

POST-CONFLICT ECONOMIC RECOVERY IN KOSOVO

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Abstract

Modern Kosovo faces many challenges in post-conflict economic recovery and development. The current international and regional agenda significantly complicate the recovery process. It is a combination of both chronic underdevelopment and post-conflict reconstruction. Such a mix produces limited state governance, a vast shadow economy and criminal networks, massive unemployment, and widespread poverty worsened by original Kosovo's problems such as gender disbalance in the labor force, ethnic discrimination, and unsettled rights of local property owners. The article highlights the current results of internal and external efforts to enhance the ability of Kosovo's authorities to provide economic and physical security for local households and businesses. It focuses on international support through direct financial aid and external investments and argues that this support challenges the political independence and viability of this self-declared polity. Kosovo is still on the list of Europe's poorest and most vulnerable regions. Reforms are proceeding slowly. A large share of state-owned enterprises is unprofitable. The private sector is fragmented, and microenterprises dominate. Kosovo's economy relies heavily on imports and excessively depends on the trade sector. Financial discipline, efficiency, and transparency of the resource's distribution, optimization of intersectoral interaction, fight against corruption – all these issues are still on the current economic and political agenda, as they were ten years ago, despite Kosovo's ranking as one of the top twenty most improved economies in the world. Financial dependence becomes a formidable barrier to Kosovo's membership in the European Union.

Keywords:

post-conflict regulation; economic recovery; Kosovo; Balkans; international aid; self-declared state; diaspora; Covid-19 pandemic.

The case of Kosovo is receiving increasing attention in international studies. Conflict zones around the world, sooner or later, get set on an economic recovery course. The article focuses on the economic recovery of Kosovo to draw conclusions applicable to other post-conflict cases. It underscores the question of economic and political sovereignty for such post-conflict polities.

Kosovo features among the six Western Balkans economies – along with Albania, Bosnia and Herzegovina, Montenegro, North Macedonia, and Serbia – showing "a better than expected" rebound from the recession caused by the COVID-19 pandemic. Despite that, the region in general and Kosovo in particular face multitude challenges, and the downside risks to local economies are

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daunting¹. The pandemic, with 2984 registered deaths in Kosovo by December 1, 2021, made an impact contracting the economy by 6.0 percent in 2020² (the summer months became landslide)³.

Kosovo has a distinct background compared to the other six Western Balkans economies. In the economic sense, traditionally, its condition has been deplorable. Large-scale investments in the autonomous region from the federal budget for 45 years of the Socialist Federal Republic of Yugoslavia (SFRY) have not been able to radically change the overall socioeconomic picture. Population growth rates (during the socialist period population of the region doubled) nullified the Center's efforts to modernize the economy. Kosovo was no exception: the differences in the level of economic development were visible regardless of the identical institutional and economic systems in all the republics [Bacovic 2017: 161].

Despite rapid economic growth in the Socialist Federal Republic of Yugoslavia (SFRY) after World War II in general (in 1952–1979, per capita GDP increased five times [Gligorov 2017]), the per capita GDP growth in Kosovo and Metohija (KIM) was several times less than in the most developed regions of SFRY like Slovenia and Croatia, or Serbia. The disparity was glaring and growing. The economic stagnation of the 1980s, which are often named the “key” years for local economic development, has notably worsened the situation. The admission of the failure to raise the region's development to the average federal level has a complete consensus among adherents of different positions, evaluations, and strategies over the Kosovo political question.

The proclamation of independence by Pristina in 2008 did not contribute much to its economic growth. Currently, Kosovo is one of Europe's poorest and most troubled areas in

the social and (geo) political sense [Ponomareva 2020: 169]. Regardless of the favorable starting conditions, a theme that appeared in the rhetoric of the leaders of the independence movement in the form of an abundance of diverse natural resources and an industrial base, the words remained words for the most part. The region lacks necessary investments in the modernization of resource facilities and industrial enterprises inherited from the socialist period, as well as qualified personnel. The task of turning its advantages of having a young population into a workforce prepared for the jobs of the future is still at the top of Kosovo's “to-do” list. Its commendable rank as one of the top twenty most improved economies in the world, as per reports of 2020 (top ten reformers, business improvers, etc.), is questionable at best. Structural reforms are still needed to boost productivity, increase competition, investments in human capital, and to reinforce local governance.

Methods

The politicization of the Kosovo issue often shifts the analytical focus away from the region's socioeconomic development problems. For decades, researchers have been steadily interested in the political and legal analysis of the Kosovo conflict and (primarily) its ethno-political component, the effectiveness of the international presence, and the position of the Russian Federation regarding the settlement of the Kosovo problem. By contrast, the socioeconomic aspect of Kosovo studies looks meager, and “the conditions for the successful functioning of the economy of this new formation most often remain out of consideration” [Drynochkin 2014]. We attempt to fill this gap by studying the socioeconomic dynamics of post-conflict Kosovo. Besides, we believe that a clear picture of economic recovery con-

¹ Kosovo's Economic Growth to Decelerate in 2022 After a Strong Post-Pandemic Recovery [Electronic source] // The World Bank. Press Release No: 2022/ECA/92 URL: <https://www.worldbank.org/en/news/press-release/2022/05/04/kosovo-s-economic-growth-to-decelerate-in-2022-after-a-strong-post-pandemic-recovery> (accessed: 02.06.2022).

² 2022 Index of Economic Freedom. Kosovo [Electronic source] // The Heritage Foundation. URL: <https://www.heritage.org/index/country/kosovo> (accessed: 28.05.2022).

³ Kosovo GDP Annual Growth Rate 2020–2022 [Electronic source] // Trading Economics. URL: <https://tradingeconomics.com/kosovo/gdp-growth-annual> (accessed: 04.06.2022).

tributes much to a better understanding of who profits among all actors involved in the conflict.

The research data contains official statistics of Kosovo (with all reservations regarding reliability), materials of international organizations and specific resources, generalizing macroeconomic indicators, and evaluating investment attractiveness of a region (World Bank, Trading Economics, Foreignassistance.gov, etc.). Also, we widely used regional and international media materials, interviews, and authors' observations during numerous field trips to the Balkans. The only significant issue about empirical data sources is their scarcity and extreme lack of transparency of local statistics. Much data has not been updated for years. We assume data from international sources in general and European Commission to be the most reliable and informative.

Analysis

The economy of Kosovo's region plunged into recession in 2020, but this trend was reversed in the first half of 2021⁴. The most pressing issues of today's development remain pretty much the same as during previous years: ineffective and slow judicial system, corruption and organized crime, lack of economic diversification, substantial informal sector, and high dependence on financial support from the abroad diaspora. Pandemic times added temporary suspension of the fiscal rule and adoption of two fiscal packages. Plus, the substantial increase in public spending (a rise of 6.7% compared to 2019) and shrinking tax revenues (contracted by 9.6% compared to 2019) – all these together led to a large budget deficit in 2020 – up to 7%⁵.

The COVID-19 pandemic came with an unprecedented burden on the health and social protection systems. Therefore, the Kosovo government declared a public health emergency in March 2020. In April, an initial emergency package of EUR 180 million was adopted to mitigate the social and economic effects of the COVID crisis. This measure was to help entrepreneurs, farmers, and employees with additional social protection and financial assistance. Besides, the Kosovo Assembly passed an Economic Recovery Program in July, bringing another EUR 185 million of support. Finally, in August, the Assembly ratified the EU Macro-Financial Assistance loan agreement worth EUR 100 million to help Kosovo limit the economic fallout of the pandemic⁶. By September 2021, Kosovo had recorded about 159 000 COVID cases. Local authorities rolled out a vaccination campaign in March 2021. Around 24.6% of the population was covered, with a total of 1.2 million doses of vaccines received⁷.

The pandemic highlighted the problem of overwhelming dependence on external financial flows, in particular, on those from the diaspora. Thus, lockdown and travel restrictions had a tremendous negative impact on many income sources. First of all, it hit service exports, which are very tied to travel services (up to 65% of total)⁸ maintained mainly by diaspora visits. The latter differs much from more familiar foreign tourism: in its scale, function, and importance in the economy of Kosovo. It is essential. The initial pandemic-related deterioration in 2020 was driven by a fall in diaspora tourism from Western Europe – up to 25.7% compared to 2019⁹. Second, COVID-19 countermeasures made

⁴ The most recent report on Kosovo by the European Commission covers the period up to July 2021.

⁵ Kosovo* 2021 Report. Commission Staff Working Document [Electronic source] // The European Commission. URL: https://ec.europa.eu/neighbourhood-enlargement/kosovo-report-2021_en (accessed: 18.06.2022).

⁶ Kosovo* 2020 Report. [Electronic source] // The European Commission. URL: https://ec.europa.eu/neighbourhood-enlargement/system/files/2020-10/kosovo_report_2020.pdf (accessed: 28.09.2021).

⁷ Kosovo* 2021 Report. Commission Staff Working Document [Electronic source] // The European Commission. URL: https://ec.europa.eu/neighbourhood-enlargement/kosovo-report-2021_en (accessed: 18.06.2022).

⁸ Ibid. P. 108.

⁹ Ibid. P. 54.

informal ways of transferring money less viable. However, it brought a positive side effect in increasing remittances sent via official channels (14% of GDP in 2020)¹⁰, what later became the critical offsetting factor on the background of the overall goods and services deficit.

Drop in diaspora arrivals also affected the real estate and investment sectors. A strong fall in these areas followed the crisis in external financial flows. Years right before this went with strong growth in property lending. Beyond mortgages, it included: commercial and residential construction loans, consumer credit used for housing finance, and supplier's credit¹¹. However, in the second half of 2021, all instruments were restored and continued development in this market. Strong credit growth and record exports in 2021–2022 are linked to an excellent rebound in diaspora visits¹². In addition, the capacity to return to local economic "normality" with its specific features and relations (such as a robust informal sector, widely spread unofficial employment, and tremendous diaspora support) gave a push toward private and public investment increase. The restoration accelerated in the summer of 2021 with a peak season and a massive return of diaspora tourism. Despite the positive impact, the fact per se contributed to the conclusion that "the pandemic underlined the vulnerability of Kosovo stemming from low diversification, which was advancing at a slow pace despite robust GDP growth before the crisis"¹³.

Indeed, the overall economic situation in Kosovo proved challenging. Records demonstrated limited progress in the most critical areas of needed development – administrative reform, respect for fundamental rights, improvement of the judicial system, fight against corruption and organized crime, etc. In economic terms, a consistent increase in activity from 2015 to 2017 has been replaced with an equally consistent decline by 2020 (42.8% in 2017, 40.9 % – in 2018, and 40.5 % – in 2019)¹⁴. Kosovo's per capita GDP remains among the lowest in the region. Around 18% of the local population lives below the poverty line (EUR 45 per month as defined by the World Bank), with 5.1% – below the extreme poverty line¹⁵. In recent years the Kosovo economy has developed at the expense of public investment in infrastructure, private consumption, rising wages, and lending. Kosovo's private consumption merits a separate mention: it is inextricably linked to financial receipts from abroad through large money transfers. It comes from ethnic diaspora mainly located in Germany, Switzerland, and the Nordic countries; and all in all brings about 17% of GDP, and international donor assistance gets another 10%¹⁶.

External financing keeps being an essential part of general Kosovo's income. According to ActionAid, a year after self-declared "independence" – in 2009 – Kosovo entered the top twenty most aid-dependent countries, taking

¹⁰ Kosovo* 2021 Report. Commission Staff Working Document [Electronic source] // The European Commission. URL: https://ec.europa.eu/neighbourhood-enlargement/kosovo-report-2021_en (accessed: 18.06.2022).

¹¹ Housing Market in Kosovo [Electronic source] // The Unassuming Economist. December 2018. URL: <https://unassumingeconomist.com/2018/12/housing-market-in-kosovo/> (accessed: 11.06.2022).

¹² Kosovo's Economic Growth to Decelerate in 2022 After a Strong Post-Pandemic Recovery [Electronic source] // The World Bank. Press Release No: 2022/ECA/92. URL: <https://www.worldbank.org/en/news/press-release/2022/05/04/kosovo-s-economic-growth-to-decelerate-in-2022-after-a-strong-post-pandemic-recovery> (accessed: 02.06.2022).

¹³ Kosovo* 2021 Report. Commission Staff Working Document [Electronic source] // The European Commission. URL: https://ec.europa.eu/neighbourhood-enlargement/kosovo-report-2021_en (accessed: 18.06.2022).

¹⁴ Kosovo 2020 Report. [Electronic source] // The European Commission. URL: https://ec.europa.eu/neighbourhood-enlargement/system/files/2020-10/kosovo_report_2020.pdf (accessed: 28.10.2021).

¹⁵ Kosovo* 2021 Report. Commission Staff Working Document [Electronic source] // The European Commission. P. 88–89. URL: https://ec.europa.eu/neighbourhood-enlargement/kosovo-report-2021_en (accessed: 18.06.2022).

¹⁶ Kosovo GDP 2000–2019 [Electronic source] // Trading Economics. URL: <https://tradingeconomics.com/kosovo/gdp> (accessed: 21.10.2021).

the 18th place with a conditional indicator of 45.6% (programmed assistance to countries as a percentage of their state expenditures). It is noteworthy that Kosovo stands out of all existing categories: LDC1 – least developed country, SIDS 2 – small island developing state, LLDC3 – landlocked developing country¹⁷. In terms of foreign aid, it is necessary to remember that Kosovo's polity does not have a sovereign credit rating and access to the international bond market. Thus, foreign financing is normally provided by international donors.

Kosovo welcomes foreign direct investments (FDI). This line is continuous despite a recent change in the local government. The Prime Minister's Office, the Ministry of Economy, Employment, Trade, Industry, Entrepreneurship, and Strategic Investments (MEETIESI), and the Ministry of Finance and Transfers are named as caretakers of strategy to attract FDI implementation. Besides, there is a unique agency – Kosovo Investment Enterprise and Support Agency (KIESA) – with a mission to promote and support foreign investments.

The COVID-19 pandemic did not lead to significant permanent changes in local investment policy. All countermeasures taken by the authorities were temporary and did not affect the broader investment policy environment. In 2019, the net flow of FDI in Kosovo was close to the 10-year annual average (USD 292 and USD 296, respectively)¹⁸. Kosovo took the initial step towards implementing the Common Regional Market Action Plan 2021–2024, launched in November 2020 during the Western Balkans Summit in Sofia¹⁹. In conception, this

will further increase the economy's attractiveness for FDI in tradable sectors. Significant recent loans included: EUR 100 million – the E.U. macro-financial assistance, EUR 52 million – from the IMF Rapid Financing Instrument, and EUR 76 million – from World Bank loans²⁰. On the back of essential external loans, foreign debt increased by nearly 40% from the end of 2019 to the middle of 2021.

Traditional locomotives of financial assistance for Kosovo are the E.U., the USA, the World Bank, and the European Bank for Reconstruction and Development (EBRD). In 2019, celebrating the 20th anniversary of its partnership with Kosovo, the World Bank stated that over the last twenty years, it had delivered about USD 500 million in one form or another: in investment and technical assistance projects, financed through grants and concessional lending to support Kosovo's economy. Plus, IFC has committed USD 139 million and mobilized USD 319 million to support private-sector development²¹. Before Kosovo joined the World Bank Group in 2009, all supported projects were funded by grants from various sources (mainly from the Bank's net income, the Kosovo Trust Fund, the Post-Conflict Reconstruction Fund, and the International Development Association). Currently, the Republic of Kosovo is still eligible for credit financing from the latter. As of October 2019, the Association's active credit portfolio amounted to approximately USD 204.3 million for energy, education, agriculture, health, competitiveness, water supply, ICT, and cadaster projects²².

¹⁷ Real Aid. Ending Aid Dependency [Electronic source] // Action Aid. P. 20. URL: https://www.actionaid.org.uk/sites/default/files/doc_lib/real_aid_3.pdf (accessed: 08.04.2023).

¹⁸ 2020 Investment Climate Statements: Kosovo [Electronic source] // The U.S. Department of State. URL: <https://www.state.gov/reports/2020-investment-climate-statements/kosovo/> (accessed: 14.06.2022).

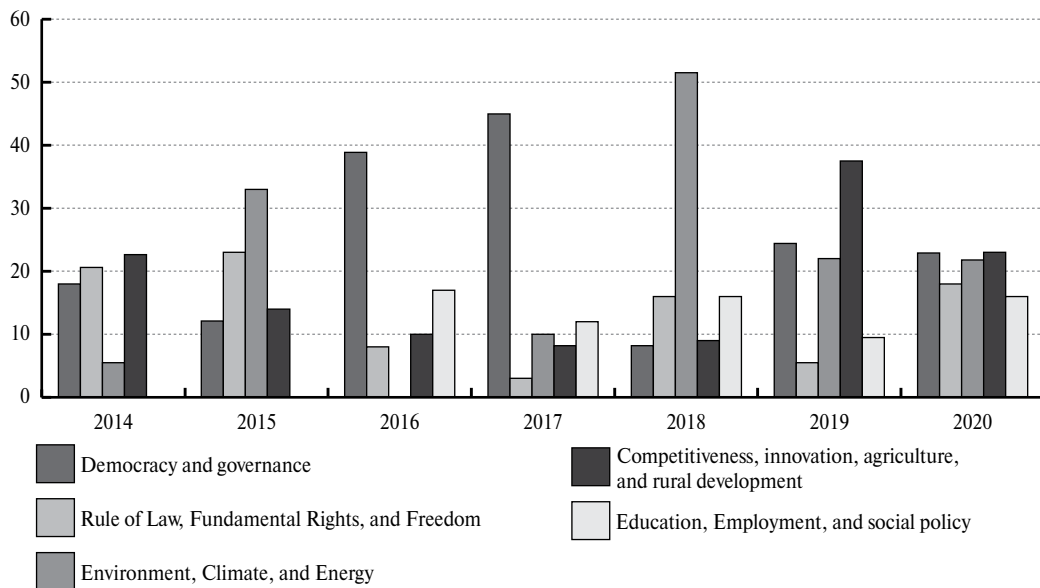
¹⁹ Kosovo* 2021 Report. Commission Staff Working Document [Electronic source] // The European Commission. P. 108. URL: https://ec.europa.eu/neighbourhood-enlargement/kosovo-report-2021_en (accessed: 18.06.2022).

²⁰ *Ibid.* P. 54.

²¹ World Bank Group Celebrates 20 Years of Partnership in Kosovo [Electronic source] // The World Bank. Press Release No: 2020/ECA/39. November 21, 2019. URL: <https://www.worldbank.org/en/news/press-release/2019/11/21/world-bank-group-celebrates-20-years-of-partnership-in-kosovo> (accessed: 20.06.2022).

²² World Development Indicators (Kosovo) [Electronic source] // The World Bank. URL: <https://databank.worldbank.org/reports.aspx?source=2&country=XKX> (accessed: 03.10.2021).

Picture 1
Distribution of the E.U. funding, 2014–2020, million euros



Source: Annex to the Commission Implementing Decision amending Commission Decision C (2014) 5772 of 20.08.2014 adopting the Indicative Strategy Paper for Kosovo for 2014–2020 [Electronic source] // The European Commission. 10.08.2018. P. 52. URL: <https://ec.europa.eu/neighbourhood-enlargement/system/files/2018-12/20180817-revised-indicative-strategy-paper-2014-2020-for-kosovo.pdf> (accessed: 19.10.2021).

The large-scale Partnership Framework Program of the World Bank for Kosovo drew to a close in 2021. It had nine objectives clustered under three main rubrics: improving conditions for accelerated economic growth and employment in the private sector; strengthening the system of public services and macro-financial management; promoting energy supply and respect for the environment²³. The latter ones (environment, climate, energy) are also among the priorities funded by the European Union. Therefore, estimated funds coming from this party are distributed per the designated goals by the E.U. and are carried out as assistance to the

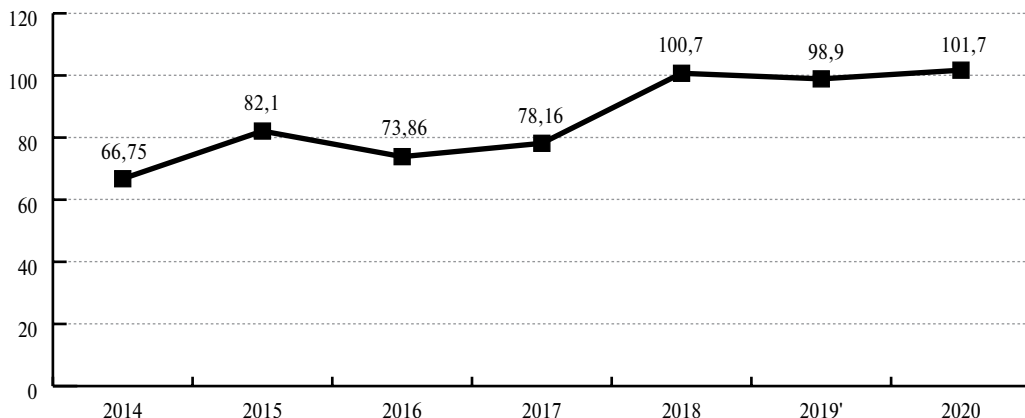
countries before they enter into the union. The primary goals are democracy and governance; the rule of law, fundamental rights, and freedom; environment, climate, and energy; competitiveness, innovation, agriculture, and rural development; education, employment, and social policy. The histogram below (Pic. 1) compares the distribution of E.U. funding from 2014 to 2020 by these categories:

The lowest spending comes for education, employment, and social policy – a total of EUR 75.5 million; the highest – is for democracy and governance, with EUR 169.42 million (Pic. 2)²⁴.

²³ Kosovo – Country partnership framework for the period FY17-FY21 (English) [Electronic source] // The World Bank Group. P. 19, 22–34. URL: <http://documents.worldbank.org/curated/en/297951496160148830/Kosovo-Country-partnership-framework-for-the-period-FY17-FY21> (accessed: 05.10.2021).

²⁴ Annex to the Commission Implementing Decision amending Commission Decision C (2014) 5772 of 20.08.2014 adopting the Indicative Strategy Paper for Kosovo for 2014–2020 [Electronic source] // The European Commission. 10.08.2018. 56 p. URL: <https://ec.europa.eu/neighbourhood-enlargement/system/files/2018-12/20180817-revised-indicative-strategy-paper-2014-2020-for-kosovo.pdf> (accessed: 19.10.2021).

Picture 2
Total E.U. Funding for Kosovo, 2014–2020, million euros



Source: Annex to the Commission Implementing Decision amending Commission Decision C (2014) 5772 of 20.08.2014 adopting the Indicative Strategy Paper for Kosovo for 2014–2020 [Electronic source] // The European Commission. 10.08.2018. P. 52. URL: <https://ec.europa.eu/neighbourhood-enlargement/system/files/2018-12/20180817-revised-indicative-strategy-paper-2014-2020-for-kosovo.pdf> (accessed: 19.10.2021).

Since October 2012, the Republic of Kosovo has been a member of the European Bank for Reconstruction and Development. Despite the crumpled beginning (disagreement between EBRD and the European Parliament over constructing a new brown coal power station (Kosovo C) near Pristina), in total, according to the Bank's data, from 2013 to 2020 in Kosovo, 21 projects were launched in the areas of financial institutions (4), infrastructure (7), transport (4), energy (3), non-deposit credit (2), ICT (1) [Matoshi, Veseli 2018: 26]. The summary data for April 2022 shows that the EBRD has 86 projects in Kosovo, 45 of which form the current portfolio worth EUR 385 million. Cumulative EBRD investment in Kosovo is estimated at EUR 602 million (40% comes from the private sector share of the portfolio). The current portfolio composition consists of "Sustainable infrastructure" (72% – EUR 276

million), "Financial institutions" (18% – EUR 71 million), and "Industry, commerce, and agribusiness" (10% – EUR 38 million)²⁵. The "financial institutions" is the leading group for the most recent period: 5 of 6 EBRD projects added in 2022 fall into this category²⁶.

The United States remains the unquestionable non-regional leader among Kosovo's financial donors. American activity in Kosovo is strongly associated with the efforts of the Agency for International Development (USAID). From 1999 until 2019, it invested more than USD 920 million in "Kosovo's independence"²⁷. However, the area's list of working units is much broader than usually thought. For instance, the "Strategy for Development Cooperation" for 2020–2025 lists the following Agency's partners among governmental organizations: Department of State, Ministry of Defense, Ministry of Justice,

²⁵ Kosovo Data (2022) // [Electronic source] European Bank for Reconstruction and Development. URL: <https://www.ebrd.com/kosovo-data.html> (accessed: 12.06.2022).

²⁶ Project Summary Documents (2022) [Electronic source] // The European Bank for Reconstruction and Development. URL: <https://www.ebrd.com/work-with-us/project-finance/project-summary-documents.html?1=1&filterCountry=Kosovo> (accessed: 18.06.2022).

²⁷ U.S. Government Continues Its Commitment to Support Kosovo's Journey to Self-Reliance [Electronic source] // USAID. November 18, 2020. URL: <https://2017-2020.usaid.gov/kosovo/newsroom/press-releases> (accessed: 20.10.2021).

Table 1
U.S. external aid to Kosovo, 2018-2022, USD million

	USAID		All Agencies	
	Obligations	Disbursements	Obligations	Disbursements
2022	7,3	6,9	7,6	12,5
2021	29,2	27,6	32,9	38,9
2020	24,5	26,1	57,4	50,4
2019	28,5	30,1	72,9	63,4
2018	34	36,4	54,6	62,6
For 2022 – only up to June.				

Source: U.S. Foreign Assistance [Electronic source] // The U.S. Foreign Assistance. URL: <https://www.foreignassistance.gov/cd> (accessed: 12.06.2022).

Federal Trade Commission, Department of Agriculture, Department of Energy, etc²⁸. In addition, external assistance has also been transmitted through private firms. For the past five years, the summary data looks as follows (Tab. 1, rounded to tenths).

In all years, the "Democracy, human rights, and public administration" sector remained the leader in the amount of funding requested and received: from 37% to 62% of total funds in the respective period. The "Education and social services" became its antipode with an average of 2% yearly. In 2022 assistance for the "Economic Growth" and "Governance" sections were USD 2.2 million and USD 2.7 million accordingly. To compare: there is USD 190K earmarked for education; all money goes for the "Basic Education" sector (basic life skills for adults). Within the "Economic Growth" category, sectors are: "Business and Other Services" (USD 1.7 million) and "Trade Policy and Regulations" (USD 470K)²⁹.

It is worth noting that the American party is way more restrained in assessing the economic development of Kosovo, primarily referring to practical recommendations for U.S. business

and guidance for other U.S.-related stakeholders. Although the region is recognized as potentially attractive for FDI, its potential is considered constrained by failure to address several severe structural issues such as limited regional and global economic integration; political instability and interference in the economy; corruption; an unreliable energy supply; a large informal sector; difficulty establishing property rights, and the tenuous rule of law, including a glaring lack of contract enforcement³⁰; its ability, as mentioned above, to sustain growth relies heavily on foreign financial support and remittances.

Despite the risks, bilateral economic relations between the U.S. and Kosovo keep progressing. American investors in Kosovo are involved with projects in the construction, energy, real estate, health, and information technology development sectors. Over 15 companies registered in Kosovo with direct U.S. ties; the most active are Coca-Cola, General Electric, KFC, Marriott, Cisco, Famous Famiglia, Burger King, Domino's, TCI (a subsidiary of SPX Corporation), and Microsoft³¹. Other U.S. goods are regularly sold in Kosovo

²⁸ Country Development Cooperation Strategy. May 13, 2020 – May 13, 2025. Kosovo [Electronic source] // USAID. P. 16. URL: https://pdf.usaid.gov/pdf_docs/PA00X79Q.pdf (accessed: 01.10.2021).

²⁹ U.S. Foreign Assistance. Kosovo. June 2022 [Electronic source] // The U.S. Foreign Assistance. URL: <https://foreignassistance.gov/cd/kosovo/2022/disbursements/1> (accessed: 21.06.2022).

³⁰ 2020 Investment Climate Statements: Kosovo [Electronic source] // The U.S. Department of State. URL: <https://www.state.gov/reports/2020-investment-climate-statements/kosovo/> (accessed: 14.06.2022).

³¹ U.S. Relations with Kosovo. Bureau of European and Eurasian Affairs [Electronic source] // The U.S. Department of State. July 28, 2021. URL: <https://www.state.gov/u-s-relations-with-kosovo/> (accessed: 20.04.2022).

through distributors and local UPS and FedEx offices. In turn, Kosovo benefits from the Generalized System of a Preferences program, which promotes economic development by eliminating duties on approximately 3500 products imported from the region³². However, in monetary terms, Kosovo's output in this program total is minimal: "U.S. business imported USD 19.9 billion worth of products under the GSP program in 2012, including USD 29 000 from Kosovo"³³.

The American Chamber of Commerce is one of Kosovo's most active and well-respected business organizations. Welcoming of American presence, gratitude for the support, and outstanding loyalty of the Kosovars to the U.S. usually refer more to politics than economics. For instance, in March 2022, Kosovo's President, during her interview on the sidelines of the Antalya Diplomacy Forum held in Turkey, emphasized that Kosovo had "joined sanctions immediately as the first country in the region, sanctions of the European Union and those from the United States"³⁴.

In public rhetoric, Kosovo's officials adhere to the concept that "the more international presence, the possible, the better." Indeed, not all international involvement is desired – the principled position on the denial of interaction with some of the World countries, including Russia, illustrates that well. The Russian position over the Kosovo issue is widely known – the country supports Serbia in whatever decision it makes toward the region. Formally, today it is still assumed that the finalization of Kosovo's status will work for attracting more assistance from international

financial organizations, as well as private investment; but in effect, established formal international protectorate over the province "sets the stage for granting it full independence" [Charnogursky 2007].

Within such a context, it is hard to imagine a more mutually advantageous position than the one between Kosovo and the U.S. Through the efforts of the U.S., Kosovo, even with partial recognition, has become a regional player. Kosovars pay back with loyalty and adherence to its significant partner. In turn, the U.S. has the outpost in the Balkans and larger Europe. External support from one of the great powers guarantees attention to the voice of Kosovo on the local and international scenes. As the head of Kosovo says, increasing cooperation with the U.S. and having permanent military bases are more critical now than ever, given that Kosovo is still not in NATO³⁵. When it comes to the question of real or imagined threats ("Russia and China work in tandem")³⁶ and Kosovo's need for "a steely-eyed response to the malign intentions of Russia and China" and cooperation with "like-minded neighbors," the U.S. name comes up no matter how far it is in order to be in this line of "neighbors."

Kosovo perceives the U.S. as the closest ally in every sense and behaves accordingly. The same issue of "geographical paradox" in the current local political narrative and practical geopolitics is very typical for all Western Balkan states when it comes to the public justification of their allies' choice or position on a certain issue on the international agenda [Arlyapova, Ponomareva, Proroković 2022].

³² Generalized System of Preferences (GSP) [Electronic source] // The Office of the United States Trade Representative. Executive Office of the President. URL: <https://ustr.gov/issue-areas/trade-development/preference-programs/generalized-system-preference-gsp> (accessed: 22.04.2022).

³³ Kosovo and the U.S. Generalized System Preferences (GSP) Program [Electronic source] // The Office of the United States Trade Representative. Executive Office of the President. URL: <https://ustr.gov/sites/default/files/Weaver%20Kosovo%20GSP%20handout%20ENG.pdf> (accessed: 28.04.2022).

³⁴ Kosovo says it joins E.U. and U.S. sanctions against Russia as the first country from region [Electronic source] // Anadolu Agency. 16.03.2022. URL: <https://www.aa.com.tr/en/europe/kosovo-says-it-joins-eu-us-sanctions-against-russia-as-1st-country-from-region/2537253> (accessed: 20.06.2022).

³⁵ Ibid.

³⁶ Phillips D. China, not Russia, is the Greater Threat to Kosovo [Electronic source] // *Balkan Insight*. 2021. URL: <https://balkaninsight.com/2021/09/29/china-not-russia-is-the-greater-threat-to-kosovo/> (accessed: 22.06.2022).

The case of Kosovo is no exception. Local authorities (with the consensus of the public majority) prefer orientation towards a more distant ally – the United States – instead of a closer one – the European Union. Mostly, Kosovo puts its actions and interactions in the international arena in line with the U.S. requirements and expectations. However, there may be variations, depending on the pressure that the U.S. exerts not through Kosovo but on Kosovo if there is one (taking into consideration an official reaction and statement of the Quint members – France, Germany, Italy, United Kingdom, and the United States – over the negative decision by Kosovo in concern with Serbia's elections on April 3, 2022, and capacity of local Serbs to exercise their right to participate)³⁷.

Competition exists between "like-minded neighbors." Its traces are easily seen in statements, reports, and other informational materials. For instance, as mentioned above, the E.U. reported about 1.2 million doses of COVID-19 vaccines – "including through the COVAX initiative, *donations from the EU* and other partners, as well as via direct procurement"³⁸. At the same time, the U.S. reported that it "has shared 1054170 safe and effective COVID-10 vaccine doses with the people of Kosovo – free of cost...Of the 1 054 170 vaccine doses, 100% were donated in partnership with COVAX"³⁹. Rivalry takes place because no one likes to get less when he pays more, even speaking about immaterial outcomes in terms of political influence, loyalty, recognition, and

value of overall contribution to Kosovo's economic development.

The European Union remains a significant trade partner for Kosovo: in 2019 share of exports to EU-27 countries in the value of total exports was 33.2% and the share of imports from EU-27 countries (in the same value) was 49.1%⁴⁰. And the Central European Free Trade Agreement (CEFTA) area is still its primary export market, accounting for 43% of its total exports in 2020⁴¹. The basic raw materials and mineral products still dominate in commodity exports – up to 48%⁴², reflecting a limited and slow diversification of the production sector.

There have been changes on the list of main trading partners (by country). According to the most recent data by the Kosovo Agency of Statistics (taking into account its overall weakness and vulnerability), in 2019 top five E.U. countries for Kosovo's export were (in descending order): Germany and Netherlands – both with a slight increase of indicators (in EUR) from 2019 to 2020, then Great Britain with significant almost 2.5 times increase for the next year, Slovenia – with the most significant reduction of more than three times, and Italy – with almost two times growth. Here is a percentage of each of the 2019th top five in total Kosovo export (Tab. 2).

With existing trends, Slovenia left the list in 2020, and Sweden joined the list on the wave of a 15 times increase (in EUR). Italy and Netherlands switched their positions (Italy up, Netherlands down) at the top. Germany kept

³⁷ Joint Statement on Kosovo. Media note [Electronic source] // The Department of State. The Office of the spokesperson. March 23, 2022. URL: <https://www.state.gov/joint-statement-on-kosovo/> (accessed: 23.06.2022).

³⁸ Kosovo* 2021 Report. Commission Staff Working Document [Electronic source] // The European Commission. P. 3. URL: https://ec.europa.eu/neighbourhood-enlargement/kosovo-report-2021_en (accessed: 18.06.2022).

³⁹ COVID-19 Vaccine Distribution. Kosovo [Electronic source] // The U.S. Department of State. URL: <https://www.state.gov/countries-areas/kosovo/> (accessed: 21.06.2022).

Note: COVAX is the vaccines pillar of the Access to COVID-19 Tools (ACT) Accelerator. COVAX is co-led by the Coalition for Epidemic Preparedness Innovations (CEPI), GAVI (The Vaccine Alliance), and the World Health Organization (WHO), alongside key delivery partner UNICEF.

⁴⁰ Kosovo* 2021 Report. Commission Staff Working Document [Electronic source] // The European Commission. URL: https://ec.europa.eu/neighbourhood-enlargement/kosovo-report-2021_en (accessed: 18.06.2022). P. 112.

⁴¹ Ibid. P. 107.

⁴² Kosovo GDP 2000-2019 [Electronic source] // Trading Economics. URL: <https://tradingeconomics.com/kosovo/gdp> (accessed: 21.10.2021).

Table 2
The 2019th top five of the E.U. countries for Kosovo's exports, in % of total

Country	2019	2020	Trend
Germany	8.3	7.9	-0.4
Netherlands	4.1	4.6	+0.5
Great Britain	2.8	6.0	+3.2
Slovenia	2.7	0.8	-1.9
Italy	2.7	4.9	+2.2

Source: Kosovo International Trade Statistics [Electronic source] // Kosovo Agency of Statistics. March 2020. P. 11–13. URL: <https://ask.rks-gov.net/media/5383/international-trade-statistics-march-2020.pdf> (accessed: 30.06.2022).

its leadership and headed the 2020 list. Great Britain (still in the E.U. data for March 2020⁴³) went right next to it (Tab. 3):

Distribution of the E.U. listed countries in the context of increasing/decreasing indicators in 2019–2020 looks as follows (Tab. 4).

Of course, the states of CEFTA, as mentioned before, are the first to be named as the Kosovo exports market. Albania is the absolute leader among them and the only one to build up growth. Then Macedonia, Montenegro, Serbia, Bosnia, and Hercegovina go in descending order. Moldavia ends up on the list with minimal participation. CEFTA plays a key role in Kosovo's export beating all other regional and non-regional players. However, in the context of import, its contribution is significantly less compared with the E.U., for instance, and keeps going down.

Another notable player is the European Free Trade Association (EFTA). The EFTA states – Iceland, the Principality of Liechtenstein, the Kingdom of Norway, and the Swiss Confederation – signed a “Joint Declaration on

Table 3
The 2020th top five of the E.U. countries for Kosovo's exports

Country	000 EUR	% of total exports
Germany	2.532	7.9
Great Britain*	1.933	6.0
Italy	1.568	4.9
Netherlands	1.492	4.6
Sweden	1.471	4.6

Source: Kosovo International Trade Statistics [Electronic source] // Kosovo Agency of Statistics. March 2020. 15 p. URL: <https://ask.rks-gov.net/media/5383/international-trade-statistics-march-2020.pdf> (accessed: 30.06.2022).

Table 4
The E.U. countries in Kosovo's exports, 2019–2020, in EUR

Increasing	Czech Republic, Belgium, France, Germany, Greece, Hungary, Italy, Netherlands, Spain, Sweden
Decreasing	Austria, Bulgaria, Croatia, Denmark, Luxembourg, Poland, Romania, Slovakia, Slovenia, Other of the E.U.

Source: Kosovo International Trade Statistics [Electronic source] // Kosovo Agency of Statistics. March 2020. 15 p. URL: <https://ask.rks-gov.net/media/5383/international-trade-statistics-march-2020.pdf> (accessed: 30.06.2022).

Cooperation”⁴⁴ with Kosovo in Geneva in November 2018. In 2019 the EFTA brought 7.5% of total Kosovo's exports⁴⁵. Next year, this indicator decreased both in monetary and percentage terms. Contribution to Kosovo's imports is relatively small – just around 1% of the total, and used to relate mainly to vehicles (not railway) and pharmaceuticals. However, in 2021 categories of “tobacco”, “machinery, mechanical appliances”, and “others” took an essential part⁴⁶.

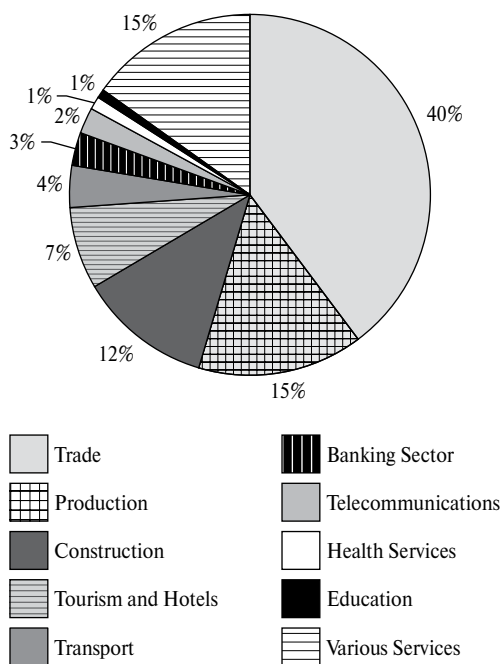
⁴³ Kosovo International Trade Statistics. [Electronic source] // Kosovo Agency of Statistics. March 2020. P. 13. URL: <https://ask.rks-gov.net/media/5383/international-trade-statistics-march-2020.pdf> (accessed: 30.06.2022).

⁴⁴ Joint Declaration on Cooperation between the EFTA States and the Republic of Kosovo [Electronic source] // EFTA. November 23, 2018. Geneva, Switzerland. URL: <https://www.efta.int/sites/default/files/documents/legal-texts/free-trade-relations/kosovo/EFTA-Kosovo-Joint-Declaration-on-Cooperation.pdf> (accessed: 11.05.2022).

⁴⁵ Kosovo International Trade Statistics [Electronic source] // Kosovo Agency of Statistics. March 2020. URL: <https://ask.rks-gov.net/media/5383/international-trade-statistics-march-2020.pdf> (accessed: 30.06.2022).

⁴⁶ Trade between EFTA and Kosovo [Electronic Source] // EFTA trade data. URL: <https://trade.efta.int/#/country-graph/EFTA/XK/2021/HS2> (accessed: 10.05.2022).

Picture 3
Foreign Companies by Sectors, % of total



Source: Investing in Kosovo [Electronic source] // The Republic of Kosovo. The Ministry of European Integration. URL: <https://www.mei-ks.net/en/kosovo/investing-in-kosovo> (accessed: 08.05.2022).

Among non-regional partners, Kosovo exports the most to Turkey and the U.S. – around 2% of the total⁴⁷. Kosovo's export to Asia countries – China, India, and Japan – decreased from 0.1% in 2019 to 0% in 2020, while imports from those countries remained

relatively stable – around 10%, with China's leading the group. Overall, Kosovo remains highly reliant on imports and suffers from a long-standing chronic trade deficit. Imports in Kosovo averaged 203 875 EUR thousand from 2003 until 2022, reaching an all-time high of 493 917 EUR thousand in March of 2022 and a record low of 48559 EUR thousand in January 2003⁴⁸. Against the background of slight improvement (in 2020, the trade deficit decreased by 10% compared to 2019)⁴⁹ the overall trade balance remains negative – -367 859 EUR Thousand as of May 2022⁵⁰. Kosovo mainly imports mineral products, machinery, appliances, electric materials, prepared food, beverages, tobacco, metals, and chemical goods. Collective Europe covers most of Kosovo's import needs. Among its non-regional partners, Turkey, China, and the U.S. stand out with 13.1%, 7.8%, and 2.7% in total imports per March 2020⁵¹. It is worth mentioning that in 2019 Brazil (1.3%) and Ukraine (1.2%) went ahead of the United States (1%) in this indicator. Brazil keeps its presence in the region (1.6%), while Ukraine went down to 0.5% in 2020. Two more non-regional countries – India and Mexico – had no changes in their percentage during the evaluated period (0.7% and 0.1%, respectively).

According to local Ministry of European Integration statements, foreign capital in Kosovo has as wide geographical distribution as more than 80 countries of the world, “where Albania ranks first in the number of registered businesses”⁵². With a total number of 4210, foreign companies by sectors look as follows (Pic. 3).

⁴⁷ Kosovo International Trade Statistics [Electronic source] // Kosovo Agency of Statistics. March 2020. URL: <https://ask.rks-gov.net/media/5383/international-trade-statistics-march-2020.pdf> (accessed: 30.06.2022).

⁴⁸ Kosovo imports [Electronic source] // Trading Economics. URL: <https://tradingeconomics.com/kosovo/imports> (accessed: 11.06.2022).

⁴⁹ Kosovo* 2021 Report. Commission Staff Working Document [Electronic source] // The European Commission. P. 107. URL: https://ec.europa.eu/neighbourhood-enlargement/kosovo-report-2021_en (accessed: 18.06.2022).

⁵⁰ Kosovo imports [Electronic source] // Trading Economics. URL: <https://tradingeconomics.com/kosovo/imports> (accessed: 11.06.2022).

⁵¹ Kosovo International Trade Statistics [Electronic source] // Kosovo Agency of Statistics. March 2020. URL: <https://ask.rks-gov.net/media/5383/international-trade-statistics-march-2020.pdf> (accessed: 30.06.2022).

⁵² Investing in Kosovo [Electronic source] // The Republic of Kosovo. The Ministry of European Integration. URL: <https://www.mei-ks.net/en/kosovo/investing-in-kosovo> (accessed: 08.05.2022).

Although the current legislation on foreign investment provides for treatment of foreign nationals and companies on an equal basis with local investors, in practice, foreign citizens and legal persons encounter difficulties registering property rights⁵³. In addition to that, local “minority communities are frequently unable to exercise their property rights fully”⁵⁴.

Another economy-related problem affecting all other areas is unemployment or, to be more specific – unemployment of Kosovo's youth and women. The situation in the local labor market has remained “challenging” for years. The significant underutilization of the local labor force heads up the to-do list in the current economic agenda. Usually, it is associated with the issues of existing employment structure and its optimization needs, as well as a pronounced gender imbalance. In 2015, with Kosovo's overall low rates of employment and activity characteristic, only one in five women of working age was active in the labor market, and only one in eight was employed⁵⁵. According to the results of the labor force study conducted in 2017, the working-age population amounted to 1.2 million people, with a gender distribution similar to last year. At the same time, an active workforce (aged 15–64 years) formed 513,678 people, of which only 119,027 were women. Consequently, the participation rate of women in the labor force was significantly lower than that of men (20% and 65.3%, respectively), although it showed a slight increase compared to 2016⁵⁶. In general, this

trend continues: in 2019, the difference between the employment indicators of women and men in Kosovo was 33% (12.3% and 45.3%, respectively)⁵⁷. In many ways, this is accounted for by the absence of preschool institutions.

Regarding the general unemployment figures appearing in recent reports, it should be considered that they do not reflect fully the real picture. For instance, the unemployed do not include those with seasonal earnings, employed once-twice a week, or involved in various illegal or “grey” schemes. Therefore, the real unemployment rate in Kosovo is much higher. By the way, American experts traditionally disagree with the official figures of Kosovo statistics and point out that youth unemployment is significantly higher than the declared figures⁵⁸. Unemployment among young people is a separate large-scale problem. Minor improvements took place, though: from 61% in 2015 to 55.4% in 2019. Unfortunately, the overall picture generally remains the same, exposing the inconsistency of the local educational system's work with the labor market's needs. Massimiliano Paolucci, World Bank Manager for Kosovo and North Macedonia, stated: “There is a pressing need to tackle constraints to higher productivity growth and to invest in human capital for Kosovo to utilize its advantage of having a young population.” And “if Kosovo does not strengthen its human capital, it will find it more difficult to achieve faster and more inclusive growth, it will not have a workforce prepared for the jobs of the

⁵³ Kosovo* 2021 Report. Commission Staff Working Document [Electronic source] // The European Commission. P. 90. URL: https://ec.europa.eu/neighbourhood-enlargement/kosovo-report-2021_en (accessed: 18.06.2022).

⁵⁴ 2020 Investment Climate Statements: Kosovo [Electronic source] // The U.S. Department of State. The Bureau of Economic and Business Affairs. URL: <https://www.state.gov/reports/2020-investment-climate-statements/kosovo/> (accessed: 13.06.2022).

⁵⁵ Kosovo 2015 Report [Electronic source] // The European Commission. P. 32. URL: https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2015/20151110_report_kosovo_pdf (accessed: 06.10.2021).

⁵⁶ Economic Reform Programme (ERP) 2019–2021. January 2019. 164 p. [Electronic source]. URL: https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/kosovo_erp_2019-2021.pdf (accessed: 21.10.2021).

⁵⁷ Kosovo 2019 Report [Electronic source] // European Commission. URL: <https://op.europa.eu/en/publication-detail/-/publication/f43b4495-8220-11e9-9f05-01aa75ed71a1/language-en/format-PDF/source-118517130> (accessed: 03.10.2021).

⁵⁸ Kosovo Balance of Trade (2020) [Electronic source] // Trading Economics. URL: <https://tradingeconomics.com/kosovo/balance-of-trade> (accessed: 04.10.2021).

future, and it will not be able to compete in the global economy”⁵⁹.

The accompanying problem is hard disproportions in the distribution of people by employment sectors, which increases pressure on the budget and undermines the trust of people in the fairness of the social benefits system. The monitored constant increase in salaries of civil servants and employees of state-owned enterprises also creates risks for public finances. Besides, it hinders the development of the private sector, negatively affecting its overall attractiveness.

According to the study of the structure of enterprises for 2016, the most significant number of them belonged to the trade sector – 47.7%, followed by business and other services – 13.6%, and then the manufacturing industry – 13.5%. The total number of people employed in the private sector was 156,504. Of these were: in trade – 34.9%, manufacturing – 15.6%, and business services – 11.8%. Accordingly, the largest share in the total volume of trade turnover fell on the trade sector – 57.5%, followed by the manufacturing industry – 11.9% and construction – 10.5%⁶⁰. Among the significant structural changes is a marked tendency to reduce the share of agriculture (according to the latest data, 10.8%). Sector “Other” formally gives 9.3% of employment but, in fact, with illegal and criminal practices, significantly more⁶¹. The unemployment rate forecasts for 2022, 2023, and 2024 look somewhat optimistic – 24.3%, 23.8%, and 23.5%, respectively⁶².

All in all, Kosovo's economy has experienced a full recovery from the COVID pandemic. However, leaving aside the common World agenda, local economics keeps its essential features: slow structural changes, heavy dependence on external financial help and internal trade, widespread informal economy, inefficient judicial system, corruption, and the overall weakness of institutions. Priority tasks for Kosovo also remain the same: to guarantee budget compliance with the requirements of budget rules, especially in terms of wages; to improve financial supervision and accountability of state-owned enterprises and accelerate their privatization; to make financing of small and medium-sized enterprises more accessible and to develop and implement active measures to increase women's participation in the labor market⁶³.

The current political agenda adds lots of concerns for Kosovo. Like other Western Balkan polities, Kosovo is becoming increasingly vulnerable in the context of the energy crisis in Europe. Excessive reliance on imports makes it extremely sensitive for Kosovo: according to the World Bank, “the downside risks to the region's economic outlook are daunting”⁶⁴. Disruptions to global trade, the free ride of the energy and food prices – all this together may bring many disappointing corrections to, by and large, optimistic local forecasts of Kosovo's economic development in the nearest future.

Results

Kosovo's economy has not seen significant structural changes since the proclamation of

⁵⁹ Kosovo's Economic Growth to Decelerate in 2022 After a Strong Post-Pandemic Recovery [Electronic source] // The World Bank. Press Release No: 2022/ECA/92. URL: <https://www.worldbank.org/en/news/press-release/2022/05/04/kosovo-s-economic-growth-to-decelerate-in-2022-after-a-strong-post-pandemic-recovery> (accessed: 08.06.2022).

⁶⁰ Kosovo 2020 Report [Electronic source] // The European Commission. URL: https://ec.europa.eu/neighbourhood-enlargement/system/files/2020-10/kosovo_report_2020.pdf (accessed: 28.10.2021).

⁶¹ Economic Reform Programme (ERP) 2019-2021. January 2019. 164 p. URL: https://ec.europa.eu/neighbourhoodenlargement/sites/near/files/kosovo_erp_2019-2021.pdf (accessed: 21.10.2021).

⁶² Kosovo. Overview [Electronic source] // The Vienna Institute of International Economic Studies. URL: <https://wiiw.ac.at/kosovo-overview-ce-23.html> (accessed: 22.06.2022).

⁶³ Kosovo 2019 Report. [Electronic source] // The European Commission. URL: <https://op.europa.eu/en/publication-detail/-/publication/f43b4495-8220-11e9-9f05-01aa75ed71a1/language-en/format-PDF/source-118517130> (accessed: 03.10.2021).

⁶⁴ Kosovo's Economic Growth to Decelerate in 2022 After a Strong Post-Pandemic Recovery [Electronic source] // The World Bank. Press Release No: 2022/ECA/92. URL: <https://www.worldbank.org/en/news/press-release/2022/05/04/kosovo-s-economic-growth-to-decelerate-in-2022-after-a-strong-post-pandemic-recovery> (accessed: 29.06.2022).

the so-called "independence." The polity is still on the list of Europe's poorest and most vulnerable regions. Reforms are proceeding slowly and not without difficulty. A large share of state-owned enterprises is unprofitable. The private sector is fragmented. The economy relies heavily on imports and excessively depends on the trade sector. Unemployment, especially among young people, is soaring. The investment attractiveness remains low despite incessant efforts to improve the situation. External economic assistance (both legal and illegal) forms an essential part of the income, calling into question the region's ability to maintain self-sufficient economic existence. Unresolved property rights problems and lack of political will to solve them cause additional damage to the image of Kosovo.

The large informal sector and soaring unemployment make the former Serbian province one of the "gray zones" of the world economy. Its criminal component discourages potential investors and undermines the region's attempts to speed up integration into the E.U. As a result, Kosovo's financial dependence becomes one of the main obstacles to the European Union.

We can conclude that, first, external actors who intervened at the very beginning or during the conflict often become initiators, sponsors, and with luck, beneficiaries of forthcoming economic reconstruction. Primarily, they are transnational corporations, international financial institutes, and supranational bodies.

Second, post-conflict economic recovery is accompanied by pursuit of political interests. At this point, Kosovo is often much more about political loyalty and cooperation on several important issues of world politics than about economic recovery. Thus, economic

support results in "right" voting on a specific issue in the Council of Europe, the General Assembly, the IOC, etc.

Third, the military usually accompanies the economic presence of external actors in a post-conflict zone. Investments and schemes for restoring the socioeconomic sphere and communications require reliable protection. The deployment of military bases takes place either in advance or in parallel with the launch of economic subsidies and recovery projects. The most extensive U.S. military base in Southern Europe, "Camp Bondsteel," has been performing security functions in Kosovo since 1999.

Fourth, any conflict generates a complex of illegal issues. Among these are corruption at all levels, a vast shadow economy, criminal networks which cover different spheres of life, and their involvement in international terrorist structures. Mass unemployment, accompanied by a high birth rate (typical for Muslim polities) and gender misbalance in the labor force, seriously complicate matters.

Finally, in the context of the growing crisis of globalization and the current de-facto destruction of the system of international relations, the self-sustaining existence of polities that arose during the fragmentation of large state entities remains problematic. Even relatively developed countries (such as Croatia, Slovakia, and Slovenia) receive the E.U. subsidies and do not demonstrate a confident capacity for effective economic development without inclusion in regional programs. The economic future of post-conflict zones is strongly associated with continued financing support in the form of development programs, direct external help, or inclusion into larger entities.

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ВОССТАНОВЛЕНИЕ ЭКОНОМИКИ ПОСТКОНФЛИКТНОГО КОСОВА

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Резюме

Самопровозглашённая Республика Косово сталкивается со множеством проблем постконфликтного восстановления экономики. Текущие политические повестки глобального и регионального уровней значительно усложняют этот процесс. Трудности обусловлены сочетанием хронической социально-экономической отсталости политики и общими вызовами постконфликтного урегулирования. Такое сплетение приводит к ограничениям опций государственного управления, созданию обширной теневой экономики и криминальных сетей. Существующие проблемы дополняются массовой безработицей и широко распространённой в регионе бедностью, усугубляемой такими традиционными проблемами Косова, как гендерный дисбаланс рабочей силы, этническая дискриминация и неурегулированные права собственности. В статье освещаются результаты внутренних и внешних усилий по повышению способности косовских властей обеспечивать социально-экономическую безопасность местных домохозяйств и предприятий. Основное внимание уделено международной поддержке посредством прямой финансовой помощи и внешних инвестиций. Сделан вывод о том, что эта поддержка ставит под сомнение политическую независимость и жизнеспособность самопровозглашённого государства: Косово по-прежнему входит в список беднейших и наиболее уязвимых регионов Европы. Реформы продвигаются медленно. Большая доля государственных предприятий убыточна. Частный сектор фрагментирован, доминируют микропредприятия. Экономика Косова в значительной степени опирается на импорт и в целом чрезмерно зависит от торгового сектора. Финансовая дисциплина, эффективность и прозрачность распределения ресурсов, оптимизация межсекторального взаимодействия, борьба с коррупцией – все эти вопросы по-прежнему стоят в текущей экономической и политической повестке, как и десять лет назад. Финансовая зависимость от поддержки извне, общая экономическая несамостоятельность являются препятствием на пути членства Косова в ЕС.

Ключевые слова:

постконфликтное регулирование; экономика Косова; Балканы; самопровозглашённое государство; международная помощь; пандемия COVID-19.