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KOSOVO CREDIT GUARANTEE FUND

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FOURTH EDITION | May 2022

# ENERGY WINDOW OF THE FUTURE



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Dear reader,

We are pleased to present the fourth edition of the Kosovo Credit Guarantee Fund bulletin which has a simple mission - to inform the general audience about our institutions initiatives, activities, results as well as about events on economic and financial topics.

This edition is dedicated to a very important topic for the economy of Kosovo, Energy. Thus, we have titled it "Energy - Window of the Future". Considering the importance of this topic, and linked with the launching of the new Guarantee Window, that Kosovo Credit Guarantee Fund, with the assistance of KfW and in cooperation with MFK/MCC by piloting it with one of the registered financial institutions - ProCredit Bank.

In this edition we bring various opinions, articles from key stakeholders and those leading the implementation of projects in energy sector. Also, this edition includes series of activities of the Kosovo Credit Guarantee Fund by the end of April 2022, such as: trainings, lectures in educational institutions, agreements with partners, media presence, and many other activities.

Pleasant reading!

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*Opinions, beliefs and analysis expressed through the published articles do not necessarily reflect the standpoint of the KCGF or the Institution's approach.*

# GROW - GREEN RECOVERY OPPORTUNITY WINDOW

Welcome to the fourth edition of the KCGF bulletin. This edition is dedicated to Energy as one of strategic points for Kosovo economy, while supporting green investments that increase efficiency of energy usage and bring renewable sources by micro, small and medium enterprises (MSMEs), will be one of the main midterm strategic directions of our institution. Surprisingly, the launch of this edition of the KCGF newsletter, coincides with the launch of the Green Recovery Window (GROW), a window enabled by the cooperation and joint support between MCC / MFK and KfW on the one hand, and KCGF on another. Through credit guarantee of green investments, the purpose of the window will be promotion of employment by MSMEs, and improvement of competitiveness and productivity of MSMEs in a sustainable way. Thus, through green investment to contribute in economic recovery of the national economy after the crisis created by the pandemic.

This guarantee window, will improve financing conditions, in order to increase lending, stimulate economic growth, reduce dependency on fossil-based sources of energy, and promote energy conservation.

These investments will crowd in much-needed local and regional investment in Kosovo's small-scale renewable energy production and energy efficiency by supporting credit guarantees for lending to two main groups: Photovoltaic auto-producers (PV APs), and MSMEs investing in energy-efficient projects/ equipment. Kosovo's energy sector, fueled predominantly by coal, has been marked by rising electricity prices, due to Russian invasion of Ukraine, which destabilized the energy markets. Secure and reliable energy supply is fundamental to Kosovo's future for private sector development, economic growth, and job creation. As a potential candidate for EU accession, the need for secure and sustainable energy in Kosovo



is even more pronounced. In this regard, is proposed the implementation of the Green Opportunity and Recovery Window (GROW).

The implementation of GROW will occur in two phases:

- Piloting phase will start with one or two RFI's in June 2022
- Full implementation of the window is expected to commence in second part of the year 2022 with all RFIs

Besides guarantee scheme, this window will have the technical assistance component, in order to build capacities of RFIs by offering trainings tailored for the needs of RFIs staff members, to direct clients toward green investments.

## ADDED VALUE

Development of the Green Recovery investments will enable promotion of job creation, productivity and sustainable competitiveness of MSMEs in Kosovo. It is foreseen that from this window will benefit 605 MSMEs and will be created over 1,600 new jobs. Also, this investment will help banks that yet do not offer such products to link lending with the green component and promote these types of investments. In the post-Covid period, the investment mood of the private businesses has changed, inclining towards investments that address short-term urgent needs of the business.

As a result, the confidence and interest of the private entrepreneurs to invest in long-term sustainable investments that bring slower, long-term benefits for the company, have decreased. Considering this proposal, with support from KfW capital and technical assistance under Supplemental Grant Agreement and Separate Agreement for Project Component 2 Covid-19: Green Recovery between KfW and KCGF is proposed to support the provision of financing of micro, small and medium-sized enterprises to counter the effects of the Covid-19 pandemic, specifically by supporting MSME investments in energy efficiency, resource



**Development of the Green Recovery investments will enable promotion of job creation, productivity and sustainable competitiveness of MSMEs in Kosovo. It is foreseen that from this window will benefit 605 MSMEs and will be created over 1,600 new jobs.**

efficiency and renewable energy. This was done to contribute in promoting employment by MSMEs in Kosovo and improving their productivity and competitiveness in a sustainable way, thereby promoting to a "Green Recovery" from the pandemic.

Apart from KfW's support, MFK/MCC also supported the necessary related activities on KCGF's behalf for the institution to independently build the business plan and financial projections, consolidate the necessary resources to seek KCGF Board approval, and then, subsequently, launch the Green Recovery Window accompanied by a communication plan consisting of a series of activities through which information is intended to be sent to RFI staff, the final beneficiary, and the public.

We as KCGF will implement the window as designed, in order to achieve one of our institutional missions, which is, to contribute in green energy.



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KOSOVO CREDIT GUARANTEE FUND

# PROCREDIT BANK KOSOVO A DRIVER OF GREEN FINANCE AND ENERGY TRANSITION IN THE COUNTRY

It is a well-known fact that climate change, environmental protection, energy transition and carbon neutrality have dominated the headlines in the recent years, both in the public and private sector. This already stronger voice became louder in the recent months, since the Covid-19 pandemic and the attack of Ukraine by Russia have laid bare the dependence on fossil fuel sources of energy and geopolitical vulnerabilities.

In such a complex setting, Kosovo has the most polluted energy mix in Europe, faces shortages in the energy supply, while experiencing substantially growing energy needs. The logical step would be that Kosovo needs to accelerate the energy transition toward more resilient and greener sources of energy, in order to achieve a net zero future and to foster sustainable economic growth.

Unfortunately, it is remarkably evident that the energy transition is just starting to take shape in Kosovo. How this transition will play is still unclear, but no matter the shape, one thing is clear: it will require among other things capital, financing, incentives and knowhow. The role of the financial sector in supporting this transition is central to capital allocation to more sustainable projects. It could not have been a better moment to tell ProCredit Bank's story as the leader and the most experienced bank in Kosovo in pushing forward the sustainability and green finance agenda.

While ProCredit Bank's identity evolves around responsible and sustainable banking, its green finance approach incorporates Kosovo's reality as a latecomer in the green transition and decarbonization agenda, while caring the burden of an energy mix depended on



**ERIOLA BIBOLLI**  
General Manager  
ProCredit Bank Kosovo

fossil fuel. This represents a big untapped potential and one of the most critical infrastructural challenges the country is facing.



**The logical step would be that Kosovo needs to accelerate the energy transition toward more resilient and greener sources of energy, in order to achieve a net zero future and to foster sustainable economic growth.**

The easy part is to say ProCredit Bank is committed to climate change, as well as sustainable and green finance. By now we know this is not enough. For many institutions it is still a long way to go from catchy slogans and talks in a superficial promotion of sustainable banking to undertaking concrete action and achieving impact.

Why is that so? For ProCredit, pursuing the sustainable finance and the responsible bank direction has neither been always easy nor strait. It is a journey that requires making choices and setting right conflicting priorities. It often meant forgoing profit by rejecting clients running non echo friendly activities, such as single use plastic, or deciding to not finance projects in protected areas, while everyone else in the banking sector continues to ignore such green standards and maximizes profits from juicy margins in the short term, at a high environmental degradation cost in the medium to long term.

It comes with great pride admitting that at ProCredit bank concrete actions match its words and we commit to delivering real impact in this aspect, and has become an important player and a step ahead in the road to Kosovo's green transition.

ProCredit Kosovo is not new to green and sustainable finance. In this country we have engaged in green finance for almost 18 years, starting in 2006. As the largest SME bank in Kosovo we have acted up to our role and we have become a front runner in driving the country to a sustainable growth path, and to a greener, net zero economy.

Today, ProCredit bank envisions the ambition to embrace the ESG and to accelerate the green finance measures in response to the growing climate change and environmental degradation, combined with the decarbonization plans and sustainable economic development.



**As the largest SME bank in Kosovo we have acted up to our role and we have become a front runner in driving the country to a sustainable growth path, and to a greener, net zero economy.**

On the other hand, the road to energy transition and sustainable growth is complex and it cannot be done alone. It requires the strategic partnership and the commitment of all stakeholders, starting with the government. We are all looking forward to having the country's energy strategy in place, as a guiding forward looking plan to drive the energy transition of the country, accompanied by simple and transparent processes to smooth project implementation.

Investors and clients should not be discouraged by bureaucratic deterrents and inefficiencies throughout the process; the feed-in tariff system should be abolished and an auction bidding, competitive and market based selection system shall be installed; subsidizing fossil fuel energy prices should be abolished, etc. Subsequently, the banking supervisors and regulators must capture the data, introduce transparency in disclosures and reporting, adopt a common language of communication and definitions, etc.

**What is ProCredit Bank’s approach to green finance and what makes us different?**

ProCredit’s principles toward a greener and more sustainable environment guide our efforts. The starting point for us, different from other financial institutions, is the internalization of a holistic environmental friendly institutional framework. It starts with us, with the aim to minimize our own negative impact on the environment in our day-to-day operations, and proactively promote a sustainable way of doing business as an integral part of our institutions’ identity and business strategy. To accomplish this we have developed and implemented a comprehensive environmental management system (EMS) that is based on three pillars:

**PILLAR 1.** Internal environmental management, consisting of processes and procedures that help us to systematically reduce our direct environmental footprint.

**PILLAR 2.** Management of environmental and social risk in lending. This pillar aims to help us mitigate the environmental and social risks of our clients and of the financed investments.

**PILLAR 3.** Green lending. This represents our ambition to have a positive environmental impact in Kosovo by promoting green investments. The focus of this narrative today is to present an elaborate view of this Pillar.

For us sustainable finance is not just about green loans, it is about the broader environmental and social impact of lending. Understanding our clients and their needs, and supporting them to embark on the energy transition and decarbonization of their businesses is of paramount importance for us.

We regularly devote staff resources to client awareness and educational campaigns to profoundly address the right understanding to the complex



matters around the sustainable and green investments. We help clients explore the benefits of the energy transition, understand the technologies and the investments they have to undertake, while building energy resilience to achieve optimal cost structures in the long term.

In financial terms, our green lending activity is growing and it constitutes nearly 17% of our total loan portfolio by March 2022; we aim to surpass 20% by the end of 2022. Green loans fall into three main categories:

- Energy efficiency loans for both SME and household clients (80% of our green loans by March 2022). This represents the bulk of our green loans which encourage energy efficiency investments for both SMEs and households, boosting electricity savings, productive use of electricity and reduction of electricity bills.

- Renewable energy loans. The largest potential for renewable energy in Kosovo is in solar, and wind generated energy. Undoubtedly, this represents the future of the energy mix for Kosovo and the discussion can be only how fast the country can exploit this potential. ProCredit's main experience so far has been financing solar energy projects. Kosovo enjoys relatively high solar



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irradiation, between 1200 and 1500 kWh/m<sup>2</sup>, which translates into a considerable electricity production generated by solar panels. ProCredit Bank has a strong focus in harnessing this potential and has supported financing of investments in solar panel installations in two dimensions:

#### A) Smaller scale financing

For SME's our focus is to support the investments in small scale decentralized photo voltaic panels covering the rooftops of the business premises for self-consumption. We nearly doubled the number and volume of projects in rooftop PVs in 2021, and we have ambition to grow it further in 2022. We see these projects as an important step towards the improvement of the energy mix, more sustainable clients, and a greener future.

#### B) Larger scale, project finance lending

This is the least developed form of investment and financing in the country, for a number of reasons. While the lack of a clear legal framework and other administrative barriers make investments rather difficult, the banking sector at large lacks expertise in assessing the renewable energy investments through a project finance methodology.

Contrary to this situation, ProCredit has invested in in-house trained capacities to engage and to assess renewable energy project finance projects. At the heart of this methodology is basing the decision on the sustainability of the future cash flows generated by the project itself, rather than on the historical cash flows, as required by traditional SME financing assessment approach.

However, this project finance approach build around future cash flows does not come without risks, in particular in an inexperienced market. Hence, the balance between non-recourse and full-recourse projects will make the difference for a fast adaptation of technology and a speedy energy transition.

But in order to engage non-recourse project financing credit guarantees or solid collateral coverages are required to meet the underwriting standards from bank. This gives and immense importance to any RE credit guarantee window from the KCGF, as an important enabler in the financial system.

- Other environmental management investments, such as recycling alternatives, waste management, sustainable agriculture etc.

It is important to emphasize that part of ProCredit group's efforts to assess climate risk and to limit our impact on climate change, we have committed to measuring and disclosing greenhouse emissions associated with our loan portfolio and investments, in accordance with the Partnership for Carbon Accounting Financial standards, I kindly invite you to check our Group's Impact Report 2021.

So, when translated into environmental impact, the CO<sub>2</sub> reduction from our green loan portfolio is 638,545 tCO<sub>2</sub> eq. At the end the day, for us is not enough to disclose how many green loans we have financed, but it is more important to measure and to disclose the CO<sub>2</sub> emission reduction and the real impact this has on the environment.

What has our journey to sustainable finance and green lending been like, what makes us successful?

The key factor has been years of consequent commitment and investments in internal capacities and the internalization of our principles and of our approach. The ambition to sustainable and greener finance is not a short-term approach. It started with the vision and the determination of the shareholders and managers to adopt green principles and to take concrete actions without delay.

The establishment of an environmental and social management framework, required solid knowhow and expertise about the technical and legal aspects of the project; it required investments in financial modeling/ project finance skills and the development of adequate credit risk management techniques.

Regular staff trainings in the bank, via the ProCredit academies and through regular exchange and experience sharing with other ProCredit banks has been very important for a sustainable success. Our 2021 group impact report represents our continues leadership in sustainable finance and responsible banking, our progress in reducing carbon emissions and accelerating green lending, illustrating transparent metrics and disclosures.

While the deteriorating environment and climate change pose a continuous challenge for us, it takes us, our generation, to act with urgency. ProCredit Bank is committed to following this journey. Joining forces with the KCGF and all other relevant stakeholders is central to unleashing the market potential and to supporting the flow of capital to greener clients and investments in Kosovo.

We aim to remain at the fore front of this global and local effort confirming that this is part of who we are: a responsible, ethical, sustainable bank for whom principles, environment, and society matter.



# ACHIEVEMENTS BY 31 MARCH 2022

## 17,579

NEW JOBS CREATED

1,231



Agriculture,  
Forestry and  
Fishing

3,530



Manufacturing

6,013



Wholesale and  
Retail Trade

1,871



Construction

4,934



Services

## LOANS TO WOMEN IN BUSINESS

12.5% of guaranteed loans  
are for female entrepreneurs

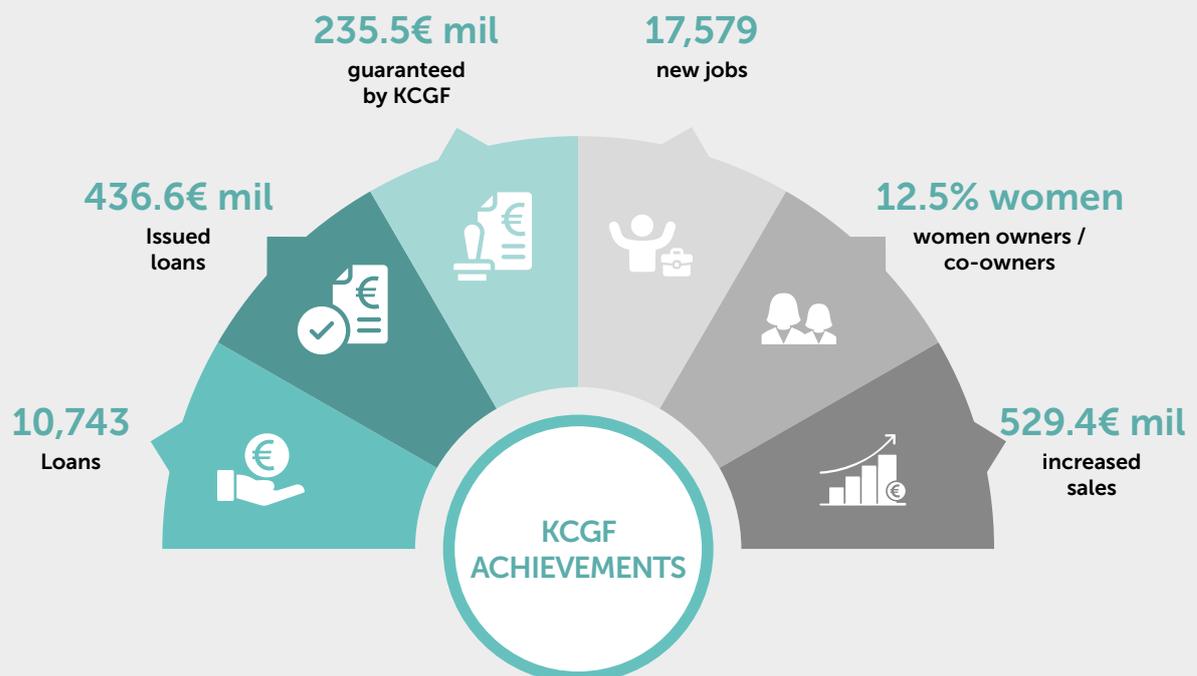


12.5%



Forecast reported by the beneficiaries, as a result of the investment made through guaranteed loans!

## KCGF ACHIEVEMENTS AS OF 31 MARCH 2022



# ENERGY EFFICIENCY AS A NECESSITY IN KOSOVO

*"It's hard to predict the future but we can be sure that the energy sector, after twenty years, will look much different than it does today." Although fossil fuel production will continue, renewable energy is expected to account for up to 70% of all energy produced while carbon emissions are expected to be reduced by 80%. "Overall energy demand is projected to increase by 28% in the next twenty years, but the air will be cleaner and our planet healthier<sup>1</sup>".*

Energy is a strategic sector for every country, therefore it deserves a special attention. Being the one of main pillars of economic development, energy has a direct impact in development and rising of living standard. But, raising of living standard at the same time is accompanied by increasing the demand for energy, which brings new challenges such as the production of clean energy and its rational use.

Electricity supply opportunities in Kosovo are extremely limited due to outdated thermal power plants and limited renewable sources. Kosovo as a young state inherited a destroyed energy infrastructure by the war and outdated infrastructure with no new investments, since the 1980s.

Energy is a strategic sector for every country, therefore it deserves a special attention. Being the one of main pillars of economic development, energy has a direct impact in development and rising of living standard. But raising the standard of living at the same time is accompanied by increasing the demand for energy and this brings new challenges such as the production of clean energy and its rational use. Electricity supply opportunities in Kosovo are extremely limited due to outdated thermal power plants and



**BAHRIJE DIBRA**  
Financial & Energy Sector  
Senior Project Coordinator KfW

limited renewable sources. Kosovo as a young state inherited a destroyed energy infrastructure by the war and outdated infrastructure with no new investments, since the 1980s.

In such situation it is impossible to think of meeting the increased demand for energy, without improving energy efficiency. For Kosovo, the Energy Efficiency can be considered as an energy source as it is considered by the International Energy Agency (IEA). "the first fuel in the world" because it would enable more rational energy usage of the produced energy, available energy would increase and dependence on imports would be reduced.

The countries of the Western Balkans and Kosovo, according to the IEA, are characterized by high energy intensity that is three times higher than the average in EU countries. This situation makes Energy Efficiency a necessity, as well shows that the potential for energy saving is tremendous.

<sup>1</sup> [https://new.ingwb.com/binaries/content/assets/insights/research-wt\\_mc=ING\\_WB\\_BI\\_intext](https://new.ingwb.com/binaries/content/assets/insights/research-wt_mc=ING_WB_BI_intext)

The Energy Efficiency is getting more and more attention around the world. The United Nations (UN) has launched the Sustainable Energy for All (SE4All) initiative with the aim of doubling the global Energy Efficiency rate by 2030 and achieving the Sustainable Development Goal 7 (SDG7) which calls for “affordable, reliable, sustainable and modern energy for all”



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### **But what do we mean by Energy Efficiency?**

Energy Efficiency is the use of less energy to perform the same task or to produce the same result. Energy-efficient homes and buildings use less energy for heating, for cooling, for electronic devices, and energy-efficient manufacturing companies use less energy for production of goods. Energy Efficiency is the easiest way to fight global warming, reduce energy costs for households and stimulate competitiveness between businesses. Energy Efficiency enables us a more stable energy supply, because energy saving reduces overloaded power supply network which will reduce the energy



**Energy Efficiency enables us a more stable energy supply, because energy saving reduces overloaded power supply network which will reduce the energy interruptions caused by overloaded distribution network.**

interruptions caused by overloaded distribution network. On the consumers perspective, Energy Efficiency enables us to save money, because measures and investments in Energy Efficiency will reduce energy costs and naturally our bills. Reducing energy usage, will decrease energy bills and thus, will make it more affordable for families and businesses. Efficient equipments are more expensive but they are considered saving in a long run.

On the community perspective, Energy Efficiency enables possession of better facilities for better health, because by reducing the energy consumption, we will also contribute in reduction of polluted air, caused by the fossil energy production. Reduction of gass emissions caused by fossil energy production (such as coal in the case of Kosovo) will result with cleaner air, water and soil which directly affects health of the population.

Wherever energy is used there is potential for improving its utilisation efficiency. Products using the energy directly, there is possibility to reduce this energy by using economical / efficient equipment, while in other products that do not use energy directly, efficiency inrease will happen by increasing the comfort of that building / house such as thermal insulation. or efficient windows.

In Kosovo, heating of the buildings includes about 70% of thermal energy expended. Most public and private buildings have poor insulation and this causes high energy consumption in order to bring temperatures in a level of comfort in schools or hospitals. Most public buildings in Kosovo nEnergy Efficiencyd renovationm which includes improvement of building insulations, replacement of windows and switching to efficient heating and cooling and other Energy Efficiency measures that would reduce energy consumption.

Investment opportunities in Energy Efficiency in Kosovo are limited and due to the low price of energy, so far, not attractive. Commercial banks have developed loans targeting Energy Efficiency but long-term investments are still not at the desired level. Lack of capital and long-term loans for Energy Efficiency are considered an obstacle for SMEs that aspire to increase investment in Energy Efficiency and take advantage of the great potential that exists in the country for energy savings by SMEs. Of course as small companies SMEs spend less energy but considering that they make over 90% of the overall companies (according to the IEA) means that they make about 13% of energy demand and with Energy Efficiency measures they could reduce their costs by up to 30%.

By reducing costs through the implementation of Energy Efficiency measures, SMEs would increase profitability and competitiveness. This would contribute in increasing of the employment rate, market expansion, reduction of air pollution and bring new opportunities for investments. Despite so many benefits, SMEs are not a good example of implementing Energy Efficiency measures. The reasons are many, such as: lack of information, lack of awareness on the benefits from savings, lack of technical expertise and difficulties in access to funds.

But, studies show that investing in efficient energy measures, enable energy savings that have a direct impact on SME benefits and enable long-term benefits. As Jeff Goodell said "In reality, studies show that investments in renewable energy and Energy Efficiency generates far more jobs than oil and coal."<sup>2</sup>

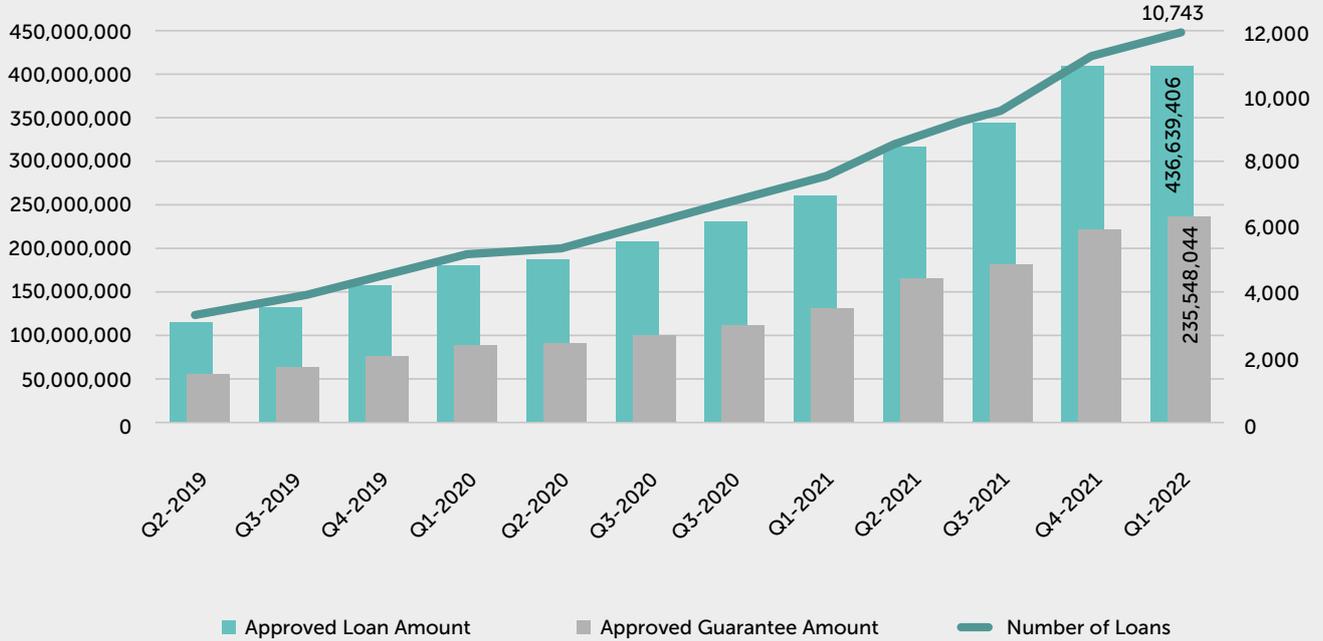
Finally, it would be useful to design programs that help SMEs understand and reveal their potential in efficient energy while financial institutions develop long-term credit lines dedicated to efficient energy measures as well as leasing opportunities for energy efficient economic equipment.



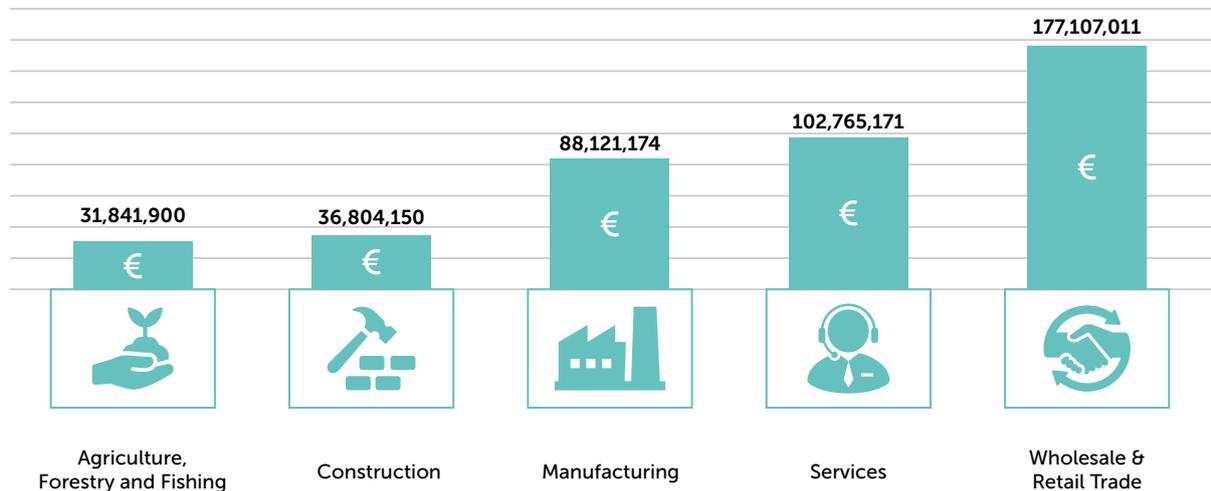
<sup>2</sup> Jeff Goodell is an American author and editor, contributing to Rolling Stone magazine. [1] Goodell's editorials are known for their focus in energy and environmental issues.



## APPROVED LOANS



## LOANS BY ECONOMIC SECTORS



## TURNOVER INCREASE

By 31 March 2022

**10,743**  
loans to MSMEs



**529.4 million**  
EUR

or more than 11% increase over the current turnover base of respective MSMEs.



**USAID**  
FROM THE AMERICAN PEOPLE

# ESTIMATING ROOFTOP SOLAR POWER POTENTIAL IN KOSOVO

Going green is more than just a trend, it is an energy, climate change, and economic transition that is becoming the norm across the globe and in Kosovo. A critical component of the renewable energy and decarbonization agenda is small-scale solar photovoltaic (PV) energy.

To help accelerate solar power adoption, the United States Agency for International Development (USAID) in collaboration with local experts and data scientists is identifying rooftop solar PV opportunities for businesses across Kosovo using drones and geospatial analysis.



The Kosovo solar estimate for each business is designed to determine how much electricity can be supplied from each rooftop to meet growing demand while highlighting tangible installation opportunities.

Over 300 private businesses in seven priority industrial/geographic zones were

surveyed based on reliability of electricity supply challenges and growth in electricity demand.

In step one of the process, aerial surveys conducted by drones capture images of the target zone and are used to create digital surface models (DSM) and 3D representations.





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Geospatial processing of the DSM for solar radiation is then used to determine the power output per building and to identify viable rooftops for installation. Based on GIS, DSM and geo-processing, a solar radiation layer map is created to highlight the solar potential of each rooftop.

In addition to seven targeted zones, these rapid estimates can easily be conducted for entire cities, regions or even countries.

A feasibility study of the solar PV system is then performed together with an array of sensitivity analysis related to market conditions like electricity prices, installation costs, banking interest rates, and others. USAID has supported development of over 70 feasibility studies to date.

The business is then presented with compelling market analysis on becoming a solar self-consumer as well as informational support regarding the administrative process, financing options and professionally recognized solar installers.

Through innovative initiatives like the rooftop solar assessment, USAID is helping to promote access to climate-friendly, sustainable electricity generation for businesses across Kosovo while increasing the awareness of the costs savings, reliability and ease of installing solar PV.

## PRIORITY ZONES

1. Peja Industrial Zone
2. Pristina – Ferizaj
3. Drenas Business Park
4. Gjilan Industrial Zone
5. Prizren Business Zone
6. Suhareka Business Park
7. Gjakova Industrial Zone



The United States Agency for International Development (USAID) is one of the world's premier international development agencies and a catalytic actor driving development results in Kosovo and beyond."

# METAL IN SOLAR PANNELS - A SMART INVESTMENT

Metal manufacturing is a difficult industry, we witnessed on site when visited the factory with over 25 workers, numerous machines for the iron processing; altering them into metal wires, as a ready product for market needs. Metal IN - a business that started operating in 2011, and managed to offer its products not only in the local market but also in different countries in the region and Europe.

The owner of the business, Mr. Nexhmi Lahu, an expert in the industry, with long experience in the Construction Reinforcement Factory (FAN) privatized in 2006, explained to us when the factory started it's operation as well as the challenges this industry faces.

While site seeing processing units, from the first point- where the raw material is brought, further through the entire process steps, it leaves an impression how important and the same time how difficult the entire working process is. It requires continuous focus, because metal processing is a difficult, demanding and dangerous at the same time. The noise of the machines, the wide and open space, gives the feeling of a real factory where producing occurs.

*"The noise of the machines, for me is music of start of the day, if I don't hear these voices in the morning, it means we have a problem and the production has not started yet" - said Mr. Lahu while we visited at his office.*

There are several steps we have to go through the process until the final product is ready. Each machine works through the production process and requires a high consumption of electric energy. *"Meaning that the production cost is high. Therefore, installation of solar panels are considered as the right solution for this type of production. Thus, we are considering it as an investment with a long-term impact."*

METAL IN has used the loan for investment in solar panels, as this industry is a major consumer of electricity. Therefore, solar panels are considered a wise investment, which in a period of six to seven years, would return the investment.

Through this investment, Metal In will reduce electricity bill costs by up to 50% and avoid the release of about 300 tons of carbon dioxide (CO2) per year, that will have a positive contribution in protection of the environment.

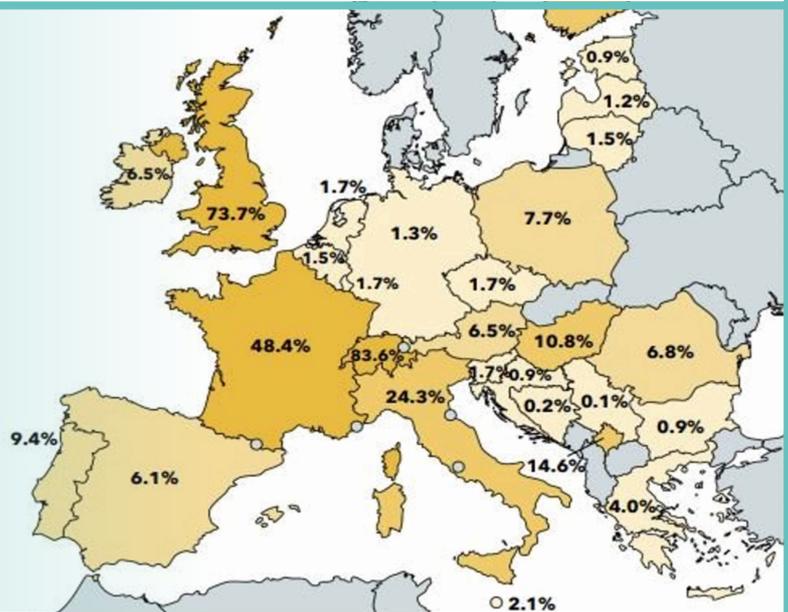
The owner of "Metal In" is considering the possibility of increasing capacities of solar panels, to further reduce electricity costs. Mr. Lahu said: *"Of course, this investment is expected to happen in the future, after the construction of the annex building of the existing factory. But, we are waiting for the changes in legal framework, that will allow us to sell electricity locally. Yet, this legal framework isn't approved"*.



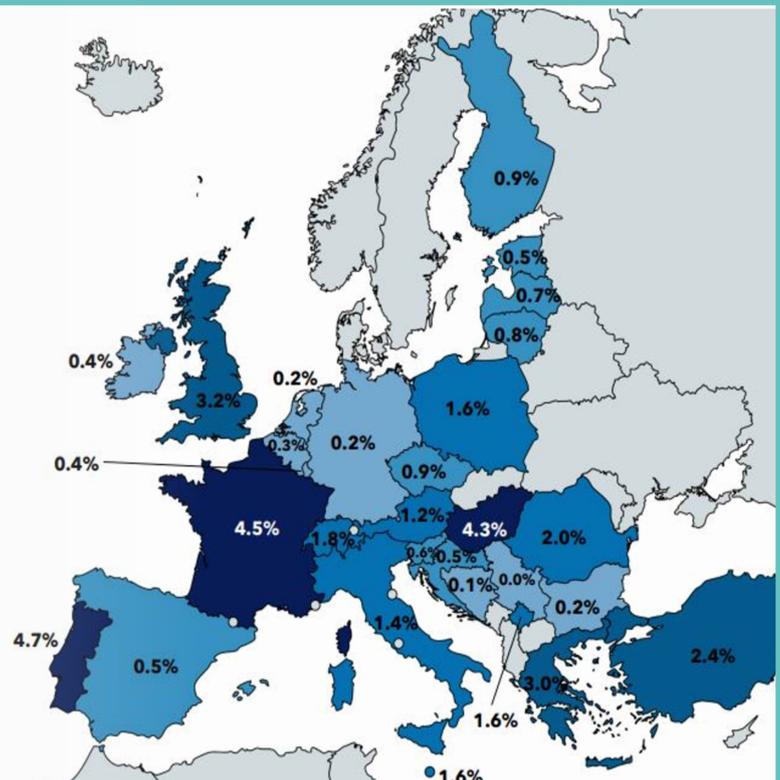


## KCGF, according to AECM Year Book, was second institution within AECM with the highest annual growth rate

In 2021, MSMEs coverage from KCGF guarantee schemes reached 14.6%



II. Active portfolio of credit guarantees as a GDP percentage, increased 100% from 0.8% as it was in 2020 - to 1.6% in 2021, which is above the average of European countries and has exceeded guarantee schemes of the states from Western Balkans, even though, most of these states have guarantee institutions much longer than Kosovo.



## KCGF SIGNING OF THE AGREEMENTS

# KOSOVO CREDIT GUARANTEE FUND SIGNS AGREEMENT WITH AFK

**9 march 2022** - Kosovo Credit Guarantee Fund signs the Agreement with The Agency of Finance in Kosovo ( AFK). Today, in the premises of the Kosovo Credit Guarantee Fund (KCGF), was signed the Credit Guarantee Agreement with AFK - The Agency of Finance in Kosovo , to guarantee agricultural loans within the KCGF Agro Window. This event marks the further expansion of the agreements that KCGF implemented with Microfinance Institutions by offering agricultural loan guarantees to local farmers and Agro businesses.



Agro Window is a guarantee scheme within the KCGF in order to support farmers and Agro businesses by guaranteeing loans for this sector. So far, about EUR 33.6 Mio; agricultural loans have been guaranteed and there are around EUR 11. 4 mio active guarantees within this sector. The total capital of Agro Window reaches the value of EUR 11.5 mio which is fully financed by the German Government, through the German Development Bank - KfW.

## KCGF ACTIVITIES

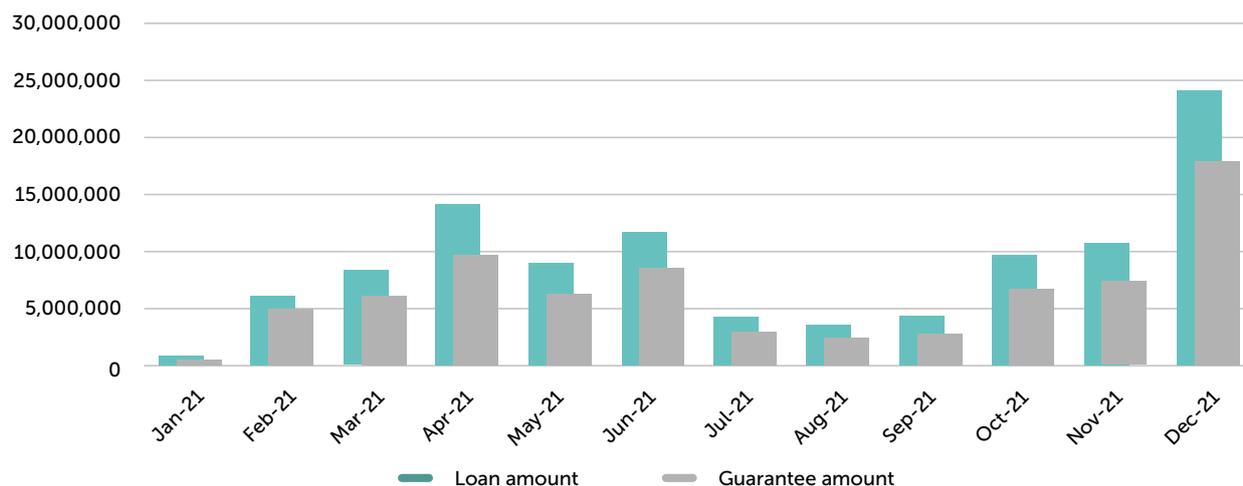
# RESULTS OF ECONOMIC RECOVERY PACKAGE





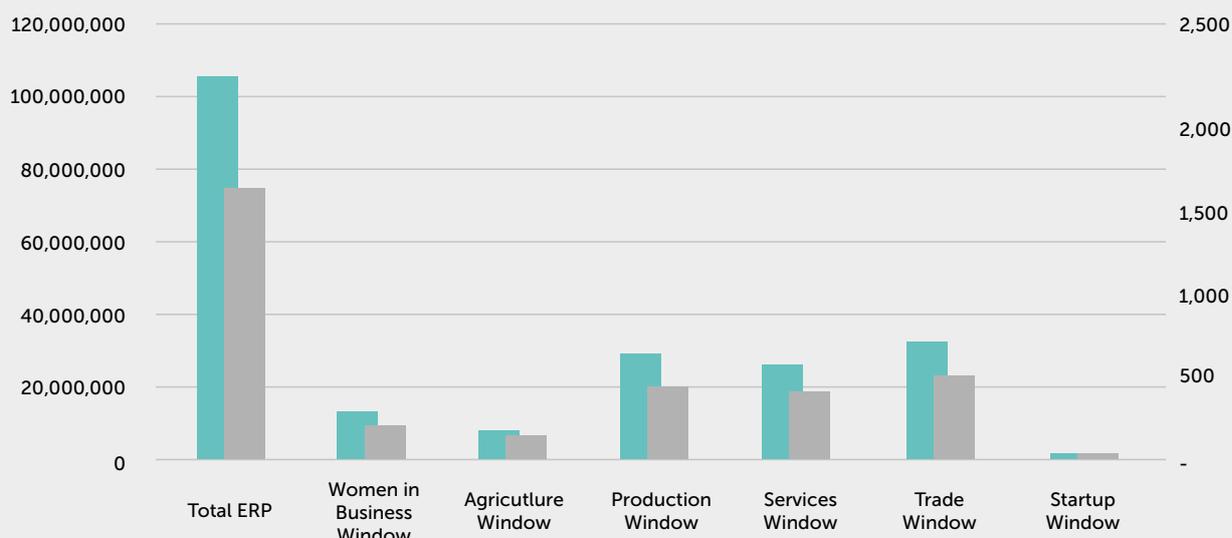
## PORTFOLIO DEVELOPMENT OF THE WINDOWS WITHIN ECONOMIC RECOVERY PACKAGE

### DEVELOPMENT OF ERP



## PORTFOLIO DEVELOPMENT BY EACH WINDOW

### ERP WINDOWS



Loan Amount	105,555,705	11,736,215	6,971,200	28,719,074	25,453,740	31,840,876	834,600
Guarantee Amount	74,948,973	8,592,222	5,226,910	19,943,859	17,956,255	22,572,077	657,650
Number	2,015	269	152	394	593	572	35

# VIRTUAL ROUNDTABLE “ ECONOMIC RECOVERY PACKAGE – RESULTS AND IMPACT”

**26 January 2022** - Kosovo Credit Guarantee Fund organized a virtual roundtable “ ECONOMIC RECOVERY PACKAGE – RESULTS AND IMPACT” whereas presented a Summary Report of KCGF Windows within the Economic Recovery Package as well as the overall 2021 results of KCGF. It was delivered report prepared by KCGF staff. The virtual roundtable was attended by representatives of The Ministry of Finance, Financial Institutions, donors and other KCGF partners.



# AGRO WORKSOP ORGANIZED BY KCGF

**15 March 2022** - Kosovo Credit Guarantee Fund held “Agro Workshop” for partner banks and microfinancial institutions. Training was attended by the FRI representatives/staff. Topics of the training: Developments in agro loans; Increase/ decrease of FI agro portfolio; Participation in Agro Financing; Financing of teh farmers with NIF; NPL in agro sector; paid Claim’s; Guarantee of Agro Grants!



## START UP VIDEO CAMPAIGN LAUNCHED

**22 March 2022** – KCGF launched a video add for StartUps as part of its support to new and creative ideas and entrepreneurship! Kosovo Credit Guarantee Fund through its partner FRI offers cooperation and support for Start-up businesses.



## KCGF HELD A LECTURE TITLED "ROLE OF GUARANTEE SCHEMES" IN RIT KOSOVO

**29 March 2022** - Kosovo Credit Guarantee Fund held a lecture titled " Role of guarantee schemes" in RIT Kosovo, in the class of prof. Fadil Sahiti. The lecture was held for students of business management section, in order to introduce students with the work, contribution, results and function of KCGF and guarantee schemes in general.



## KCGF HELD A LECTURE TITLED "ROLE OF GUARANTEE SCHEMES" IN RIINVEST

**8 April 2022** - Kosovo Credit Guarantee Fund Kosovo Credit Guarantee Fund held a lecture titled " Role of guarantee schemes" in the class of professor Gëzim Turkeshi in Riinvest. The lecture was organized for students of management and business section, to bring informations about the work, contribution, results and function of KCGF and guarantee schemes in general.



## KCGF HELD A TRAINING FOR AKF

**7 April 2022** – Kosovo Credit Guarantee Fund Kosovo Credit Guarantee Fund held a training for AKF – Agjencioni për Financim në Kosovë, staff members. Main focus of the training was role of KCGF and Agro Window specifically, offering a wider inclusion for financing of local farmers. Also, AFK staff members were trained on Social and Environmental Management System.



## KCGF PARTICIPATED IN THE WORKSHOP “KEY ACCOUNT MANAGEMENT” ORGANIZED BY KGEC

**21 April 2022** – Kosovo Credit Guarantee Fund participated in the workshop “Key Account Management” organized by Kosovar-German Economic Chamber. Training was held by mr. Kastriot Këpuska, Agro Expert from KCGF. The “Key Account Management” workshop is a very important step toward differentiation and optimisation of business results and increase of income. During the training were discussed different topics: Cooperation with Financial Institutions ( Banks and Microfinances); Process of due diligence. Synchronisation of objectives; Negotiation of contracts with those Fis; Importance of formal and non-formal relations for an effective communication; Staff training for Financial Institutions; Sharing the conditions of requests by donors and partner institutions; How to accept cases of guarantee loans; The need for new products, etc.

Workshop!

**Key Account Management**



## KCGF HELD A LECTURE TITLED “ROLE OF GUARANTEE SCHEMES” IN UBT

**22 April 2022** – Kosovo Credit guarantee Fund held a lecture in UBT, “Role of Guarantee schemes” in teh class of Prof. Shpresim Vranovci. Lecture was organized for students of management and business section, aiming to present and know the work and operation of KCGF and guarantee schemes in general.



## KCGF HELD A LECTURE TITLED “ROLE OF GUARANTEE SCHEMES” IN AAB

**23 April 2022** – - In the occasion of the “World Week of Creativity and Innovation” , KCGF held a lecture in the Faculty of Economics at AAB College, “The role of guarantee schemes” . The lecture was held by Mr. Alban Kastrati, Senior Risk Manager. He revealed the role of KCGF in financing small enterprises and (SMEs) in the economy of Kosovo, especially in those sectors that banks hesitate to take financial risk, such as agriculture, startups, loans for women businesses, loans for green economy etc.





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Kosovo Credit Guarantee Fund

Address:

Njazi Alishani No. 5,  
10 000 Pristina, Republic of Kosovo

Phone: +383 (0) 38 225 600

[info@fondikgk.org](mailto:info@fondikgk.org)

[www.fondikgk.org](http://www.fondikgk.org)