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**FACULTY OF ECONOMICS – MASTER STUDIES**

**PROGRAM:**

**MARKETING AND BUSINESS MANAGEMENT**

**THESIS:**

**“THE IMPACT OF THE WORLD BANK IN ECONOMIC  
DEVELOPMENT – STUDY CASE OF KOSOVO”**

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**Pristine, September, 2014**

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## ABSTRACT

In this paper we discussed about the impact of the World Bank in Kosovo. The World Bank was established in order to help the reconstruction and development of the Member States destroyed during World War II, and later providing aid to economically underdeveloped countries. Besides financial assistance, especially for the developing of infrastructure, World Bank organizes and provides technical assistance crediting the prior problems of developing Member States. Kosovo has a young and dynamic economy. Its base is transformed from an orchestrated centralized economy to an open market economy, which its deep transforming has experienced after 1999 with the liberation of Kosovo from Serbia. One of the challenges that Kosovo faced during the last decade is the process of privatization. Located in Southeastern Europe Kosovo's economy has become part of economic integration of this region, which offers opportunities for market expansion in a broad range space. The goal in itself already is to increase the competitiveness of this economy by increasing export capacity to reduce trade deficit that Kosovo currently has. As an important place for business development Kosovo offers numerous comparative advantages as young population and very well qualified, where the average age is quite young, natural resources, favorable climate, new infrastructure, fiscal policy with lowest taxes in the region, geographical location with access to regional CEFTA market and that of the European Union. Kosovo besides of being a member of CEFTA, in June 2009, it has joined the IMF (International Monetary Fund) and WB (World Bank) and aspires to other powerful mechanisms economic and financial like EBRD which is already a member of it since 2012, and the development Council of Europe Bank CEB. Kosovo during the month of June 2013 is a full member in CEB. This bank is an autonomous branch of the Council of Europe. Aspires in other powerful mechanisms in economy and finance like World Trade Organization WTO etc. Therefore my main research will be the economic development and integration of Kosovo and the role and influence of the World Bank in this regard, especially in recent years. Through this work is explained the impact and the role of the World Bank in economic development of Kosovo, the impact of World Bank projects in economic growth, to have a successful result in the reduction of poverty and the impact of World Bank in reducing unemployment. To identify progress and setbacks made to the World Bank projects and to identify areas where it has been most successful, where the problems are shown and where the big challenges have passed successfully, concrete case is taken Kosovo from joining at the World Bank.

## **CHAPTER V – CONCLUSIONS AND RECOMMENDATIONS**

World Bank as one of the most important financial institutions internationally still continues to support the less developed countries, through loans, technique assistance and providing advice to the impact on the global economy. It should be emphasized that the supported projects lately aimed at eradicating extreme poverty and hunger, finish universal primary education, promoting gender equality, reducing child mortality, improving maternal health, ensuring environmental sustainability, development of a global partnership for development, combating HIV / AIDS, malaria and other diseases.

But the World Bank is often criticized for its work, one of the criticisms directed at her is that is damaging to the poor by thriving corporations, spend more to obligation service debt than to basic social services, other critic is the lack of accountability.

Kosovo since the war tried to have good relations, good performance with the World Bank in the field of economic cooperation and development. Especially in recent years when it officially became its member, adding efforts in cooperating in the fight against poverty, in support of projects aimed at economic development and projects that are the necessary conditions for membership of Kosovo in the European Union.

Kosovo now is also internationally known to have good relations with the World Bank. What should be continued in the future are the relationships that must be maintained through associated processes of reforming greater empowerment plans in coordination with Kosovo - The World Bank.

Kosovo has made progress thanks to the aid and the World Bank long work which is vital for Kosovo. The World Bank also is providing a development and proper orientation of Kosovo in support of projects in a range of sectors, including energy, education, public sector, cadastre, agriculture, social inclusion and strengthening the financial sector.

Some of the critical reforms supported by the Bank remain public administration 11%, agriculture 29%, education 24%, environment 15%, cadastre 18%, 13% of the financial sector which are essential for economic growth in the country.

Some tangible results are visible on the streets adjustments, schools and hospitals. But today I think that what is more important for development, besides infrastructure and physical capital are the laws, rules, and institutions of a country, and the quality of human and social capital. Also it is very difficult to separate the specific World Bank contribution of those donors or agencies or of the contribution provided by the Government of Kosovo independent from international institutions. However it is possible to identify some areas where the World Bank has been the most successful, where problems have emerged and major challenges were overcome.

For several years now Kosovo has engaged the World Bank Group and has succeeded in overcoming significant challenges along the way of post-war reconstruction in a functioning

economy and competitive markets to its citizens and enterprises operating in to a have an economic perspective.

Since 1999, the World Bank has allocated and managed about 400 million US dollars in Kosovo. Since the membership of Kosovo in the World Bank Group, as a full member was made in June 2009, all previous efforts supported by the Bank were financed by grenades from a range of sources, but with the membership of Kosovo in the World Bank all projects were financed through Bank loans.

Regarding the projects that are discussed in this paper, there is growing concern that the implementation of supported projects by the Bank and disbursement process has been slow, I think that all this is a result of the political situation in the country. Disbursements are also affected by delays in the entry into force for some projects approved recently. Projects of the Public Sector Management and Project and Immovable Property Cadastre are the first projects of the Bank in Kosovo to be financed partly by credit, as such they underwent approval by a majority of two-thirds in parliament. Lack of knowledge about the processes for obtaining this approval and insufficient consultation with parliamentarians led to considerable delays in obtaining the necessary approval for them to become effective.

Eventually the two projects were approved with large parliamentary majority. But improvements are expected in terms of the implementation of other ongoing projects given the importance of these projects.

Regarding the economic situation in the country we can say that is the possible best and according to the World Bank report, Kosovo continues to face high level of unemployment and poverty. Even though the completed projects by the World Bank: Institutional development for education project, the project in the energy sector for the cleaning and restoration of land, the project to strengthen the financial sector and market infrastructure have shown enjoyable results. The Bank is still in the framework of partnership with Kosovo is supporting the country with the accelerations in overall economic development and the creation of new jobs and improvements in environmental management.

In the context of all this, the challenge for the Bank still remains the energy sector which at the same time is a catalyst for the creation of new jobs, the lack of electricity remains as a key obstacle for private investment and jobs, and inefficiencies in the sector is a key factor contributing to the pollution of the environment, the bank through renewable energy project in the Balkan is advocating the creation of a new power plant with lines is likely to draw objections among some civil society groups.

The World Bank is already financing important projects in agriculture, education, improvement of the business climate, cadastre and financial sector, which all help support the creation of jobs. In addition, the Bank has provided 33 million euro in budget support for an operation of development policies for sustainable employment to strengthen the institutional and regulatory environment for creating jobs.

Ongoing projects such as agricultural and regional development project and the property cadastre project and registration includes design features that promote legitimate rights of women.

Although I have confidence that the World Bank has contributed a lot to the development of Kosovo also has brought very important results, in some areas much remains to be done. At the same time I think that the World Bank cooperation with Kosovo and the experience gained has given us many important lessons.