World Bank Disburses €3 Million to the Deposit Insurance Fund

Kosovo’s new deposit insurance system protects depositors against losses of their deposits in the case of a bank failure. As such, DIFK insures the deposits of natural and legal persons—initially up to the maximum coverage level of €2,000—and compensates each insured depositor within 60 days of a bank failure, thereby reinforcing the stability of the financial system.

The World Bank is working closely with Germany’s development bank (KfW)—the other important donor to DIFK—to ensure that activities are well-prepared and coordinated. KfW has provided DIFK with grant funds in the amount of €4.5 million and continues to support DIFK through consultancy services. The FSSMIP represents additional financing to the original Financial Sector Technical Assistance Project, a US$2-million technical assistance grant from the International Development Association (IDA) aimed at enhancing the CBK’s capacity to oversee the financial system, including insurance and the microfinance sector, and its development in Kosovo.

The additional financing (US$6.85 million) was approved by the Board on June 14, 2011 and became effective on January 25, 2012, thereby broadening the initial project objectives to enhance the financial sector market infrastructure and make the financial sector more efficient and resilient. Three new components were added, namely, (i) establishing a Real Time Gross Settlement (RTGS); (ii) establishing a Business Continuity Center (BCC); and (iii) providing the aforementioned DIFK seed funding.

The World Bank welcomes Kosovo’s objective to provide firms—within a two-year horizon—with a business climate attractive enough to have the country ranked among the top 40 in the world. This is a very ambitious objective, but one that can be achieved. Clearly, there is no single policy to achieve this, except for the continued commitment and dedication to a policy program of related reform measures. If graduates acquired the skills sought in the labor market, if firms found a level playing field and had a sufficiently long time horizon within which they felt comfortable to implement important investment decisions, the private sector would increase its international competitiveness and profitability, providing households with additional employment opportunities and salaries that reflect rising productivity. Within such an environment, Kosovo could unleash a virtuous circle that would lead to the improvement in citizens’ overall quality of life. In many areas, the World Bank can—and does—support reform efforts to improve Kosovo’s business climate beyond the categories reflected in the Doing Business survey. This newsletter aims at informing its readers of ongoing developments, with its title, Check-In, having been chosen with purpose. It refers to various airport survey. This newsletter aims at informing its readers of ongoing developments, with its title, Check-In, having been chosen with purpose. It refers to various airport survey. This newsletter aims at informing its readers of ongoing developments, with its title, Check-In, having been chosen with purpose. It refers to various airport survey. This newsletter aims at informing its readers of ongoing developments, with its title, Check-In, having been chosen with purpose. It refers to various airport
Kosovo Most Active in Improving Business Climate In Southeastern Europe

Kosovo has made significant progress in improving the business climate by removing obstacles to doing business and streamlining business regulatory practices. A new report released by the World Bank and IFC has recorded the impact already made, showing that Kosovo’s reform efforts have outpaced those of neighboring countries—improving its relative ranking by 28 places to 98 of altogether 185 countries surveyed. According to Doing Business 2013: Smarter Regulations for Small and Medium-Size Enterprises, Kosovo has been the country that made the biggest improvement in the strength of investor protections over the past year. Kosovo introduced a requirement for shareholder approval of related-party transactions, while requiring greater disclosure of such transactions in annual reports. It has been made easier to sue directors when such transactions are prejudicial. In addition, Kosovo made starting a business easier, notably by eliminating the minimum capital requirement and business registration fee and streamlining the business registration processes. In addition, Kosovo has made considerable progress in dealing with construction permits. During the presentation of the report, the World Bank’s Country Manager for Kosovo, Jan-Peter Otters, referred to Kosovo’s ranking this year as a turning point. He noted that Kosovo was the most dynamic Doing Business reformer in Central and Southeast Europe in the period mid-2011 to mid-2012. He called upon Kosovo to uphold the reform momentum, to fully implement all reforms already in the process and to start other reforms. If momentum continued, results would become evident in the form of investments, profits, employment, and income. Kosovo’s Deputy Prime Minister and Minister of Trade and Industry, Mimoza Kusari-Lila, saw the progress as a reflection of efforts already made but insisted that Kosovo remained committed and was working diligently towards achieving its goal of being ranked among the top 40 countries in the Doing Business report in two years’ time: “The reforms we have done and are continuing to do give confidence that we will achieve this goal.” She underlined that, in order to further improve the business environment, there needed to be a greater cooperation between the central and the local levels of government. Doing Business analyzes regulations that apply to an economy’s businesses during their life cycle, including start-up and operations, trading across borders, paying taxes, and protecting investors. The aggregate ease of doing business rankings are based on 10 indicators. Doing Business does not measure all aspects of the business environment that matter to firms and investors, such as the quality of fiscal management, other aspects of macroeconomic stability, the level of skills in the labor force, or the resilience of financial systems. Its findings have stimulated policy debates worldwide and enabled a growing body of research on how firm-level regulation relates to economic outcomes across economies.

Model School in Pristina Sets Standards for Teaching and Learning

As of next year, around 1,500 children in grades 0–9 will be attending classes in a brand new model school. This is an important step towards improving access to education for the children in central Pristina, easing the pressure from other schools in the area. The design will define standards and safety-and-access guidelines to be applied for future school constructions in Kosovo. The World Bank–financed Institutional Development Project (IDEP) has allocated around €2 million for the model school. The Government of Kosovo co-finances the construction of the school with an additional €0.9 million. The Municipality of Pristina has provided the land on which the school is being built. During the foundation stone ceremony in mid-September 2012, the Minister of Education, Science and Technology (MEST), Ramë Buja, and the Mayor of Pristina, Isa Mustafa, praised the efforts that went into the construction of this school, expecting that teaching and learning in this school would be exemplary. The World Bank’s Director for Southeastern Europe, Jane Armitage, took the shovel as well during the foundation stone ceremony, saying: “I congratulate the Ministry of Education and the Municipality of Pristina for the successful completion of preparations, leading to the start of the construction of the model school, which will bring innovation in the design and utilization of school space.”

The school will have seven subject-specific laboratories, a library, and modern sports facilities. The school will be constructed with a particular focus on (i) using recycled materials and domestic products; and (ii) ensuring the highest standards of energy efficiency.

The model school is one component in the World Bank–financed €8-million IDEP that supports a variety of education sector reforms. Within this context, MEST has developed a school map—comprising a comprehensive inventory process of all pre-university school facilities—that will form the foundation for the five-year investment plan in the education sector. Additional efforts to improve the quality of, and access to, education—particularly for girls and children from the poor households—are needed. The recently adopted Country Partnership Strategy for 2012–15 foresees the continuation of support to Kosovo’s education sector.