issues themselves, have a clear approach on how to resolve them. On a more hopeful note, we learned

from the experience of Central and Eastern European countries, who after joining the EU, left behind their bilateral issues and cooperation started to take place instead.<sup>3</sup>

The curse of institutional memory fell upon the BP as well. Not having proper institutional bodies, different monitoring and reporting initiatives were coordinated by different organisations which had their own legacies. With yearly developments, scattered around different institutions, it became harder and harder to understand their role, and chronologically monitor and measure how the BP was delivering on its mission.

There are two main issues that hinder the evaluation of the Berlin Process; the limited recognition of Kosovo's statehood, especially among Member States (MS), and the pause in the enlargement process when it comes to the region. Due to the latter, we see a project-based approach, where different mechanisms are being activated to show that there is attention toward the region, just not regarding the enlargement process. The Economic and Investment Plan (EIP) and most recently the Growth Plan (GP), concretely show this approach. The EIP is not even fully implemented yet, and a GP is being unpacked with the same objectives, but framed differently.

Zooming in on Kosovo in the BP, the process has proven beneficial, although one can contest to what extent. Kosovo has been able to express its opinion in many cases and increase its participation in different regional initiatives. Regional agreements showed Kosovo as an equal party in discussions and implementation. Whereas financial packages allowed Kosovo to have a piece, which then was translated into infrastructure projects, improving schools, digital systems, and Kosovo's image internationally. Unfortunately, due to the political winds that surrounded Kosovo in these cases, the BP was mostly associated with the dynamics in relation to the neighbouring country, Serbia.

<sup>1</sup> "Hereinafter in this paper we refer to Western Balkans as the geographical area that consists of the following countries: Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia."

<sup>2</sup> Declaration on Regional Cooperation and the Solution of Bilateral Issues (2015) and Declaration on Regional Cooperation and Good Neighbourly Relations, on Missing Persons and on War Crimes (2018)

<sup>3</sup> Bertelsmann Foundation and WIIW, (2022) "The long way round: Lessons from EU-CEE for improving integration and development in the Western Balkans", available at: <https://bit.ly/3SOVLJP>

Through this paper we aim to show that the BP is more than that, by focusing on the agreements into which Kosovo has entered that require a critical assessment regarding the benefits and responsibilities that arise from them. Due to their significance for Kosovo, this paper provides a deep dive into three main sectors: CRM, CA and the Green Agenda for the WB (GAWB), all from Kosovo's perspective. Apart from their regulation, this paper presents the stages of implementation of all actions within each sector, what went wrong, what is expected in the coming period, and how the government can better mobilise its resources to maximise the benefits these initiatives bring.

# Sectoral Factsheet on the Berlin Process<sup>4</sup>

## Key Achievements related to CRM, CA and GAWB

### 2015 - Vienna

- WB6 Chamber Investment Forum (WB6 CIF) established
- 4 energy investment projects and 6 transport investment projects agreed upon

### 2016 - Paris

- 3 transport investment projects agreed upon
- Green for Growth Fund: hydropower and other renewable energy schemes for the WB agreed upon
- Regional Energy Efficiency Programme (REEP) for the WB/REEP Plus agreed upon

### 2017 - Trieste

- One energy investment project and six transport investment projects agreed upon

### 2018 - London

- Digital Agenda agreed upon, 30 million euros allocated for broadband deployment in the WB
- 9 transport connectivity and 2 technical assistance projects agreed upon
- Declaration on Regional Cooperation and Good Neighbourly Relations, on Missing Persons and on War Crimes

### 2019 - Poznań

- Regional Roaming Agreement signed
- Six transport and two energy projects agreed upon
- WBIF Guarantee Instrument to leverage investments in sustainable development and regional integration
- Endorsement of the Joint Statement on "Clean Energy Transition in the Western Balkans"

### 2020 - Sofia

- 6 new connectivity projects agreed upon
- Declaration on Common Market was signed
- Declaration on the Green Agenda was signed

### 2021 - Berlin (online)<sup>5</sup>

- Regional Roaming Agreement Started Implementation
- Initiative for the Coal Regions in Transition in Western Balkans

### 2022 - Berlin<sup>6</sup>

- Agreement on Recognition of Higher Education Qualifications in the Western Balkans
- Agreement on Recognition of Professional Qualifications for Doctors of Medicine, Dentists and Architects
- Agreement on Freedom of Movement with Identity Cards in the Western Balkans
- Endorsing the Joint Declaration on Energy Security and Green Transition in the Western Balkans

### 2023 - Tirana<sup>7</sup>

- Agreement on the Recognition of Professional Qualifications of Nurses, Veterinary Surgeons, Pharmacists, and Midwives
- Announcement of the Growth Plan 2024 - 2027 of the European Commission for Western Balkans
- Entry in force of the reduced data roaming charges between the EU and WB

<sup>4</sup>Berlin Process "The achievements and the future of the Berlin Process" (2018 - 2020) , available at: <https://rb.gy/1nzvrd>

<sup>5</sup>Chairs Conclusions BP 2021, available at: [https://www.berlinprocess.de/uploads/documents/bp-chairs-conclusions-2021\\_1689690577.pdf](https://www.berlinprocess.de/uploads/documents/bp-chairs-conclusions-2021_1689690577.pdf)

<sup>6</sup>Chairs Conclusions BP 2022, available at: [https://www.berlinprocess.de/uploads/documents/chairs-conclusions-wb-summit-2022\\_1686662486.pdf](https://www.berlinprocess.de/uploads/documents/chairs-conclusions-wb-summit-2022_1686662486.pdf)

<sup>7</sup>Chairs Conclusions BP 2023, available at: [https://www.berlinprocess.de/uploads/documents/chairs-conclusions-berlin-process-summit-2023\\_1697629712.pdf](https://www.berlinprocess.de/uploads/documents/chairs-conclusions-berlin-process-summit-2023_1697629712.pdf)

# What does the Berlin Process hold for Kosovo?

## Common Regional Market (CRM)

### What is CRM and where does it place Kosovo?

The CRM remains one of the most pressing and largest initiatives stemming from the BP. Its primary aim is to bolster economic cooperation within the WB, aligning with EU regulations and standards, and ultimately drawing the region closer to the EU and its Single Market.<sup>8</sup> The CRM was signed in the Sofia Summit in 2020, it is implemented by each national government in the WB and its comprehensive coordination falls under the purview of the Central European Free Trade Agreement (CEFTA) Secretariat, Regional Cooperation Council (RCC) and WB6 Chamber Investment Forum.<sup>9</sup> Within the CRM framework, the coordination body established an Action Plan 2021 – 2024, endorsed by the WB countries. The CRM operates on four main pillars:<sup>10</sup>

- |                          |  |
|--------------------------|--|
| 1. Regional Trade Area   | 2. Regional Investment Area                |
| 3. Regional Digital Area | 4. Regional Industrial and Innovation Area |

In a nutshell, the CRM strives to generate more and improved employment opportunities, ease travel, study, work and business activities in the region, create an integrated market encompassing 18 million people, thereby enhancing competitiveness within the EU, and potentially elevate the regional GDP by 6-7%.<sup>11</sup>

As outlined in the factsheet, numerous substantial agreements have been reached under the CRM framework over the years. These agreements pertain to the free movement of people around the region only with ID cards, agreements to recognize higher education qualifications

and recognize the professional qualifications of health professionals and architects.<sup>12</sup> Kosovo has successfully ratified all these agreements and is currently in the process of implementing them. Furthermore, the CRM has also contributed to reducing the waiting time at Border Crossing Points/Custom Control Points by extending Green Lanes and streamlining procedures through the Systematic Electronic Exchange of Data. It also aims to reduce trade costs and bureaucratic hurdles via mutual recognition programs, along with facilitating e-commerce by ensuring market access across the region.<sup>13</sup>

Implementation challenges characterise the CRM, primarily due to bilateral issues. According to the 2023 European Commission (EC) Country Report, Kosovo has made minimal progress within the CRM, particularly in the area of trade in goods and services which is closely linked to CEFTA.<sup>14</sup> These challenges originate from Kosovo's representation in CEFTA and implementation of the CRM agreements by the WB countries. Additionally, the true benefit of WB countries as a whole within the CRM remains unclear. Overall, the outcomes of regional economic integration among the WB have remained small.<sup>15</sup> The intra-regional trade is minimal, ranking second after the level of trade exchange between the WB and EU - intra-regional trade accounting for fifth of total exports and tenth of total imports.<sup>16</sup> Furthermore, there is a public consensus that cooperation has rarely proceeded beyond declaratory actions, owing this to a lack of commitment and political will, on top of unresolved bilateral disputes, hence preventing a full application of the CRM.<sup>17</sup>

<sup>8</sup> Western Balkan Leaders Declaration on Common Regional Market, available at: <https://t.ly/-qLOh>

<sup>9</sup> Common Regional Market "Action Plan 2021–2024", available at: <https://t.ly/EvqPQ>

<sup>10</sup> Ibid

<sup>11</sup> Regional Cooperation Office (RCC), Common Regional Market (CRM) Fact Sheet, available at: <https://t.ly/kPUXI>

<sup>12</sup> Regional Cooperation Council (RCC), Fact Sheet on (i) Agreement on Free Movement with ID Cards, (ii) Agreement on Higher Education Qualifications, (iii) Agreement on Professional Doctors of Medicine, Dentists and Architects available at: <https://t.ly/LxTV9>

<sup>13</sup> RCC, Common Regional Market Annual Report 2022, available at: <https://t.ly/s6D9B>

<sup>14</sup> European Commission Country Report 2023 – Kosovo, available at: <http://bit.ly/3R0TeCL>

<sup>15</sup> Baća et al (2023) Through the Labyrinth of Regional Cooperation: How to Make Sense of Regional Integration in Western Balkan, available at: <https://bit.ly/3T58A2S>

<sup>16</sup> Bushati, D. et al (2023), "The Berlin Process in the new European Security Environment", Friedrich Ebert Stiftung, available at: <https://bit.ly/46ET5BM>

<sup>17</sup> Ibid , 15

During the 2023 Berlin Process summit, the WB countries reiterated the significance of the CRM for the region, emphasising its importance in paving the way towards economic development and EU integration. Under this framework, WB countries signed and endorsed additional agreements aimed at facilitating mobility and boosting digital connectivity in the region.<sup>18</sup> As listed in the factsheet, some of the key outcomes of the 2023 Berlin Process in relation to the CRM are, (i) the agreement on the Recognition of Professional Qualifications of Nurses, Veterinary Surgeons, Pharmacists, and Midwives (ii) the endorsement of the Joint Declaration on the Single European Payment Area (SEPA) and (iii) the endorsement of the Joint Declaration of Western Balkans Six, World Bank, Southeast European Parties of the Transport Community Treaty and CEFTA on the Facilitation of Trade and Transport.

It is too soon to conclude how things stand with the new agreements two months after the BP Summit in Tirana. Nevertheless, akin to the previous agreements, Kosovo should proceed with ratifying and commencing the implementation of the new agreements established during this year's summit. Among all agreements related to the free movement of people, SEPA remains of crucial importance for regional cooperation, making it a key priority for Kosovo, considering the amount of remittances Kosovo receives through its diaspora.

## The key challenges faced under the CRM

### 1. Kosovo's representation under CEFTA

A rather older issue affecting regional trade, which has spilled over and is currently affecting the CRM implementation, pertains to the role of CEFTA<sup>19</sup> in this process.<sup>20</sup> A platform that initially was foreseen to bolster economic cooperation, has turned into a political battlefield that does not reflect the new geopolitical realities of the region. Kosovo initially joined CEFTA in 2006 under the representation of the United Nations Mission in Kosovo (UNMIK). Following Kosovo's independence, although having a legitimate elected government and representatives, the same practice continued. Attempts to address the issue were made through the 2012 Agreement on Regional Representation and Cooperation between

Kosovo and Serbia within the EU-led dialogue.<sup>22</sup> This agreement establishes the groundwork for Kosovo's involvement and representation in regional organisations and forums. In more specific terms, the agreement granted Kosovo the right to participate on its own behalf and speak for itself at all regional meetings, among other things. All of this was contingent upon adding an asterisk after the name Kosovo<sup>23</sup>. Nonetheless, as of today, CEFTA remains the only regional/international agreement where Kosovo is still represented under the UNMIK.

CEFTA has failed to deliver on its mission, and thus also on the CRM. Kosovo's refusal to be represented by UNMIK under CEFTA has (i) delayed the ratification of two critical protocols for the implementation of the CRM Action Plan 2021-2024: Additional Protocol 5 (AP5) on trade facilitation, AP6 on liberalisation and facilitation of trade in services; (ii) continuously hindered negotiations on AP7 on Dispute Settlement Mechanism.<sup>24</sup> Prime Minister Albin Kurti has been very critical towards CEFTA. In his speech at the Tirana Summit of 2021, he highlighted Kosovo's unequal treatment and the necessity for improvements.<sup>25</sup> Sparked by the dissatisfaction with CEFTA, the suggestion of a new agreement granting Kosovo full representation among the WB countries has surfaced on more than one occasion but has never materialised. Further, the Prime Minister highlighted the importance of creating the South East European Free Trade Agreement (SEFTA), which would be modelled after EFTA-EEA<sup>26</sup>. This is an important proposal for Kosovo as it would resolve the representation issues, and also bring the region closer to the EU. However, it is important to highlight that such proposals necessitate thorough negotiations and consensus among relevant actors before they are presented. In particular, they ought not to be presented without thorough consultation with the other WB countries and their willingness to engage in new regional negotiations. So far no such public negotiations or consensus has taken place.

Dissatisfaction with the process comes from the EU but also from another angle. Kosovo's situation is perceived as a bilateral issue that they are unable to resolve.<sup>27</sup> Kosovo is currently being singled out as the country obstructing trade-related CRM implementation, owing to its decisions within CEFTA.<sup>28</sup> However, the EU needs to take into account the issue of Kosovo's participation in CEFTA and how it will impact the whole region and their integration. While the EU remains committed to resolving bilateral issues, a "pick-and-choose" attitude on what to resolve is

<sup>18</sup> Ibid, 7

<sup>19</sup> The Central European Free Trade Agreement (CEFTA) aims at enhancing trade in goods and services, seeks to eliminate trade barriers between the Parties and attract investment to the region through fair, stable and predictable trade rules. The Agreement aims to harmonise its Parties' regulatory framework with the EU and international standards. It also covers issues such as the protection of intellectual property rights, competition rules and state aid. For more see: <https://cefta.int/about/>

<sup>20</sup> Ibid, 14

<sup>21</sup> CEFTA Agreement, Preamble, available at: <https://bit.ly/47D9Gac>

<sup>22</sup> Regional Representation and Cooperation Agreement, available at: <https://bit.ly/410dksk>

<sup>23</sup> Ibid - The asterisk reads: " \*This designation is without prejudice to positions on status and is in line with UNSCR 1244 and the ICJ Opinion on Kosovo declaration of independence".

<sup>24</sup> Ibid, 14

<sup>25</sup> PM Kurti Speech in Tirana Summit "Kosovo cannot engage in initiatives that are designed to deny its citizenship, we will engage only as equals", Office of the Prime Minister of Kosovo, 10 June 2021, available at: <https://bit.ly/410JLH4>

<sup>26</sup> The EEA Agreement guarantees equal rights and obligations within the Internal Market for individuals and economic operators in the EEA. It provides for the inclusion of EU legislation covering the four freedoms — the free movement of goods, services, persons and capital — throughout the 30 EEA States. For more see: <https://bit.ly/3N6B9cg>

<sup>27</sup> Re-ACT Lab, 2023, Interview with Mr. Kowalski, Advisor Western Balkan at DG NEAR.

<sup>28</sup> Re-ACT Lab, 2023, Interview with Mr. Deda, Expert on Human Capital Development at RCC

not a serious approach. According to the legislative program of the Prime Minister's Office of Kosovo, the AP5 and AP6 of CEFTA are scheduled to be voted on in the parliament on the 20th of December 2023<sup>29</sup>. However, it is not clear whether the protocols will be ratified or not. The reason that these protocols have not been ratified by the parliament thus far is the problem of their origin. These protocols are decided under UNMIK - an international entity which is not recognised by the constitution and parliament of Kosovo. For the Government of Kosovo, it is clear that "there is no decision making with UNMIK, and this has to change"<sup>30</sup>.

Furthermore, the Kosovo Government argues that the blockage is mainly coming from Serbia toward Kosovo's representation and keeping an unprincipled stance on this issue. This stance is not present in other regional organisations, hence further blocking the process and acting against the 2012 agreement between the two countries.<sup>31</sup> Under current circumstances, a '*blaming*' approach from the EU's side toward Kosovo does not bear positive results and instead further hampers any potential resolution involving the two countries.

A straightforward solution is challenging, not to say impossible. A treaty amendment on Kosovo's representation presents a feasible solution, as long as Kosovo fully commits to this process. Kosovo should ensure that they ratify the APs and use diplomatic routes to resolve the representation issue. Being a treaty, any modification of CEFTA requires an amendment of the treaty itself; thus, there are explicit rules to be followed. Considering that any amendment of the treaty is based on the consensus of the countries party to the agreement,<sup>32</sup> Kosovo should rely on its diplomatic capacities to initiate the process focusing on three fronts simultaneously: first, negotiate and secure the support of international and regional allies to start the amendment; second, make use of the normalisation dialogue with Serbia and utilise the space to negotiate with Serbia to not block the proposed amendment - especially in light of the 2023 Ohrid Agreement where countries ought to treat each other equally; and *third*, increase negotiations with UNMIK to withdraw from the agreement completely.

SEFTA on the other hand, despite still remaining an abstract idea, portrays Kosovo's efforts toward a solution to this situation. Concrete steps must be taken by Kosovo to ensure their proposal goes through all the countries in the region. Having more countries on board with the idea, increases the credibility of the initiative towards the rest of the international actors. Surprisingly so far there has been no reaction from the EU, despite Kosovo's clear attempt to resolve this regional bottleneck and move forward with

the process. Even with this option, more emphasis should be put on diplomacy and consistent negotiations, to have more countries on board that can help push the idea forward.

However, more concrete studies are needed to evaluate the impact of such an agreement in the region and its economic benefits. Most importantly, a comparative study between SEFTA and CEFTA would shed more light on what the new agreement would bring to the table.

## 2. Asymmetric Implementation of the agreements

In comparison to the issues observed with the CEFTA protocols, the CRM agreements concerning the free movement of people which are coordinated by RCC have been more effective in terms of negotiations, ratification and implementation process. Nevertheless, challenges persist, primarily concerning delays in the ratification and implementation process. So far, four out of six countries have ratified all of the agreements.<sup>33</sup> Bosnia and Herzegovina (BiH) has ratified two out of three agreements and Montenegro is to ratify all three of them.<sup>34</sup> The issue here is in the fact that while some of the countries lag behind in ratification, the implementation of agreements among the ones who already ratified them has begun, resulting in asymmetric results and effects in the region, ultimately questioning many reports that measure CRM's implementation at a regional level.

Despite these challenges, progress in the implementation of these agreements continues. Notably, the agreement on the recognition of higher education qualifications has established the Joint Commission to oversee its implementation, scheduled to convene its first meeting in November 2023.<sup>35</sup> Similarly, for the agreement on the recognition of professional qualifications, the WB countries agreed on the rules of procedures for the joint CEFTA and RCC working group tasked with overseeing the implementation of the agreement. In the agreement on free movement with ID cards, the joint commission was established and the process has followed in accordance with the ratified agreement.<sup>36</sup> This agreement is especially beneficial for Kosovo when it comes to the free movement issue with BiH. However, the refusal of BiH's leadership to ratify this agreement<sup>37</sup> restricts Kosovo's actions, leaving diplomatic lobbying as the primary means to encourage BiH's ratification.

While the issue of delays and the discordance of WB countries at implementation is acknowledged as an overall challenge for the CRM, it is worth noting here that Kosovo has shown a proactive stance in the ratification and implementation process - promptly appointing

<sup>29</sup> Prime Ministers Office Legislative Program for 2023, available at: <https://bit.ly/46DLDH3>

<sup>30</sup> Re-Act LAB, 2023, Interview with Jeton Zulfaj- Political Advisor to the Prime Minister of Kosovo

<sup>31</sup> Ibid

<sup>32</sup> Ibid, 21 - Art. 41 (2).

<sup>33</sup> Albania, Kosovo, North Macedonia and Serbia have ratified all the agreements.

<sup>34</sup> Ibid, 28

<sup>35</sup> Ibid, 28

<sup>36</sup> Ibid, 28

<sup>37</sup> Azem Kurtic, "Bosnian Serb Leader Blocks Regional Kosovo ID Travel", Balkan Insight, available at: <https://bit.ly/3RkORe1>. Last accessed 28 November 2023.

relevant personnel for the Joint Commissions mandated to implement these agreements. In the context of the last BP '23 agreements, the Kosovo Government should maintain the same pace in the ratification and implementation of the new agreements, thus fostering regional cooperation. Nonetheless, although these agreements are of high importance, the whole region needs to take into account the demographic issues we are facing.

Currently, the region is subject to brain drain and a substantial outflow of young professionals to outside the region<sup>38</sup>. Despite the fact that the agreements on free movement of people have been signed and are being implemented, young people in the region are more keen on living abroad rather than within the region.<sup>39</sup> If no strategic approach is applied to this issue, the existence of these agreements becomes void; especially regarding the issue of asymmetric implementation mentioned above. The brain drain phenomenon is exacerbated by bilateral agreements between EU member states and WB countries to bring young professionals to their market. A pioneer in this process is Germany, which has bilateral agreements both with Kosovo and BiH in this regard<sup>40</sup>. In this sense, it appears that Germany is 'reaping the benefits' of their investment in vocational schools in the region, which were initially presented as development assistance for the countries. However, there are a couple of issues with this approach. While the EU member states address their issue of workforce shortages by bringing in workers from the WB, the region loses key human resources that would eventually play an essential part in the region's growth. With EU enlargement on hold and no real opportunities for young people at home, they are forced to leave the region in search of a better economic situation.

### 3. A Central European Agreement for six Southeast European countries and one Eastern European country

Moldova being a member of CEFTA is another paradox which the EU and WB countries are failing to address. Moldova's participation in the agreement might not look significant, but when looking at the decision making process within CEFTA, the issue becomes bigger. While new agreements in the BP are made between the six countries of the WB, their implementation and monitoring in the CEFTA framework allows Moldova to have a say

on the Joint Committees about agreements that do not impact them in any way.<sup>41</sup> This is a paradox that not only impacts Kosovo, but the region as a whole; giving a country outside WB decision making power over regional agreements hinders the balance between what is expected from WB countries in the process.

## Connectivity Agenda

### What is the Connectivity Agenda and where does it place Kosovo?

Since the inception of the BP, connectivity was assessed as a crucial factor expediting economic growth and job creation in the region. Nine years after, and with a war ongoing in our continent, connectivity, transport, trade, energy, and digital ties WB-EU are yet again ranked high in the list of priorities for the parties involved in the BP.<sup>42</sup> Unpacking what connectivity means in practical terms for the region and citizens, in this section the spotlight falls on sustainable transport, trade, and digital connectivity.

In 2015, the EU presented the Connectivity Agenda (CA), as a plan to enhance the investments and improvements in transport and infrastructure within the region. This would create better connectivity within the region as well as with Europe, primarily by extending the core energy and transport Trans-European Networks to the region<sup>43</sup>. Historically, despite the large investments from the EU in the region, when it comes to sustainable transport and energy projects, Kosovo has benefited the least.<sup>44</sup>

Similarly, under the ongoing EIP, the so far endorsed flagships, foresee €4.7bn investments in 19 sustainable transport projects, from which Kosovo currently has only two projects.<sup>45</sup>

<sup>38</sup>Icoski M. (2022), "Toward a New Youth Brain-drain Paradigm in the Western Balkans", German Marshall Fund, available at: <https://bit.ly/46ETxzY>

<sup>39</sup>Friedrich Ebert Stiftung, Youth Study Southeast Europe 2018/2019, available at: <https://bit.ly/47SXq5i>

<sup>40</sup>Ibid, 38

<sup>41</sup>Ibid, 30

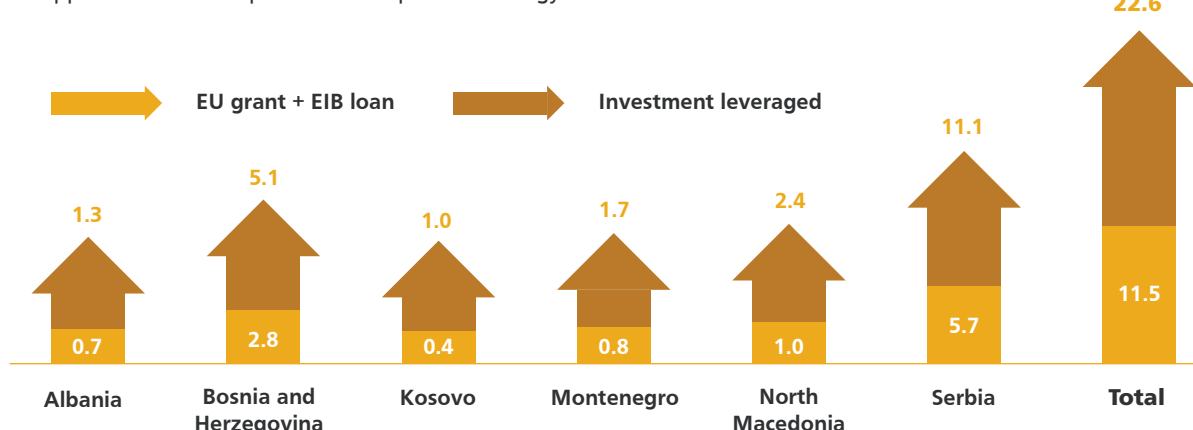
<sup>42</sup>Ibid, 7

<sup>43</sup>European Union, 2020, Connectivity Agenda for the Western Balkans (brochure), available at: <https://bit.ly/3uGxKdW>

<sup>44</sup>Ibid

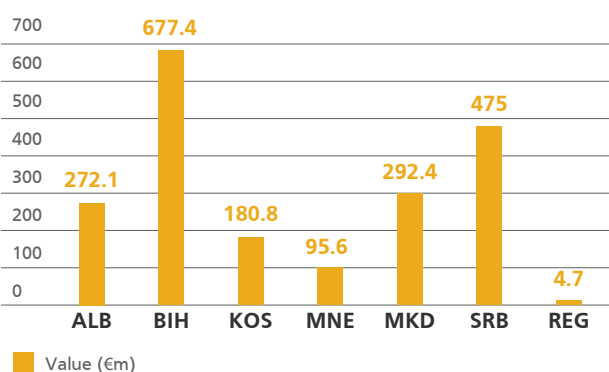
<sup>45</sup>EU and Kosovo, 2023 Factsheet, available at: <https://bit.ly/46G2FEe>

**Fig 1:**  
EU support to the development of transport and energy sectors in the Western Balkans



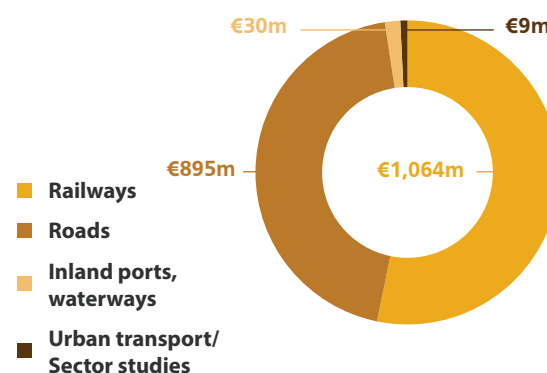
Source: Brochure: Connectivity Agenda for Western Balkans

**Fig 2:**  
WBIF Grants approved by beneficiary



(Source: Fact Sheet TRANSPORT 2022 - Feb 2023)

**Fig 3:**  
WBIF Grants approved by subsector



(Source: Fact Sheet TRANSPORT 2022 - Feb 2023)

A similar pattern characterises the disbursed grants by the Western Balkans Investment Fund (WBIF)<sup>46</sup> under the framework of the IIP, for Flagship 8: Digital Infrastructure of Western Balkans. Again, Kosovo seems to have the lowest amount of grants approved by WBIF for investment in digital infrastructure and services<sup>47</sup> The region as

a whole is facing difficulties and delays in the implementation of these infrastructure projects, mainly because of incomplete compliance with Core Network<sup>48</sup> standards, lack of institutional capacities and a financing gap, with project values surpassing available WBIF funding.<sup>49</sup>

<sup>46</sup> WBIF is the key mechanism for executing the EU's IIP in the region fostering harmonisation and cooperation in investments for the socio-economic development of the region. More information at: <https://wbif.eu/who-we-are>

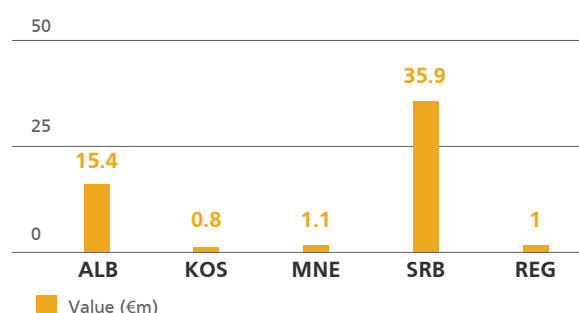
<sup>47</sup>WBIF, Digital Future Factsheet 2023, available at: <https://bit.ly/49ZULbF>

<sup>48</sup>The Trans-European Core Network is a network of main routes that connect Europe together, it consists of "nine interconnected multimodal transport corridors running through several countries." The extension of it in the Western Balkan region will improve the connectivity of the region itself and with the EU. More info available at: <https://bit.ly/3sWGyww>

<sup>49</sup>Transport Community (2022), Five-year Rolling Work Plan for Development of the Indicative TEN-T Extension of the Comprehensive and Core Network in Western Balkans, available at: <https://bit.ly/46GtsAt>

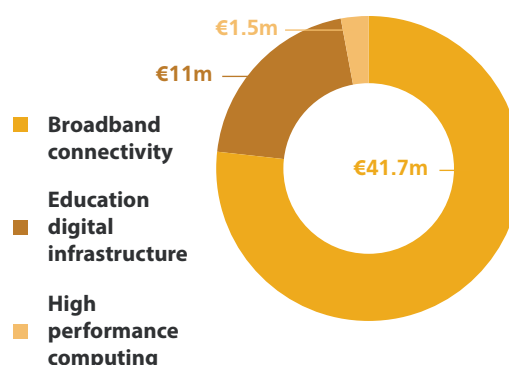


**Fig 4:**  
WBIF Grants approved by beneficiary



(Source: Factsheet on Digital Agenda)

**Fig 5:**  
WBIF Grants approved by subsector



(Source: Factsheet on Digital Agenda)

The BP'23 acknowledged the need to further push the connectivity agenda bringing the region closer to the EU, especially in a time of such political uncertainty. As briefly mentioned in the factsheet, the main developments of BP'23 related to connectivity were: (i) the continuation of the EIP and the planned connectivity projects under it, (ii) establishing Green Lanes roadmaps and coordinating controls at the EU-WB border crossing point; (iii) the extension of the second phase of the Trade and Transport Facilitation Project was emphasised (iv) The extension of Corridor VIII railway section from Skopje to Durrës in the extended TEN-T Core Network, (v) Ensuring careful prioritisation of investments, informed by current and future traffic flows, closer coordination among the WB and EU Member States bordering on the region; and strategic mobilisation of funding resources including lending, grant financing, and private investment.<sup>50</sup>

## The key challenges faced under the CA?

### Sustainable Transport

Currently, Kosovo has two major connectivity projects ongoing under the EIP: (i) Flagship 1: Connecting East to West-The Peace Highway Section in Kosovo, linking Prishtina with Niš in Serbia; (ii) Flagship 2: Connecting North to South - The railway route connecting Belgrade with Prishtina. On one hand, the Peace Highway road is of great importance for freight and passenger transport in the WB - being the region's main node connecting the Durrës Port with South-Eastern and Central Europe, as

well as with the Black Sea. On the other hand, the Flagship 2 project will integrate Kosovo's railway network in the Orient/EastMed Corridor, connecting the region with Austria, Greece, and Bulgaria.<sup>51</sup> The successful implementation of these projects aims to improve the connectivity of Kosovo with the region and EU, and accelerate economic growth and an investment climate in Kosovo.

Even though both projects bring immersive benefits and opportunities for Kosovo and its citizens, Kosovo is showing weak implementation capacity by facing delays in both projects.<sup>52</sup> The initial plan for the **Peace Highway project** foresees that by 2023 the project should have secured the financial means needed and the work should begin. By the end of 2023, the financial means remain unsecured even though the government has submitted a loan request to the EBRD and EIB, but the negotiations have not been concluded, hence the work has not begun yet.<sup>53</sup> The recent EU measures against Kosovo, among which the suspension from all EU financial programs, due to the tension in the North of Kosovo could possibly negatively affect the start of the negotiation with the EBRD and EIB, further delaying project implementation.<sup>54</sup> Delays in expansion of the Prishtina to Merdare E80/R7 road section, will negatively affect trade, hinder economic development, and exacerbate inefficiencies in transportation, affecting competitiveness and regional connectivity. The project's significance lies in its role as a vital link between the Durrës Port and South-Eastern/Central Europe, and any setbacks may impact both local and broader Western Balkan economies.

<sup>50</sup> Ibid, 7

<sup>51</sup> WBIF, Project Description: Orient/East-Med Corridor: General Rehabilitation of Route 10, available at: <https://bit.ly/3T587NX>

<sup>52</sup> Ibid, 14

<sup>53</sup> Ibid, 14

<sup>54</sup> Radio Evropa e Lire, "BE-ja përjashton Kosovën, Malin e Zi dhe entitetin e Republikës Sërpska nga grantet" (The EU excludes Kosovo, Montenegro and the Republika Srpska entity from grants), July 4, 2023. Last accessed on November 25, 2023: <https://bit.ly/3t6CbOx>

**The Railway Route 10** - The overall budget of the project consists of €83 million EU investment grant disbursed through WBIF, €40 million EBRD loan to Kosovo's national railway company, Infrakos, and €42 million EIB loan.<sup>55</sup> Moreover, in February 2023, EIB and Kosovo signed a loan agreement for €38 million, making this the second EIB loan for the same project.<sup>56</sup> The second loan would cover among other additional costs due to the increase in the construction costs. The project consists of three phases:

**Phase 1: Fushë Kosovë – border with North Macedonia:**

This phase was initially planned to be completed by the end of 2022<sup>57</sup>. Unfortunately, due to delays in the implementation, work is still ongoing and is expected to be completed in the first quarter of 2024.<sup>58</sup> The delays were mostly attributed to a setback in the procurement process due to anti-pandemic measures, additional design work and adjustments such as the need for additional steel bridges and increase of continuous welded rail from the initial plan, benchmarks, and the increase in construction costs.<sup>59</sup> The presence of numerous variation orders<sup>60</sup> (VOs) throughout the project raises questions about the initial project planning and the need for subsequent changes. While some changes are inevitable, excessive VOs may indicate challenges in project scope definition or contractor planning. Nearly every Infrakos project report highlights concerns regarding the contractor, *Generale Costruzioni Ferroviarie*, with 22 notices of correction issued by the engineer as per the last report. Such notice is typically sent to the contractor or relevant party when there is a deviation, non-compliance, or an issue that needs to be addressed to bring the project back in line with the contract, specifications, or other relevant documents. Furthermore, the contractor is impeding the implementation process by refusing to provide an updated organisational chart in accordance with the latest amended contract.<sup>61</sup> Despite the delays, in November 2023 a key milestone was reached with the inauguration of two tunnels (6 and 7) one measuring 262 metres in length and the other 122 metres.<sup>62</sup>

**Phase 2: Fushë Kosovë – Mitrovica:**

According to the Infrakos report, the rehabilitation work for the second phase of the project is progressing as planned,<sup>63</sup> while the EC's Country report highlights that the signalling and telecom works have yet to start. In

general, the transport system is highly criticised, with the main challenges in this particular project being safety, inadequate maintenance, and weak administrative capacity of regulatory institutions.<sup>64</sup> Moreover, the second phase of the project is also facing changes in design which could impact the implementation timeline. Geological conditions that differ from initial assumptions have led to the redesign of temporary support structures in the tunnels. The lack of slope support measures at portals required additional design work. Moreover, there is a change in the initial design material for level crossings from STRAIL type to prefabricated UK rubber elements, requiring adjustments in construction plans and potentially causing delays.

There are some critical environmental concerns in relation to the project such as issues related to water supply, work near or in riverbeds without proper permits, concrete washouts, dust emissions, noise, and waste management.<sup>65</sup> The latest Infrakos report indicates that the EBRD loan and WBIF funds for the second phase are on hold as EBRD is still pending the approval of the Environmental and Social Action Plan (ESAP).<sup>66</sup> Until EBRD approves this plan and it is formally included in the funding agreement, the release of financial resources for Phase 2 remains pending. This underscores the importance of meeting the environmental and social criteria set by the financing institution before funds are disbursed.

**Phase 3: Mitrovica – border with Serbia:**

The 3d phase of the project is currently in the planning process. The detailed design and tender dossier are being developed for the rehabilitation and modernization of this third phase of Railway Route 10. Changes in the design have been present in this phase, also impacting the delivery date of the detailed design and tender dossier, which now is estimated to be during the last quarter of 2023.<sup>67</sup>

<sup>55</sup> Bojana Vljajic, "EBRD and EU back rehabilitation of Kosovo's railway network", European Bank for Reconstructions and Development, December 19, 2022. Last accessed on November 25, 2023: <https://bit.ly/4160Ak6>

<sup>56</sup> European Investment Bank, "Kosovo\*: Team Europe - EIB Global support for railway network modernisation reaches €80 million", February 9, 2023. Last accessed on November 25, 2023: <https://bit.ly/3sY0AEI>

<sup>57</sup> Infrakos (2023), Report for January to March 2023, available at: <https://bit.ly/4adDmwD>

<sup>58</sup> Ibid, 14

<sup>59</sup> Infrakos (2023), Kosovo Railway Route 10 Rehabilitation Project - Periodic Project Report, available at: <https://bit.ly/3uEygsk>

<sup>60</sup> Variation orders, often referred to as VOs, are changes or modifications made to the original scope of work or specifications in a construction or project contract. These changes can be initiated for various reasons, such as design alterations, unforeseen site conditions, or client requests. Variation orders may impact project costs, timelines, and other contractual terms, and they are typically documented and approved through a formal process outlined in the contract.

<sup>61</sup> Ibid, 59

<sup>62</sup> Transport Community, "Kosovo Inaugurates Two Tunnels within Line 10 Railway Rehabilitation Project", November 5, 2023. Last accessed on November 25 at: <https://bit.ly/3N6pSIN>

<sup>63</sup> Ibid, 57

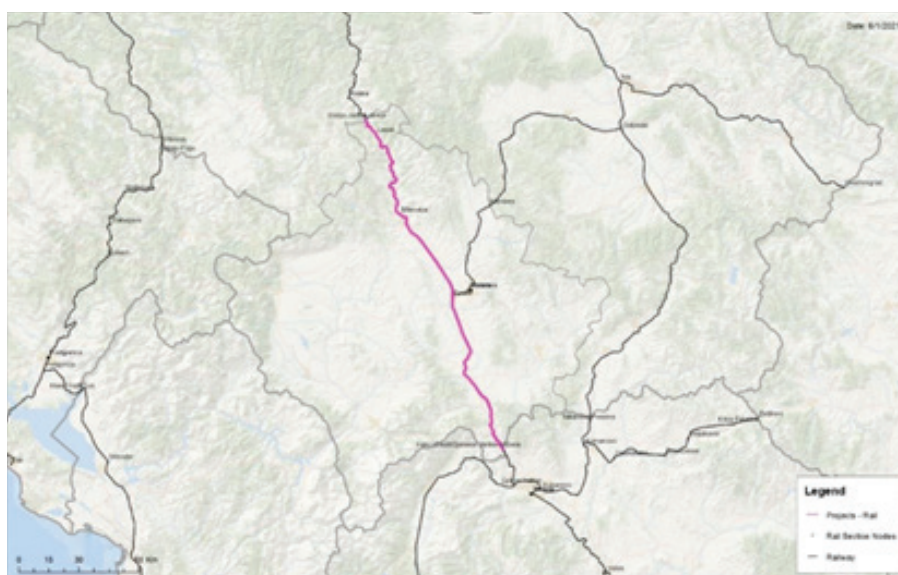
<sup>64</sup> Ibid, 14

<sup>65</sup> Infrakos (2022), Kosovo Railway Route 10 Rehabilitation Project - Periodic Project Report, available at: <https://bit.ly/3QUPUju>

<sup>66</sup> Ibid, 59

<sup>67</sup> Ibid, 57

**Fig 6:**  
Railway Route 10



(Source: Transport Community)

**The Kosovo Regional Roads Project**, which involves rehabilitation of a 15km road section from Kllokot to Gjilan and the upgrade of access roads in the cities of Ferizaj, Gjilan, and Prizren, is critical for improving transportation infrastructure. Designated as a priority under Kosovo's Multimodal Transport Strategy, this project, especially the National Road M 25-3, plays a crucial role in enhancing connectivity and transit between municipalities, contributing to the overall development and efficiency of the regional road network.<sup>68</sup> The project is financed by EBRD loan of €29 million<sup>69</sup>, for the construction of two lane section between Kllokot and Livoq i Poshtëm with a length of 11,000 m, while four lane section between Livoq i Poshtëm and Gjilan, with a length of 3,125 m is financed by the Government of Kosovo and construction works are already on site.<sup>70</sup> The project preparation activities started in 2015 and as per the latest update on the Ministry of Infrastructure (MI) official website the project is still undergoing the land acquisition process in close cooperation with the EBRD. The challenges in this process predominantly revolve around communication challenges and low stakeholder participation, continued postponements of public meetings due to various reasons, including design changes, disclosure of the new Land Acquisition Plan (LAP), and COVID-19 restrictions.<sup>71</sup> There is no available information on the timeline of the project implementation stages and progress, neither on the MI's nor EBRD website.

It is not new information that most of the transport projects face difficulties. However, due to the nature of such projects, their background and origin, it is imperative for civil society organisations and the public to be able to follow their implementation. Despite the fact that we are talking about very technical projects, even the most general information on such projects is not easily accessible. Accessing information on the project's life cycle and progress seems like mission impossible, whereas even the most basic information such as annual reports are non-existent on the Ministry of Infrastructure (MI) website. Article 5 of the Law on Access to Public Documents obliges all public institutions to ensure the transparency of their work by publishing documents and information on their official website. Moreover, The Information and Privacy Agency, being responsible for the content of public institution's web pages, must enhance its ability to monitor transparency levels within public institutions.<sup>72</sup> WBIF remains as the main monitoring mechanism from the funding side, yet due to the nature of projects consisting of loans, external grants, etc., information remains scattered. All that is left for civil society organisations is to dig through never-ending websites, and play detective when trying to make connections between phases of projects and overall project implementation.

<sup>68</sup> iC consulente Zivltechniker GesmbH (2022), Land Acquisition Plan: Kllokot - Gjilan Road, available at: <https://bit.ly/3T1oTNR>

<sup>69</sup> European Bank for Reconstruction and Development, Project Information: Regional Roads Project, available at: <http://bit.ly/3uEPFI6>

<sup>70</sup> Ibid 68

<sup>71</sup> Ibid 68

<sup>72</sup> Ibid, 14

## Digital Connectivity

When it comes to digital connectivity there is a higher cooperation and willingness to move the region forward in its digital transformation and convergence with the EU Digital Single Market. Since 1 July 2021, Kosovo has constructively engaged in high-level regional dialogue on digital transformation and the implementation of the Regional Roaming Agreement.<sup>73</sup> The primary objective of the Regulatory Reform Agenda (RRA) was the successful implementation of the Roam Like at Home in the Western Balkans region by July 1, 2021. This milestone has been accomplished, resulting in the establishment of a roaming-free zone within the WB.<sup>74</sup> In addition to the WB roaming zone, the activities to reduce the roaming charges between the region and the EU are showing results. A voluntary agreement was signed between 38 telecommunication operators from the EU and WB to make data roaming more affordable for citizens and businesses in both regions starting from the 1st of October 2023, in a process supported by the RCC and the EC.<sup>75</sup>

Currently there are only two ongoing projects under the EIP digital infrastructure flagship: Rural Broadband Rollout Phase 2- in Serbia and the Establishment of Smart Labs - Network of ICT Laboratories for the Pre-university Education System - in Albania.<sup>76</sup> Even though Kosovo has the lowest amount of WBIF grants approved under this flagship, it is showing quite some progress in the digital transformation path.<sup>77</sup>

The Western Balkan Digital Economy and Society Index 2022 Report acknowledged the good performance of Kosovo in the connectivity and integration of digital technology dimensions with scores above the WB averages.<sup>78</sup> In this regard, as of March 2023 Kosovo has connected the last remaining non-connected village to high-speed broadband, reaching one of the highest levels of internet penetration not only in the WB but also in Europe.<sup>79</sup> This milestone was achieved through the Kosovo Digital Economy Project (KODE) which is financed by the World Bank. Despite the fact that the project is not under the EIP investment framework, it is well aligned with the priorities laid out in the EU Digital Agenda for Western Balkans and IPA II support for the Competitiveness of Kosovo's ICT Sector program (2014-2020).

<sup>73</sup> Ibid, 14

<sup>74</sup> Regional Cooperation Council, Roam Like at Home, available at: [https://www.rcc.int/priority\\_areas/53/roaming](https://www.rcc.int/priority_areas/53/roaming)

<sup>75</sup> DG Near, Decrease of data roaming fees between the Western Balkans and the EU, 3 May 2023, <https://bit.ly/4a2Kqf6>, accessed on November, 2023

<sup>76</sup> Ibid, 47

<sup>77</sup> Ibid, 47

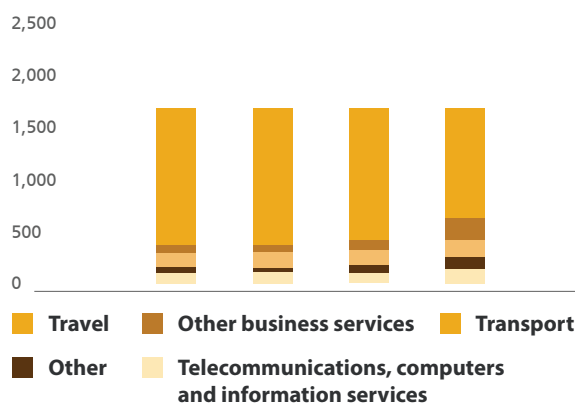
<sup>78</sup> Regional Cooperation Council (2022), Western Balkan Digital Economy Society Index (DESI) 2022, available at: <https://bit.ly/40YUcuR>

<sup>79</sup> World Bank, 2023, "Every Village in Kosovo Now Connected to High-Speed Broadband Internet, With World Bank Support", press release, March 21, 2023, available at: <https://bit.ly/46CqVaC>

<sup>80</sup> World Bank Group (2023), Western Balkan Regular Economic Report: Toward Sustainable Growth, available at: <https://bit.ly/414k889>

<sup>81</sup> Ibid, 14

**Fig 7:**  
Services exports continued to increase, driven by travel but also ICT and business services<sup>80</sup>



Source: Central Bank of Kosovo

Kosovo's ICT sector is experiencing rapid growth, particularly in software development, smartphone application development, and web design exports. As it relies less on extensive physical inputs or workforce mobility, the sector presents significant potential to boost economic development and job creation. However, there is a need for increased efforts in training skilled workers, as the demand for employees in this sector surpasses the current supply.<sup>81</sup> In addition, compared to the region, Kosovo is showing lower scores when it comes to the Human Capital and Digital Public Services dimension.<sup>82</sup> Several efforts have been made to address this challenge. Most notably through the second component (Digital Work and Empowerment) of the KODE project. Physical training sessions in most demand digital soft skills like front-end website development and graphic design are provided to unemployed and under-employed young people in 7 regions of Kosovo. In 2022, more than 300 young people were certified by the program, and the Programme is expected to achieve a total number of 2,000 beneficiaries by May 2024.<sup>83</sup>

EU Support for the competitiveness of Kosovo's ICT Sector Project - is currently being implemented by the Ministry of Economy under IPA 2017. The objective of the project is to boost the competitiveness of Kosovo's ICT sector by offering ICT and business training and organisation of strategic and professional events, focusing on promoting the export capacities of Kosovar ICT businesses and fostering collaboration between these businesses and both domestic and international partners. The overall aim is to stimulate the growth of Kosovo's digital and traditional businesses within the ICT sector, leading to economic expansion and the creation of new employment opportunities.<sup>84</sup> The project's outreach strategy needs to

<sup>82</sup> Ibid, 78

<sup>83</sup> Ibid, 78

<sup>84</sup> EU Support for the Competitiveness of Kosovo's ICT Sector - Official Project Website, available at: <https://ictkosovo.eu/about-us/>

be appraised, as a dedicated webpage was developed providing all needed information on the training offered and the progress made. As of 2023, there are 1513 trainees certified, 51 IT courses were held, and above 257 international B2B meetings resulted in more than 20 cooperation contracts signed.<sup>85</sup>

Adapting e-commerce practices among SMEs is also essential for advancing the digital economy. As per the 2023 EC Country Report, Kosovo is showing limited progress in this process. Accordingly, in 2023, supported by the EU, Kosovo is introducing the Electronic ID system through the project e-ID for Kosovo. It aims to enhance the private sector's efficiency and productivity by promoting greater use of ICT, establishing a secure e-business/e-commerce ecosystem, and enhancing electronic service delivery for citizens and businesses. The implementation, led by a consortium headed by Evoluxer<sup>86</sup>, includes provisions for a robust e-ID system and a conducive environment for e-business/e-commerce, fostering improved interoperability between Kosovo and EU Member States.<sup>87</sup> There is an interconnection between the enhancement of e-commerce practices and the modernization of the payment system by offering safe and secure digital payments. Hence, the successful implementation of the economic reform will positively impact the enhancement of e-commerce in this regard.

The digitalization of public services being at an early stage in Kosovo<sup>88</sup> poses another challenge for Kosovo in its digital transformation path. In September 2023, Kosovo and the World Bank signed a Financing Agreement for the Kosovo Strengthening Digital Governance for Service Delivery Project, with the goal of enhancing the quality and accessibility of specific public administrative services for users.<sup>89</sup> This is a five-year project with a budget of \$ 20 million and will be implemented by KAIS. The project will support improvements to (i) the interoperability of government systems, (ii) disaster recovery/business continuity solutions, and shared platforms, (iii) the expansion of government e-services through an upgraded e-Kosova, and (iv) pilot an innovative approach to proactive citizen-centric service delivery organised around life events.<sup>90</sup>

<sup>85</sup> Ibid

<sup>86</sup> Evoluxer is a Spanish consulting firm specialised in the management and implementation of EU funded Projects worldwide. The company specialises in assisting public management and administrations as they navigate the European Integration process. For more info see: <https://evoluxer.com/>

<sup>87</sup> WeBalkans, "Empowering Kosovo's private sector in the digital age", September 26, 2023. Last accessed on November 25, 2023: <https://webalkans.eu/en/stories/empowering-kosovos-private-sector-in-the-digital-age/>

<sup>88</sup> Ibid, 14

<sup>89</sup> World Bank, 2023, "World Bank and Kosovo Sign Agreement To Support Digital Governance for Service Delivery", Press Release, September 28, 2023, available at: <https://bit.ly/3Rmz3aH>

<sup>90</sup> Ibid

<sup>91</sup> Top Channel, "Kurti: Agjenda Digjitale 2030 do të jetë një nga pikat kyçe e strategjisë sonë" (Kurti: Digital Agenda 2030 will be one of key pillars of our strategy), Top Channel, December 10, 2021, available at: <https://bit.ly/3T4me6g>

Digital transformation remains a key priority for Kosovo both at a national and regional level.<sup>91</sup> Unfortunately, the current political tension with Serbia and the EU measures against Kosovo are negatively affecting this sector as well. In June 2023, the European Commission signed association agreements for the Digital Europe Program with Albania, North Macedonia, Serbia, and Montenegro, while Kosovo was left out due to the suspensions of high-level meetings and funds from the EU.<sup>92</sup> Kosovo is left out of a €7.5 billion (2021-2027) program, which will offer participants opportunities to join in initiatives deploying digital technologies across the EU, particularly in areas like artificial intelligence and advanced digital skills. Such participation would enhance technological capabilities and contribute significantly to overall digitalization, especially for small and medium-sized businesses.<sup>93</sup>

## Trade

The extension of the second phase of the Trade and Transport Facilitation project discussed under the BP'23 presents a great opportunity for Kosovo to further enhance its economic growth by reducing trade costs and increasing efficiency. As per the World Bank's official documents for the project, the first phase of the project includes Albania, North Macedonia, and Serbia.<sup>94</sup> The second phase of the project is foreseen to be implemented in Kosovo, BiH, and Montenegro. The implementation of this project in Kosovo would facilitate the cross-border movement of goods by the digitalization of customs; (ii) improve transport efficiency and predictability through intelligent highways and (iii) enhance market access for trade by improving domestic regulation for services and investment. Even though the second phase of the project was initially planned to start in 2021<sup>95</sup>, it has not started yet, leaving Kosovo, BiH, and Montenegro without the opportunity to benefit from this project. There is no information in the project reports from the World Bank on why the second phase has not yet started. When it comes to the idea of exploring a Value Chain Partnership between the EU and the WB in the context of Critical Raw materials and batteries, Kosovo does not appear to be a strong competitor in the region. Nevertheless, it would be beneficial for Kosovo to join any future partnership in this regard as the new law on critical raw materials approved by the EU recently can be seen as a political strategy to shift the focus on critical raw materials from China to the EU.<sup>96</sup>

<sup>92</sup> Luljeta Krasniqi-Veseli, "Pse Kosova mbeti jashtë Programit të Evropës Digjitale?" (Why was Kosovo left out of the Digital Europe Program?), Radio Evropa e Lire, July 4, 2023. Last accessed on November 25, 2023: <https://bit.ly/40YxTWdhttps://bit.ly/3T4me6g>

<sup>93</sup> European Commission, 2023, "Digital Europe Programme opens to candidate countries Montenegro, North Macedonia, Albania, and Serbia to access calls for funding", Press Release, June 30, 2023, available at: <https://bit.ly/46Fyeh>

<sup>94</sup> World Bank, Implementation Status and Result Report for Project: Western Balkans Trade and Transport Facilitation Project, available at: <https://bit.ly/3T4mm5K>

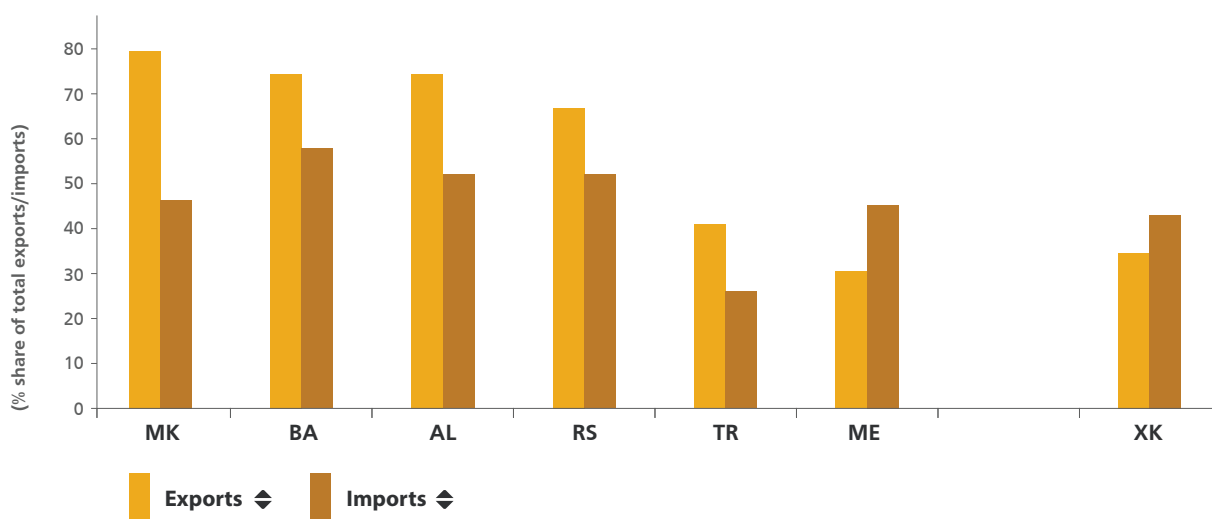
<sup>95</sup> The World Bank, Western Balkans Trade and Transport Facilitation Project Factsheet, available at: <https://bit.ly/3R5khUi>

<sup>96</sup> Re-Act Lab, 2023, Interview with Ms. Sytrime Dervisholli - International Trade Expert

Regarding the required economic reforms to improve the connectivity among WB countries and the EU as well as the advancement of the payment system<sup>97</sup>, in February 2023 Kosovo adopted the Economic Reform 2023-2024. This document is well aligned with the EU acquis and the commitment that Kosovo undertook in regard to regional cooperation as a country. Nevertheless, there are two fundamental pre-conditions for the successful implementation of such reforms: (i) the political commitment and support; and (ii) the capable human capital who can successfully manage and implement the obligation that arises from such reforms.<sup>98</sup>

The EU continues to be Kosovo's primary trading partner, while intra-regional trade with CEFTA members has experienced shifts. In 2022, the EU accounted for 42.4% of Kosovo's total imports of goods, slightly lower than in 2018, while exports rose to 33.9% in 2022, up from 27.5% in 2018. In contrast, the share of imports from CEFTA countries saw a decline of approximately 8%, settling at 17.7%. The same followed the export trend, where the share of CEFTA countries decreased from 47.2% to 36.2. Within the CEFTA region, North Macedonia and Albania emerged as key destinations for Kosovo's exports. Notably, imports from Turkey increased to nearly 15%, marking a 5% rise since 2018.<sup>99</sup>

**Fig 8:**  
International Trade in Goods with the EU<sup>100</sup>



Economies are ranked based on the share of exports.  
Country codes: BA = Bosnia and Herzegovina; ME = Montenegro; MK = North Macedonia;  
AL = Albania; RS = Serbia; TR = Turkey; XK = Kosovo

Source: EUROSTAT (online data code: ext\_it\_intercc)

Trade is one of the sectors that is directly affected by the political tensions and disagreements in the region. As mentioned thoroughly in the previous section, the situation with CEFTA is negatively affecting the trade facilitation progress in Kosovo. Concrete steps toward a potential resolution must be taken by the government to ensure projects and investments still make their way to Kosovo.

In November 2023 the EC adopted a New Growth Plan for the Western Balkans. The region will be able to benefit from a total of €6 billion to accelerate economic conver-

gence with the EU. The key to unlocking this fund remains the successful implementation of a Reform Agenda, a fundamental condition for each country.<sup>101</sup> Despite it presenting an excellent opportunity for new investments, the catch is that it could be seen as a further challenge to advancing the integration process, considering how politically charged these processes are in the region.<sup>102</sup> On the other hand, this merit-based approach of the New Growth Plan is evaluated positively by the Kosovo Government putting an emphasis in earning the access and support rather than following a back-door or fast track to EU integration. Besides the concerns about the political conditions related to regional relations and cooperation in specific areas such as the CRM, the plan permits tailored

<sup>97</sup> Reforming the payment system is part of the economic integration of the region with the EU and SEPA. This includes the adoption of EU payment regulation, modernization of the payment system, offering safe and secure digital payments methods, facilitating remittances etc. More info available at: <https://bit.ly/3uyfQK6>

<sup>98</sup> Ibid, 96

<sup>99</sup> Ibid, 14

<sup>100</sup> Eurostat (2023), Enlargement countries - international trade in goods statistics, available at: <https://bit.ly/412x5iY>

<sup>101</sup> European Commission (2023), Regulation of the European Parliament and of the Council on establishing the Reform and Growth Facility for the Western Balkans, available at: <https://bit.ly/3RoDxxl>

<sup>102</sup> Re-Act Lab, 2023, Interview with Ms. Besa Shahini - Henrik Enderlein Fellow at the Hertie School

arrangements with individual countries, considering their SAA commitments, to facilitate early access to the single market.<sup>103</sup> Among the main projects that will be explored for funding under the Growth Plan are: in infrastructure the TEN-T network and on digital connectivity, the 5g cybersecurity toolbox. Kosovo's Digital Agenda already integrated in its recommendation the 2030 Digital Compass, Green Deal, and Cybersecurity of 5G networks thus already creating a favourable environment for Kosovo's position in the Growth Plan<sup>104</sup>.

## Green Agenda

### What is the Green Agenda and where does it place Kosovo?

Despite its unique landscapes, the topography of the region makes the WB a hotspot of climate change. The failure to prioritise the urgency of climate change is evident in the increased number of severe meteorological and hydrological events all around the region<sup>105</sup>. Manifested through natural disasters such as floods, droughts, and landslides, projections show that such severe events will substantially increase in the coming years<sup>106</sup>. Climate change is not an issue that is isolated to the Balkans.

As a global concern about the future we are headed towards, several commitments have been made by world leaders to control the planet's temperature and prevent it from getting warmer<sup>107</sup>. The region has joined such efforts, all materialised in the Green Agenda for the Western Balkans (GAWB), a commitment deriving from the Western Balkans Sofia Summit of 2020, with the overarching goal of addressing climate change and achieving climate neutrality by 2050<sup>108</sup>. Built on 5 main pillars (1) Decarbonisation and climate resilience, (2) Circular economy, (3) Depollution, (4) Sustainable food systems and rural areas, (5) Biodiversity; GAWB seeks to bring together economic and social stability together with environmental responsibility<sup>109</sup>. As a rather ambitious plan, its implementation has been embedded in the EIP<sup>110</sup>. Furthermore, in the 2023 BP Summit in Tirana, the Regional Climate Partnership was established between the WB and Germany, with an initial commitment of 1 billion from Germany to support the green transition, in the form of grants and development loans through the KfW<sup>111</sup>.

Despite the institutional side of the EU being set and ready to roll, challenges arise when it comes to its implementa-

tion. EBRD's transition report findings are not very encouraging when it comes to the green transition, suggesting that WB countries are not keeping up with the eleven EU member states in Central Eastern Europe in terms of the green aspects of a sustainable market economy<sup>112</sup>. Many factors led to Kosovo lagging behind its neighbours in the region and being at an early stage of preparation when it comes to taking on projects that tackle climate change<sup>113</sup>. Preparing a roadmap for alignment with the agenda, and increasing the capacities of the environmental authorities at the central and local level<sup>114</sup> - were among the main highlights in the climate/environmental sector in the 2023 EC Country Report on Kosovo.

### Going green on the ground - what happened?

Following the legislative part of translating GAWB into concrete actions at the local and national level, most of the initiatives under this mechanism in Kosovo fell within three main sectors: energy, circular economy, and agriculture.

The energy sector in Kosovo remains the primary driver of greenhouse emissions, accounting for 86% of total emissions. The reliance on coal for power generation and solid fuels for heating, together with the high levels of atmospheric pollutants, worsens the impact of climate change and increases the population's exposure to such hazards. As such most of the developments on GAWB from Kosovo's perspective have focused on exploring renewable energy initiatives with the aim of diversifying the sources of energy and reducing coal dependency. The following are some of the most prominent initiatives being implemented/planned by the Government of Kosovo, falling under the GAWB's goal in the area of renewables:

i. **Bajgora Wind Farm**, operating since 2021, represents a long-term loan to finance the construction of a 105 MW wind farm in Mitrovica. Implemented by SoWi, a cooperation between the Israeli company Enlight, and its Kosovar and German partners, the wind farm aims to increase renewable energy generation in Kosovo, in contrast to its current reliance on coal-fired power. The project includes the development of three adjacent wind power projects, and a transmission line. The wind farm is expected to have

<sup>103</sup> Ibid, 30

<sup>104</sup> Prime Minister Office of Republic of Kosovo (2023), Kosovo Digital Agenda 2030, available at: <https://bit.ly/47Z9NfZ>

<sup>105</sup> GIZ, Strategy for enhancement of the hydrometeorological services in Kosovo 2022-2032, available at: <https://rb.gy/a0day8>

<sup>106</sup> GIZ, Project Description: Adaptation to Climate Change through Transboundary Flood Risk Management in the Western Balkans, available at: <https://rb.gy/2yt7qv>

<sup>107</sup> E.g. Paris Agreement (2015), Sustainable Development Goals (SDGs -2015), etc.

<sup>108</sup> RCC (2020), Sofia Declaration on the Green Agenda for the Western Balkan, available at: <https://rb.gy/ofmprm>

<sup>109</sup> European Commission (2023), Factsheet: Implementing A Green Agenda for the Western Balkan, available at: <https://rb.gy/jefjpsp>

<sup>110</sup> European Commission, "Western Balkans: An Economic and Investment Plan to support the economic recovery and convergence", Press Release, October 6, 2020, available at: <https://rb.gy/8h8751>

<sup>111</sup> Ibid, 7

<sup>112</sup> Aspen Institute (2023), Green Agenda for the Western Balkans The Road Toward Effective and Sustainable Implementation, available at: <https://shorturl.at/imBL8>

<sup>113</sup> Ibid, 14

<sup>114</sup> Ibid

an annual output of 320 GWh foreseen to operate for at least 25 years. Currently, this facility constitutes 10% of Kosovo's energy generation and has the largest share of contribution in energy generation within renewable energy sources with 58.61%<sup>115</sup>. The loan from the EBRD is € 55 million contributing to the total project cost of € 157 million.<sup>116</sup>

ii. Biomass-fuelled heating plant is planned to supply heating to around 206,000m<sup>2</sup> floor area of which 55% is residential, 39% public institutions and around 6% is commercial floor area. The old heavy fuel oil fired production plant has been replaced with a state-of-the-art combined heat and power plant operating entirely on biomass from forest waste. This innovation was supported through a grant by the EU, Swiss State Secretariat for Economic Affairs (SECO) and contributions by the municipality of Gjakova, with an estimated investment of € 32 million, providing 4MW heat and 1.1 MW electricity<sup>117</sup>.

iii. Energy Efficiency District Heating, an idea born in the '80s that never saw implementation due to a lack of funding, was made possible through the German Financial Cooperation project, facilitated through KfW, and through the investments of the EU, Sweden, Luxembourg and Kosovo's own contributions. This innovative approach ensures the connection of Prishtina's district heating system with the transformed co-generation plant at the thermal power plant Kosovo B. It utilises waste steam from the power plant instead of expensive heavy fuel oil, resulting in continuous 24/7 heating services since the winter of 2014/2015. The impact has been transformative, reducing CO<sub>2</sub> emissions by more than 80,000 tons annually<sup>118</sup>. This project opened the path for the two following projects that are planned to be implemented under the EIP and GAWB.

iv. Solar4Kosovo II- District Heating for Prishtina aims to complement the current district heating system in Prishtina. The heat supply in Prishtina is particularly inefficient, CO<sub>2</sub>-intensive and predominantly covered by two coal-fired power plants. The district heating system, however, meets only around 25% of the demand. This investment project will introduce solar energy into the district heating sector in Kosovo. The facility will have a capacity of 50 MW including storage. Up to 38,000 residents will directly benefit from being connected to Prishtina's district heating system as part of the network expansion measures. Facilitated through a WBIF and KfW grant, an EBRD loan and Kosovo's own contributions, the estimated investment reaches up to € 81.5 million, and is expected to be completed in 2027<sup>119</sup>.

v. Solar4Kosovo - Photovoltaic Plant will install a solar photovoltaic plant of up to 100 MW installed capacity on former ash dump fields in the vicinity of the 'Kosovo A'

thermal power plant. It contributes to an increase in the share of solar power in the energy makeup of Kosovo from 0.2 to 2.3%. The plant is expected to produce around 152 GWh of electricity and displace 152,000 tonnes of CO<sub>2</sub> annually. Facilitated through KfW and EIB loans, a WBIF grant and EIB, Solar4Kosovo is among the endorsed flagship projects under the EIP with an expected completion in 2026, and an investment of € 104.5 million.<sup>120</sup>

The circular economy remains a widely discussed topic both in national and regional debates, however so far Kosovo has not been able to fully leverage its potential. The circular economy is a model of production and consumption, which involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible<sup>121</sup>. It aims to reduce waste to a minimum, encourage recycling and slow down the use of natural resources, ultimately addressing air pollution, lack of proper waste management and land degradation. Among the currently endorsed projects within the EIP frame, there are no specific projects falling under circular economy. In March 2023, the Ministry of Environment, Spatial Planning and Infrastructure published the Circular Economy Roadmap, as a step to guide a more sustainable transition that tackles the economy, competitiveness, environment and the use of resources<sup>122</sup>. Despite the content of the roadmap, the main problem that persists is the short-term projects mindset. There is very limited understanding of the concept and no national action when it comes to prioritising the circular economy as a horizontal issue to be addressed by different sectors.

The most recent developments from the legislative perspective seem to be slowly creating an environment that would enable a circular economy. The Law on Waste adopted in 2022, despite lagging on implementation, has seen some slow improvement when it comes to the management of organic waste and enforcement of waste separation. Currently, around 48% of municipalities in Kosovo are implementing home-composting systems and separating fractious collection waste.<sup>123</sup> Additionally, the number of illegal dumpsites has decreased, from 1489 in 2020 to 763 in 2022<sup>124</sup>. The creation of the inter-ministerial National Climate Change Council aims to further support such efforts. More attention should be focused on one of the aims of this council which is to support project design and proposals toward International Financial Institutions (IFI) in the area of circular economy and climate change. Among the most recent EU and other IFI funded projects in Kosovo, falling under the area of circular management, from which Kosovo could benefit if there is proper project preparation are:

<sup>115</sup> Energy Regulatory Office, Annual Report 2022, available at: <https://shorturl.at/ezST4>

<sup>116</sup> European Bank for Reconstruction and Development, Bajgora Wind Project, available at: <https://shorturl.at/ahjyT>

<sup>117</sup> Niras, Factsheet on the project "Transition from fossil fuel heating to biomass combined heating and power in Gjakova", available at: <https://shorturl.at/orFGZ>

<sup>118</sup> KfW, Project Information: Kosovo District Heating Project, available at: <https://shorturl.at/zBGQS>

<sup>119</sup> Western Balkan Investment Framework, Booklet of the EIP Endorsed Flagship Investments for 2020 - 2023, available at: <https://bit.ly/3N98R0F>

<sup>120</sup> *ibid*

<sup>121</sup> European Parliament (2023), Circular economy: definition, importance and benefits, available at: <https://rb.gy/ow6ed0>

<sup>122</sup> Ministry of Environment, Spatial Planning and Infrastructure (2023), Circular Economy Roadmap of Kosovo, available at: <https://bit.ly/4a14m23>

<sup>123</sup> *ibid*, 14

<sup>124</sup> *ibid*, 14



**i. Construction and Demolition Waste Management Plan for Kosovo**, supported by two grants from WBIF and EBRD (external grant), the project amounting € 512,000, which aims to address the illegal disposal of construction and demolition waste. In addition to the construction waste, there have been discussions on the possibility of decommissioning the 'Thermal Power Plant Kosovo A', which would create a large amount of construction and demolition waste. As such this project aims to plan on better and increased services when it comes to the collection, sorting, processing, reuse, recycling and treatment/disposal of such waste for about 1,700,000 residents in Kosovo, and also reduce the number of illegal landfills across the country<sup>125</sup>.

**ii. Mitrovica and Gjilan Wastewater Treatment Plants and Sewerage Network Extension and Rehabilitation**, aims to support Kosovo in addressing water pollution due to untreated wastewater and indiscriminate disposal of solid waste. The WBIF grant materialised in technical assistance initially focused on feasibility studies for wastewater treatment plants, and later on in implementation support to Project Implementation Units in Mitrovica and Gjilan, including maturing the project, preparing tender documents, and guiding the overall project implementation. The project amounts to a total of € 57 million including loans from EBRD and EIB<sup>126</sup>.

**iii. Wastewater Treatment Plants Kosovo** further addresses the topic of water pollution due to the direct discharge of untreated wastewater and the indiscriminate disposal of solid waste, hence making the water unusable for water supplies and, in some cases not even for irrigation. Facilitated mostly by KfW, WBIF grants and external grants the project is under preparation and is estimated at a total of EUR € 147 million<sup>127</sup>.

Agriculture remains an important economic activity, with a contribution of 6.9% to the total GDP of the country in 2021<sup>128</sup>. However, when it comes to the actions foreseen

within the GAWB, the country has not progressed much. The National Programme on Agriculture and Strategic Development 2023 - 2027 aims to further align its priorities and objectives with the EU acquis, and most recently with the objectives of the GAWB<sup>129</sup>. Yet, the 2023 EC Country Report, evaluates Kosovo at some level of preparation in the area of agriculture and rural development, with the most urgent issues being stopping the loss of agricultural land and taking effective action towards organic farming<sup>130</sup>. Furthermore, the 2022 Green Agenda Implementation Report highlights that the overall sector is in the early stages of development<sup>131</sup>. There has been some progress in developing food control and traceability systems, and also in establishing IT infrastructure for food safety. The urgent issue remains securing resources for the effective operation of the developed systems. In November 2023, the National Organic Action Plan 2023-2026, was published by the Ministry Of Agriculture, Forestry And Rural Development. As a novel document, it lays out an ambitious vision: "A well-functioning Kosovo organic production on a relevant and increasing area supplying the domestic and export markets with attractive producer prices and satisfying the demand of consumers. The market has suitable framework conditions and offers supporting services to further grow and to develop qualitatively."<sup>132</sup> Considering the current situation, especially when it comes to the capacities to set forward such a vision, it is crucial for the government to address the low level of technical capacities among institutions regarding this specific topic and the capacities of organic operators, considering the high number of small scale farms in Kosovo, the lack of application of modern technologies, lack of research in the field, etc. There are no specific projects set in motion within the EIP framework when it comes to agriculture, hence making it more difficult for Kosovo to achieve the vision but also the objectives set under the Green Agenda for the Western Balkans.

<sup>125</sup> Western Balkan Investment Framework, Project information: Demolition Waste Management Plan for Kosovo, available at: <https://bit.ly/46DGqPl>

<sup>126</sup> Western Balkan Investment Framework, Project information: Mitrovica and Gjilan Wastewater Treatment Plants and Sewerage Network Extension and Rehabilitation, available at: <https://bit.ly/47E00Qa>

<sup>127</sup> Western Balkan Investment Framework, Project information: Wastewater Treatment Plants Kosovo, available at: <https://www.wbif.eu/project-detail/PRJ-KOS-ENV-002>

<sup>128</sup> Ministry of Agriculture, Forestry and Rural Development (2022), Green Reporting 2022, available at: <https://bit.ly/3T0o6Nl>

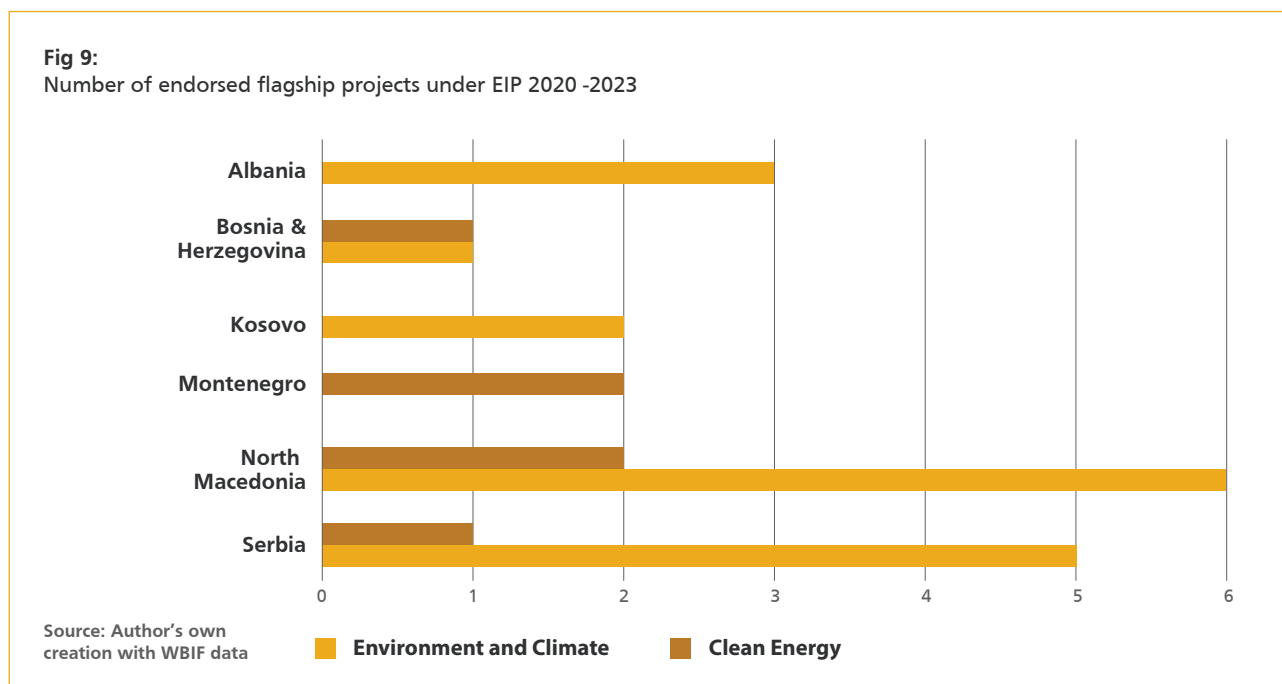
<sup>129</sup> Ministry of Agriculture, Forestry and Rural Development (2023), National Program for Agriculture and Rural Development 2023 - 2027, available at: <https://bit.ly/3uDPtmd>

<sup>130</sup> Ibid, 14

<sup>131</sup> Regional Cooperation Council, GAWB Implementation Report 2022, available at: <https://bit.ly/3RntAAo>

<sup>132</sup> Ministry of Agriculture, Forestry and Rural Development (2023), The National Organic Action Plan of the Republic of Kosovo 2023 - 2026, available at: <https://rb.gy/uas4k1>

## What are the current challenges of going green with the current Green Agenda?



Similar to the other flagships under the EIP the implementation of GAWB suffers from multiple challenges despite the fact that in the last three years, more progress has been noted. The difficulties Kosovo faces in putting the Green Agenda into practice are numerous. One major obstacle is the lack of funding, which prevents the country from investing in the infrastructure and technologies required to meet the Green Agenda's goals. Due to many factors, including the MS stance on Kosovo's independence, Kosovo currently does not have access to the Instrument for Pre-Accession Assistance for Rural Development (IPARD) funds or the EU pre-accession assistance for rural development. This further limits the country's ability to modernise agricultural practices, improve rural infrastructure, and increase the overall sustainability of its agricultural industry.

The graph above holds high complexities when it comes to analysing Kosovo's position. As seen throughout the previous sections, a similar pattern of having very few projects characterise this sector as well. The methodical advancement of the GAWB projects is hampered by the lack of a horizontal action plan that brings together different sectors to ensure the impact is consistent and not project-based. Throughout different project phases, the reliance on external assistance is a result of both inadequate

internal resources and a shortage of personnel with sector-specific expertise. Kosovo is at the position where it needs technical assistance grants to receive further grants in order to implement a project. The complexity of the scenario is increased by the need for external assistance and expertise for effective project implementation. This reduces Kosovo's appeal for foreign direct investments and obstructs the growth of trust from outside donors. During 2023 the Ministry of Economy announced that two auctions would be launched; the solar power auction<sup>133</sup> and the wind power auction<sup>134</sup>, as a means to attract new investments in renewables. The solar power auction progressed with the launch and is waiting to receive bids, however, so far the deadline has been postponed three times (the original deadline was August 18, later rescheduled to October 16, and lastly rescheduled to 31 January 2024). Several factors have been discussed about such reschedules, among them the lack of proper tender dossier preparation, low interest from foreign investors, low promotion of the project within this ecosystem, etc.

As a result, when such factors and challenges are grouped among sectors and flagships, leads to the country lagging behind its neighbours in the region in the ongoing processes of convergence and harmonisation with the EU. Addressing these issues is critical for Kosovo's self-sufficiency and the successful implementation of the GAWB among other EU-funded initiatives.

<sup>133</sup> Igor Todorović (2023), Solar Power Auction in Kosovo draws interest from over 140 companies, Balkan Green Energy News, available at (last accessed: 29 November 2023): <https://rb.gy/sziszsk>

<sup>134</sup> Igor Todorović (2023), Kosovo holds its first wind power auction 2024, Balkan Green Energy News, available at (last accessed: 29 November 2023): <https://rb.gy/5qz99y>

## How can we do a better job at going green?

Shifting priorities in a region that has struggled to recover from conflict, state capture and political instability, is slow and difficult. Going “green” means changing the way governments operate, design policies, buy, execute and evaluate projects and how they communicate to their citizens about the role both parties have in this process. With the Growth Plan in motion, to add greater significance it is imperative to consider a multifaceted approach toward all these issues the country is facing. National strategies very easily become dead ends, if there are no concrete follow-ups with all involved stakeholders. Respective institutions in charge of translating these national strategies must prioritise frequent follow-ups in this sector due to its dynamics and constant developments at the regional and international level. Throughout the years we have seen a very low participation of municipalities during the design and consultation phase of these projects. Meaningful change begins at the local level; efficient energy consumption, proper waste management, more importance toward agriculture, is more measurable and achievable when such processes are decentralised. Municipalities are the first contact of a citizen with the government, which further strengthens the feeling of ownership and amplifies the impact of green initiatives on the ground. Currently, Kosovo is severely damaged from the lack of sector-specific capacities. Prioritising investments in sector-specific human resources is crucial, to ensure Kosovo relies less on external assistance and expertise and encourages self-sufficiency in managing green projects. This also explains why the life cycle of these

projects is not properly measured and assessed. There are no capacities for collecting reliable and up-to-date data. Combined with an unwillingness to report frequently, the situation further degrades.

The formulation of concrete policies is fundamental. Integrating green criteria into building permits and project evaluations ensures that environmental sustainability is not just a goal on paper but a measurable outcome, contributing to better spatial planning, more responsible building and eco-friendly buildings. In addition, prioritising green criteria in procurement practices is a powerful market-driven incentive. It encourages environmentally responsible business practices, supports a sustainable market transition, and encourages ecological responsibility.

We are talking about some of the latest topics in innovation and technology. Investing in diplomacy, strengthening diplomatic ties with other countries, exchanging expertise and being part of joint exercises in such areas, is a less expensive way of dealing with these very expensive initiatives. It provides Kosovo with the necessary support to overcome challenges and accelerate progress on its green agenda. Such initiatives could also help Kosovo unlock more financial instruments, eg. potentially being part of IPARD would provide access to diverse mechanisms that can step up Kosovo when it comes to leveraging its agricultural potential.

## Conclusions

This paper aimed to look at the BP away from the political discourse, by focusing on some of the most relevant sectors from Kosovo and how it can benefit more from these ongoing initiatives. Unfortunately separating politics from policy remains challenging, if not impossible. Even if an agreement does not start as political, its implementation becomes as such or vice versa. The elephant in the room remains Kosovo's limited statehood in the eyes of MS, the non-recognition from two countries in the region, and the fatigue with the enlargement process. Following the progress of the countries without initially opening the accession chapters, keeps the region in this constant loop of welcoming new investment packages, but not knowing when the actual reward is coming. This reluctance from the EU further raises concerns on how sincere the process is and what the region can actually expect.

Nine years since the first summit, the BP is the closest the region has to EU integration. The region is not the same as it was nine years ago, it has developed into an attractive region for investments, and day by day it becomes increasingly connected. Yet the disconnection from within remains. Kosovo specifically still does not have the position of demanding more from the accession process despite its efforts. International reports praise Kosovo's efforts on democracy, human rights, rule of law, anti-corruption, and reforms, whereas the EC Country Report highlights weak efforts or no preparation in these fundamental areas. In addition, restrictive measures toward Kosovo draw a pejorative look at a country that tries to keep a stance and defend its statehood.

There is a lot more to be done on all fronts within the three analysed sectors. Pushing for more presence in regional cooperation remains crucial for Kosovo. Strengthening its role in regional policies and initiatives is

imperative to the development of the country. Kosovo has the opportunity to push further with new ideas within the BP process and bring back the importance of bilateral issues by making it a central discussion in BP. Putting more effort into project development complements such efforts. Investing in internal capacities allows for the investments to remain in the region, and for Kosovo specifically to thrive in their impact. Currently, the presence of EU companies leads to all these investments circling back into the EU market and not in the region.

The ongoing delays in infrastructure projects, lack of transparency and accountability in the implementation phase, and more importantly the improvement of bilateral and regional relations will be decisive to benefit from the New Growth Plan. The region is entering a new phase where the "all-inclusivity" principle will no longer hold back the progress of the region as a whole. It is an opportunity for those who know and want to jump in, but it will not wait for those who don't want to cooperate and move forward.

Kosovo remains underrepresented in regional organisations. No headquarters or crucial positions of regional organisations are held by Kosovo citizens. This indeed leads to an underrepresentation of Kosovo in important regional policies these organisations create. On a regional level, the recent case of the eastern bloc countries speeding every bureaucratic procedure that the WB region has spent 20 years in, largely confirms that the accession process is based mostly on political will and geopolitics rather than technical preparation of the countries. EU's double standards in this regard are not seen positively and are contributing to dissatisfaction of the overall population in the region.



**Kosovo in the  
Berlin Process:  
Addressing Uncertainties  
and Harnessing  
Opportunities**



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