FACULTY OF ECONOMICS

Master Thesis

“THE WORLD BANK AND ITS ROLE IN KOSOVO”

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ABSTRACT

Established in 1944, the Conference of Bretton Woods, as the original institution for the World Bank Group, IBRD is structured as a cooperative that is owned and operated for the benefit of its 188 member countries.

The term “World Bank” refers only to the International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA).

While the term “World Bank Group” includes five subjects that are closely related to each other and work together to reduce poverty around the world, World Bank (IBRD and IDA), and three other agencies, the International Finance Cooperation (IFC), the Agency Multilateral Investment Guarantee (MIGA) and International Centre for Settlement of Investment Disputes (ICSID).

This paper describes the objectives, functions and organizational structure of the World Bank and the World Bank Group. Also, this study aims to describe the role of the World Bank in Kosovo, particularly the projects and programs that have developed in Kosovo since 1999 to 2015.
Conclusions

- The World Bank is one of the key international financial institutions in the world, established after World War II, as a result of a formal meeting among leading countries in trade, with the aim of resolving the issues of the monetary – international system destroyed during and after the war.
- Its mission is the fight against poverty and improving living standards for people in developing countries, it is a development bank that provides loans, supports and advises countries associated with political and technical support and services related to the exchange of knowledge.
- The World Bank is one of the specialized agencies of the United Nations, which has 188 member countries, which have the role of shareholders, providing the main tools made by Member States, which is also called the basic capital of the World Bank. The number of shares that one place may possess, it is based on the level of its economic development.
- Governments that are shareholders in the World Bank are represented by the Board of Governors, as the creator of policies, which leads to special duty of 25 executive director. The Bank's Chairman manages the Board of Directors’ meetings and is committed to the overall management of the World Bank. Executive directors as individuals can not exercise or perform any immunity to the World Bank representation, unless specifically authorized by the Board to do so.
- The World Bank finances only sovereign governments, directly or supported projects by sovereign governments.
- World Bank as a major international financial institution still continues to support less developed countries, through loans, technical assistance and providing advice to the impact on the global economy.
- The World Bank recently supports projects aimed at eradicating extreme poverty and hunger, carrying universal primary education, promoting gender equality, reducing child mortality, improving maternal health, ensuring environmental sustainability, develop a global partnership development, combating HIV / AIDS, malaria and other diseases.
- Action Plan of the World Bank by which programs and priorities in the country are confirmed, known as the country assistance strategy (CAS) or Country Partnership Strategy (CPS). Mainly documents cover a period of 3 to 4 years, while the government and civil society representatives participate in their preparation. Bank plans to help countries with low development based on the poverty reduction strategy papers (PRSP). In documents, macroeconomic, structural and social programs and policies of the country are described, in order to stimulate the development of the country and poverty reducing, as well as external financing needs.
- During the lending, World Bank contains the certain principles:
  - Projects should be profitable
  - Only one part of the project is financed (usually devices that must be purchased abroad)
  - Lending projects is done with other financial institutions also
Only concrete development projects are financed and credit is allowed only when it's proved that it has not been possible to obtain from other financial institutions with favorable conditions.

- World Bank includes this cycle of projects: strategy to help the country, phase of identification, phase of preparation, evaluation stage, the stage of negotiations and approvals, implementation and monitoring phase, the report on the implementation and assessment phase.
- The World Bank Group consists of five organizations closely linked to each other.
  - International Bank for Reconstruction and Development - IBRD
  - International Development Association - IDA
  - International Finance Corporation - IFC
  - Multilateral Investment Guarantee Agency - MIGA
  - International Centre for Settlement of Investment Disputes – ICSID
- The term "World Bank" is addressed particularly to IBRD and IDA.
- World Bank intervened in Kosovo on the basis of a motion for intervention by the OBS, for support, as International Financial Institution. Its role was significant in the areas of council policies and donors coordination, in order to help to ensure the efficiency and stability of the overall international effort in Kosovo.
- Based on the existing work of B. B., and cooperation with every country in the region: the European Commission and the World Bank, was given a special mandate for the coordination of economic assistance donors in Balkans (adopted by the international meeting in April 1999).
- World Bank, set out a strategy to support Kosovo, because Kosovo has not fulfilled the conditions to become a member, but thankfully B.B mission, for support of the countries that emerged from the war, it allowed Kosovo to take emergency steps.
- The World Bank has given to Kosovo approximately 400 million USD since 1999, with more than 30 services / operations, including the Trust Funds. Since January 2013 there have been six active lending operations with commitments amounting to 70 million USD and two trust funds total of 9 million USD.
- The World Bank supported Kosovo with a large number of projects directed towards a number of sectors, including: infrastructure and energy, private sector development, poverty reduction, economic management, social sectors, rural and environment development, education, environment, health etc.
- The debt portfolio of Kosovo was established in 2009. At that time, the portfolio consisted of only one loan called, Consolidated Credit (Credit KKC), by B. B., the total amount of this loan was 381,208,965,90 euro.
- Consolidated Credit is inherited from the former Yugoslavia, as part of the debt of Kosovo, as Kosovo has been negotiated and agreed with B.B.
- US and EU, established a Trust Fund to assist Kosovo for the payment of the state debt. In this fund in 2009, the US gave a donation in the amount of 125 million US $ and the EU also participated a donation of 5 million US $. These donations and additional prepaid budget funds one-third of the total amount of KKC loan.
• The European Union has helped Kosovo in many aspects as in the financial sphere in the form of various projects, in the form of donations or different guarantors, then in the political, social, cultural aspect etc.