

Harnessing the Potential of the

KOSOVAR DIASPORA'S ECONOMIC CONTRIBUTIONS

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This publication was commissioned by Caritas Switzerland (CACH) in Kosovo as part of the Municipal Action for Reintegration and Diaspora (MARDI) project and produced by GERMIN. The views expressed in this publication are those of the authors and do not necessarily represent those of Caritas Switzerland (CACH).

Table of Contents

Executive Summary.....	08
Background.....	09
Kosovo’s diaspora.....	10
Kosovo’s diaspora financial and investment potential.....	11
The investment environment and municipalities.....	13
Diaspora investment.....	17
Study objective.....	19
Research methodology.....	20
Sample design.....	20
Data collection.....	20
a) Survey.....	20
b) Interviews.....	21
Research limitations.....	21
Research findings.....	23
Demographic information.....	23
Diaspora’s financial and economic potential.....	28
Diaspora investments.....	31
General perceptions of the investment environment.....	31
Present trends.....	38
Future investment prospects.....	47
Conclusions.....	55
Selected recommendations.....	56
Reference list.....	57
Sources used in the text.....	57

Table of Figures

Figure 1:	Total remittances (millions) in Kosovo from 2011 to 2022.....	12
Figure 2:	Foreign direct investment in Kosovo 2008 - 2021.....	13
Figure 3:	Types of diaspora finance mechanism.....	17
Figure 4:	Gender.....	23
Figure 5:	Age group.....	24
Figure 6:	Level of education	24
Figure 7:	Diaspora generation.....	25
Figure 8:	The concentration of the respondents according to the state they currently live	26
Figure 9:	Net income	28
Figure 10:	Average balance of savings per year.....	29
Figure 11:	Available cash, funds ready to be used for a potential investment	30
Figure 12:	Access to loans	30
Figure 13:	Diaspora involvement in the political, economic, and social situation in Kosovo.....	31
Figure 14:	Diaspora's satisfaction with the current political, economic, and social situation in Kosovo.....	32
Figure 15:	The effect of the current political, economic, and social situation in Kosovo on diaspora's willingness to invest.....	33
Figure 16:	Information on the applicable taxes and levies in Kosovo	33
Figure 17:	Information on the administrative procedures for investing in Kosovo	34
Figure 18:	Information on investment opportunities in Kosovo.....	35
Figure 19:	Information about what municipalities in Kosovo are doing to facilitate diaspora investments	36

Figure 20:	Information on successful diaspora investment on the municipal level.....	37
Figure 21:	Information on Public-Private Partnership investments	37
Figure 22:	Investments	38
Figure 23:	Business ownership	39
Figure 24:	Investments in a business in Kosovo	39
Figure 25:	Using other investment forms.....	40
Figure 26:	Investments in diaspora bonds.....	40
Figure 27:	Investment in other areas like real estate and work equipment	42
Figure 28:	Diaspora investments according to the sector.....	43
Figure 29:	Experience with investing in Kosovo	45
Figure 30:	Evaluating investment.....	45
Figure 31:	Willingness to reinvest.....	45
Figure 32:	Future investment chances.....	47
Figure 33:	Prominent sectors for future investments.....	49
Figure 34:	Investment deterrents.....	50
Figure 35:	Satisfaction with institutional support for diaspora investments.....	51
Figure 36:	Special status for diaspora investors	52
Figure 37:	Publicly sponsored investment guarantees.....	53
Figure 38:	Necessary steps to improve the chances for diaspora investments	54

Executive Summary

This research study provides an overview of the economic and investment potential of the Kosovar diaspora. Based on an online survey with 548 diaspora respondents and 30 interviews with diaspora businesspersons, the study shows that many respondents have limited financial potential for investing in Kosovo and lack adequate information on potential investments. However, there is increased willingness and potential for future diaspora investments in Kosovo. Agriculture, construction, education, energy, IT, and tourism seem to be attractive sectors for diaspora investments. The study also summarizes a list of steps the government of Kosovo should take to increase diaspora investments. Overall, the findings suggest the need for a stronger role for the government and relevant institutions in promoting diaspora investments in Kosovo. Despite the small sample size, these findings contribute in several ways to our understanding of diaspora investments and provide a basis for undertaking practical changes to improve the investment environment in Kosovo.

Background

Diasporas are transnational communities that maintain a lasting cross-border presence while establishing and maintaining intricate exchange networks.¹ William Safran, one of the pioneers working on diasporas, has summarised six main elements that characterise diaspora communities. According to Safran, the first element is that diasporas have, at some point, been scattered from an initial homeland to multiple regions. Second, diaspora communities create and keep collective consciousness about their homeland. Third, they perceive or are perceived as different from the host society they live in. Fourth, they consider only their initial homeland as their true home, where they eventually tend to return. The fifth element, and perhaps the most relevant for this study, is, as in the words of Safran: “they believe that they should, collectively, be committed to the maintenance or restoration of their original homeland and to its safety and prosperity.” Finally, the diaspora’s sense of ethnic community and unity is significantly shaped by their ongoing connection to their homeland, which influences them continuously.²

A short version of the term diaspora, often used in the literature, tends to refer to: “groups of dispersed people who share symbolic and/or material associations to an idealised homeland.”³ According to Tölölyan, diaspora communities: “develop varieties of association that endure at least into their third generation.”⁴ Most importantly, Turner argues that the diaspora concept can be seen as a process that constantly evolves and reshapes.⁵ Consequently, contemporary migration towards wealthier countries is increasingly used as a resource to establish cross-border economic relations between diasporas and their kin at home and abroad.⁶ A recognised narrative is used by home countries, a: “concentration on diasporas as resource for national progression,”⁷ that shapes current state policies and development strategies. As a result, these countries are implementing policies, and strategies, and creating government departments to mobilise their diasporas to invest in various ways back home.⁸

1 Nicholas Van Hear, *New Diasporas: The mass exodus, dispersal and regrouping of migrant communities*, Routledge, 1998, p.240

2 William Safran, “Diasporas in Modern Societies: Myths of Homeland and Return”, *Diaspora: A Journal of Transnational Studies*, 1 (1), 1991, p.83-4

3 Alpha Abebe, “Performing diaspora”, in *Routledge Handbook of Diaspora Studies* (Eds.) Robin Cohen and Carolin Fischer, Routledge, Abington, New York, 2019, p.55-56

4 Khachig Tölölyan, “Diaspora studies: Past, present and promise”, in *Routledge Handbook of Diaspora Studies* (Eds.) Robin Cohen and Carolin Fischer, Routledge, Abington, New York, 2019, p.25

5 Simon Turner, “The social construction of diasporas: Conceptual development and the Rwandan case”, in *Routledge Handbook of Diaspora Studies* (Eds.) Robin Cohen and Carolin Fischer, Routledge, Abington, New York, 2019, p.41

6 Stéphane Dufoix, *Diasporas*, Berkeley, University of California Press, 2008, p.78

7 Jen Dickinson, “Postcolonial states, nation-building, and the (un)making of diasporas”, in *Routledge Handbook of Diaspora Studies* (Eds.) Robin Cohen and Carolin Fischer, Routledge, Abington, New York, 2019, p.262

8 Turner, “The social construction of diasporas”, p.40 & p.43

Kosovo's diaspora

Kosovo is one of the countries with the largest diaspora in Europe, compared to its total population. An official estimate by the Kosovo Statistics Office shows that some 700,000 Kosovars live abroad.⁹ Other estimates go as high as 800,000.¹⁰ This comprises the equivalent of almost half of the current population of Kosovo (1.8 mil.). Kosovo Diaspora is highly concentrated in German-speaking countries, Germany (39%), Switzerland (23%) and Austria (7%). Other large Kosovo Diaspora communities are concentrated in the United States of America, Scandinavia, the UK, France and Belgium, while smaller communities are found in Australia and New Zealand.

Despite their close connection with their homeland and many exchanges, the Kosovo diaspora represents a huge and largely untapped potential. Diaspora members closely follow the country's socio-economic developments and show great willingness to contribute and stay connected. With technological advancements, the Kosovo diaspora is becoming more connected with the country of origin through permanent, temporary or virtual returns.¹¹

Diaspora plays an important role in Kosovo's economic, social and cultural development. It has contributed to the protection of individual and social rights, the preservation of language and identity, the protection of national interests and the economic and social development of Kosovo. The diaspora's contribution has been crucial in the past, with it being the main economic contributor and strongest political advocator for the country's struggles by the end of the 20th century. Diaspora dynamics have changed, with new generations of Kosovo migrants raised and educated in the most developed Western countries. They represent a valuable asset for the country now. However, there are a lot of challenges to creating an environment that encourages and supports them to share and transfer their knowledge, experiences and talents with Kosovo.

“An official estimate by the Kosovo Statistics Office shows that some 700,000 Kosovars live abroad. Other estimates go as high as 800,000.

⁹ Kosovo Agency of Statistics: Data on Migration based on the 2011 census.

¹⁰ Joniada Barjaba, “Albanian Diaspora across the World,” Athens Journal of Mediterranean Studies, Volume 5, Issue 3, for more see <https://www.athensjournals.gr/mediterranean/2019-5-3-3-Barjaba.pdf>

¹¹ For more see Behar Xharra and Martin Waehlich, “Beyond Remittances: Public Diplomacy and Kosovo's Diaspora”, 2012, Prishtina: Foreign Policy Club, available at SSRN: <https://ssrn.com/abstract=2108317>

Kosovo's diaspora financial and investment potential

A major challenge in assessing the financial and investment potential of the Kosovar diaspora is the scarcity of reliable data and studies. It is challenging to adequately analyse the financial and investment potential of the Kosovar diaspora due to unreliable existing data. Remittances, however, can be used as a good indicator. They tend to show the potential of the Kosovar diaspora to improve the dire economic situation in Kosovo. Remittances constitute the largest financial inflow in the Kosovar economy, representing over 12%¹² of the country's GDP. The latest statistics from Kosovo's Central Bank show that around 1.2 billion euros came to Kosovo in remittances only in 2022.¹³ If the expenditures incurred by the Kosovar diaspora while staying in Kosovo are taken into account, this number even reaches around 2 billion euros. Most remittances come from Kosovars living in Germany (39.5%), followed by Switzerland (17.4%), the USA (7%), Austria (4.2%), Italy (4%), and France (3.9%).¹⁴

Based on the findings of a survey conducted by the Kosovo Agency of Statistics in 2013, it turns out that over 43% of families in Kosovo have relatives living outside of Kosovo, and over 22% of them receive remittances during the year.¹⁵

Given that a considerable number of people have emigrated in the past ten years, these numbers today could be much higher.

“If the expenditures incurred by the Kosovar diaspora while staying in Kosovo are taken into account, this number even reaches around 2 billion euros. Most remittances come from Kosovars living in Germany (39.5%), followed by Switzerland (17.4%), the USA (7%), Austria (4.2%), Italy (4%), and France (3.9%).”

¹² The % of remittances/GDP has been flowing and changing over the years.

¹³ <https://bqk-kos.org/eag/sq/>

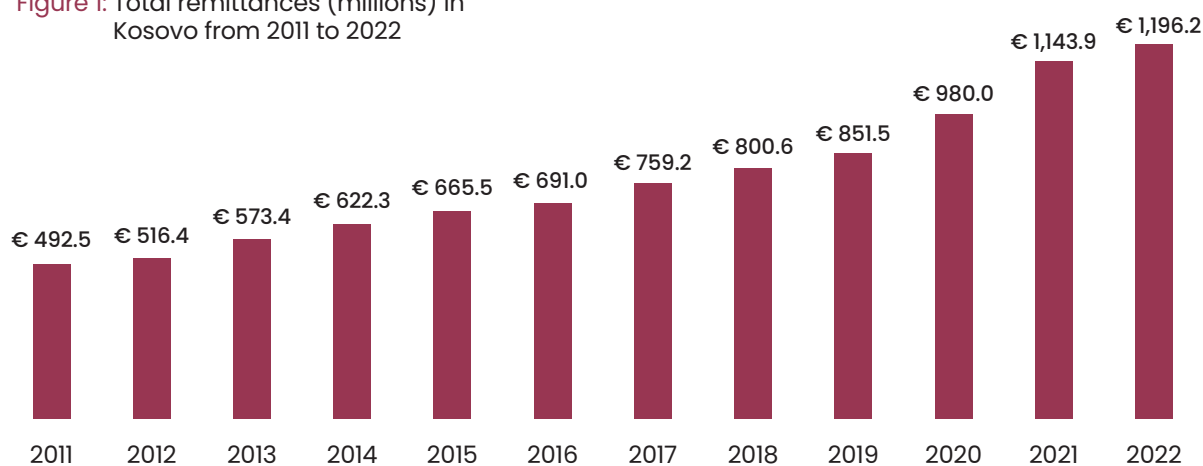
¹⁴ Central Bank of Kosovo: Statistics' Report: <https://bqk-kos.org/statistikat/rreth-statistikave/>

¹⁵ Kosovo Agency of Statistics, Study on remittances in Kosovo, 2012 and 2013, p.11 Source: <https://bit.ly/3m2qDDE>

Nevertheless, the problem with remittances is that they are invested in consumption, meaning that the financial inflows swiftly leave Kosovo, as the largest number of daily consumer goods are imported. Thus, remittances have only played a role in reducing poverty in Kosovo, but they have failed to translate into sustainable economic development. And this is precisely where the financial capacity of the Kosovar diaspora should be directed, in order to maximise the development potential.

Remittances in Kosovo 2011–2022 – in million euros

Figure 1: Total remittances (millions) in Kosovo from 2011 to 2022



Source: Central Bank of Kosovo

A large portion of the investments coming from the diaspora is invested in construction and the real estate sector. According to data from the KAS survey, in the 2012/13 period, approximately 47% of diaspora investments were directed towards the construction sector, while 26% went into real estate.¹⁶

Several factors prevent the financial potential of the diaspora from translating into investments in productive sectors. A brief survey conducted by GERMIN in 2018 shows that over 50% of respondents from the diaspora business community are more concerned about the safety of their potential investments in Kosovo rather than the profit.¹⁷

In addition, there are several factors that affect diaspora's willingness to invest in Kosovo including corruption perception, political instability, judicial safety, and the rule of law in general, to name a few.

¹⁶ Ibid., p. 25

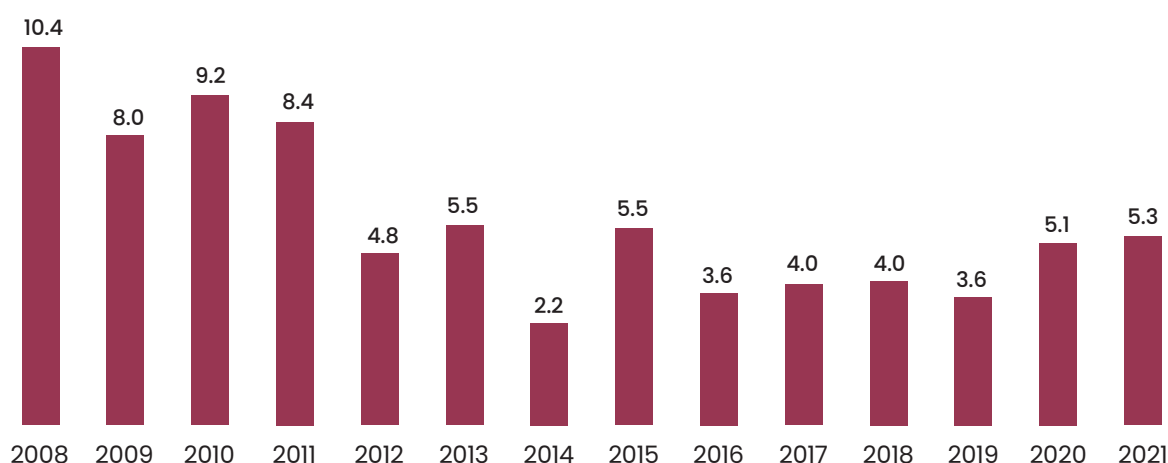
¹⁷ GERMIN, 2018 Politikat Ekonomike për Investime të Diasporës: <https://germin.org/politikat-ekonomike-dhe-per-investim-te-diaspores/>

The investment environment and municipalities

According to the Kosovo Investment and Enterprise Support Agency (KIESA), Kosovo offers a business environment with high growth potential. KIESA points out that: “an excellent tax system, abundant natural resources, quick and easy business registration, and transparent laws on foreign investment” make Kosovo an interesting place for foreign investors.¹⁸ In addition, in 2015 Kosovo has signed the Stabilisation and Association Agreement with the European Union, it is part of the Central European Free Trade Agreement (CEFTA), and it has signed Generalized System of Preferences Program with the United States, Japan, and Norway, and a bilateral Free Trade Agreement with Turkey. Using the EURO as its official currency, Kosovo is characterised by a stable monetary policy. Another important element for foreign investments is the low operating cost. Average monthly salaries are pretty low, the dividend tax is 0%, the corporative tax income is low at 10%, personal income tax is progressive (from 0% to a maximum of 10%), and the import market is liberalised. Most importantly, Kosovo's geographical position makes it easy to access the regional, European and Turkish markets.

Kosovo foreign direct investment, net inflows (% of GDP)

Figure 2: Foreign direct investment in Kosovo 2008 - 2021, net inflows as a percentage of GDP,



Source: <https://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS?contextual=default&end=2021&locations=XK&start=2011&view=chart>

¹⁸ KIESA. Reasons to Invest in Kosovo: <https://kiesa.rks-gov.net/page.aspx?id=2,15>

“In 2021 FDI reached a value of 415.3 million euros, showing an increase of 20% (compared to a 36% increase in 2020 and a 6% decrease in 2019).”

Foreign Direct Investments (FDI) are valuable factors that can significantly influence the overall development of countries. In recent years, FDI has become an essential component of the global economy. The inflow of foreign capital, for instance, positively affects national and domestic investments.¹⁹ In other words, the benefits of foreign direct investments in developing countries are multifaceted, and they often represent a policy priority for many countries around the globe. The figure above shows an overview of the Kosovo foreign direct investments net inflows, expressed in percentage of the GDP, covering the period between 2008 and 2021. Some positive trends can be observed for the years 2020 and 2021, where FDI has reached over 5% of the national GDP. These numbers are still low compared to the initial years following the declaration of independence. In 2021 FDI reached a value of 415.3 million euros, showing an increase of 20% (compared to a 36% increase in 2020 and a 6% decrease in 2019). The growth of FDI was mainly observed in the real estate, information and communication, and construction sectors, with a significant increase of up to 91% year on year. However, the energy supply and hospitality sectors experienced the highest decrease in investments.²⁰

According to recent Central Bank of Kosovo statistics for the year 2022, the majority of FDI in Kosovo is concentrated in real estate activities, accounting for 70% of total FDI. Mining and quarrying activities come in at a distant second place, representing only 5% of total FDI. Financial and insurance activities represent 6% of total FDI, while construction activities account for 4%. The dominance of real estate activities in FDI highlights the importance of property development in attracting foreign investment.²¹

The origin of foreign direct investments can vary greatly. In the case of Kosovo, statistics indicate that Germany is the largest source of FDI, accounting for 26% of total investment. Switzerland follows closely behind with 24% of total FDI. The United States represents 12.5% of total FDI, while Albania accounts for 10%. Austria represents 6% of total FDI, and Turkey represents 4%.²² The concentration of the Kosovar diaspora in specific countries has been linked to a rise in foreign direct investment (FDI) from those countries in the economy of Kosovo. Overall, it should be noted that FDI plays a vital role in boosting Kosovo's economy as it brings many benefits such as increased job opportunities and infrastructure development.

¹⁹ Prakash Loungani and Assaf Razin, "How Beneficial is Foreign Direct Investment for Developing Countries?", *Finance & Development*, Vol. 38, No 2, 2001, International Monetary Fund, accessible online on <https://www.imf.org/external/pubs/ft/fandd/2001/06/loungani.htm>

²⁰ Banka Qendrore e Republikës së Kosovës, Raporti Vjetor 2021, Prishtinë, 2022, p.38

²¹ <https://bqk-kos.org/statistics/time-series/?lang=en>

²² Ibid.

The sectors with the most investment potentials are energy and mines, agriculture and farming, vineyards, construction, textile industry, tourism,²³ and new and swiftly evolving sectors such as information and communication technology. The US International Trade Administration also mentions the wood processing sector, which includes the production of kitchens, baths, doors, upholstered furniture, and combined wood, metal and glass, as a sector with a high potential to attract foreign investments.²⁴ The latest statistics on international trade from the Kosovo Agency of Statistics show a significant increase in exported goods from Kosovo. Compared to 2020, at the end of 2021, the export of goods has seen a staggering increase of 39.3% or a total of 65 million euros for 2021. Goods have been exported to CEFTA²⁵ countries (35.1%), the EU (26.5%), and other countries, including the United States and Switzerland (38.4%).²⁶ The export trend shows good patterns for potential investors in Kosovo and increasing foreign direct investments. As various sectors in Kosovo, including energy and mines, agriculture, construction, and information technology, offer significant investment potential, the government has implemented a regional development strategy to coordinate economic policies and foster sustainable development in five distinct economic regions.



23 KIESA. Investment Opportunities Kosovo: <https://www.rks-gov.net/EN/f150/investing-in-kosovo/investment-opportunities>

24 US Department of Commerce: Kosovo - Country Commercial Guide 2021.

25 Albania, Bosnia and Herzegovina, Kosovo, Moldova, Montenegro, North Macedonia, and Serbia

26 Kosovo Agency of Statistics, Kosovo International Trade Statistics December 2021, 2022: <https://ask.rks-gov.net/media/6591/international-trade-statistics-december-2021.pdf>

According to the government strategy for regional development, five economic regions in Kosovo should foster inter-municipal cooperation on economic development.²⁷ Each of these regions offers its own investment potential. The central region, for instance, offers several opportunities to invest in special economic zones as well as in IT and the tourism sector.²⁸ The eastern region has investment potentials in winter tourism, agriculture, producing, and processing industries, while the northern region in mineral industries. The western region offers opportunities to invest in eco- and agro-tourism and textile industries, and the southern region in tourism, agriculture, and their by-products, especially in vineyards and winery.²⁹

The implementation of this strategy is based on three main objectives: to coordinate regional development policies, foster balanced regional development and a sound economic competition between regions, and foster sustainable regional development by using natural, economic, cultural and human resources of these economic regions.³⁰

Municipalities in Kosovo are the only units of local self-government. They are considered as the primary institutions close to the people. Knowing and understanding the needs of the people and the local economy and investment potentials, municipalities play an essential role in the economic development of Kosovo. According to the Ministry of Local Government Administration, economic development and attracting foreign investments remain the main priorities for local governments in Kosovo. To fully realise their economic potential, the central government, in cooperation with municipalities, is implementing a local economic development strategy designed to bring changes and reforms that will strengthen municipal financial stability, improve the environment for business development, increase capital investments and improve the way municipal property is used for attracting foreign investments.³¹

Most Kosovo municipalities have taken serious steps towards improving the local business climate. They have, for instance, established municipal one-stop shops for more effective and efficient services for businesses and investors. Twelve municipalities have also created functional economic zones.³²

These economic zones could be used to attract foreign direct investments.

27 Ministry of Regional Development, Strategy of Regional Development 2020-2030, Prishtinë, 2020, p.11: <https://mzhr.rks-gov.net/desk/inc/media/04608A85-13D9-4EDC-BEFE-7AE67FC2B6BB.pdf>

28 Ministry of Regional Development, Profiles of Regions, Prishtinë, 2019, p. 109: <https://mzhr.rks-gov.net/desk/inc/media/E117C745-B8ED-4866-BB5F-86996C0BE946.pdf>

29 Ibid., 109-112

30 Ministry of Regional Development, Strategy of Regional Development 2020-2030, p.3-4.

31 Ministry of Local Government Administration, Report on Functioning of Kosovo Municipalities 2020, Prishtinë, 2021, p.28: <https://mapl.rks-gov.net/wp-content/uploads/2021/04/1.-Raporti-i-funksionimit-te-komunave-2020-FINALE-1.pdf>

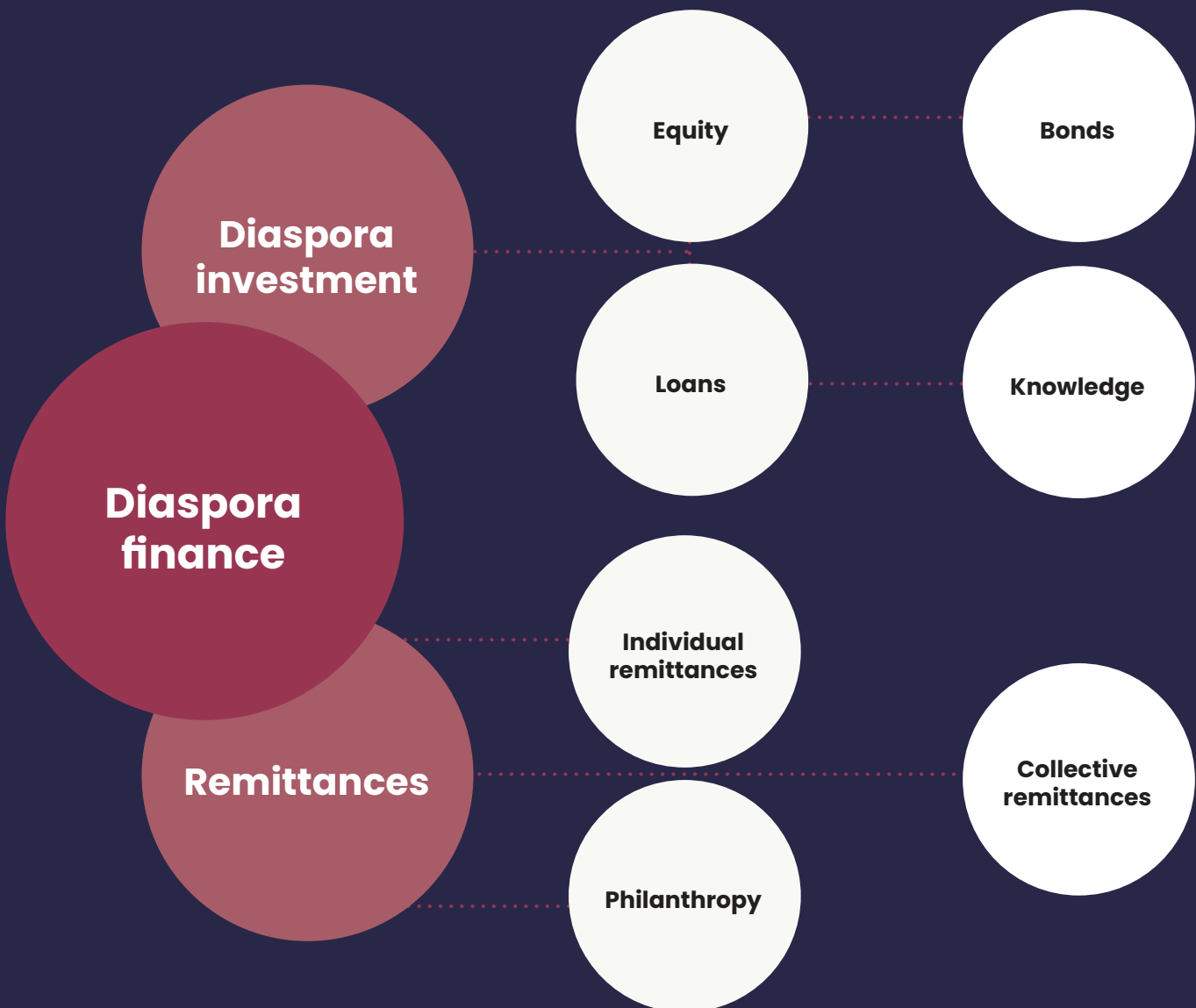
32 Ibid., p.29

Diaspora Finances

The term diaspora finance is key for states to leverage their respective diasporas. Gelb et al. argue that remittances and diaspora investments are the two crucial elements that compose diaspora finance.³³ The figure below more clearly illustrates the distinguishing types of diaspora finance.

Kosovo foreign direct investment, net inflows (% of GDP)

Figure 2: Types of diaspora finance mechanism, the figure is an exact replication of its source Stephen Gelb, Sona Kalantaryan, Simon McMahon, and Marta Perez-Fernandez, *Diaspora finance for development: from remittances to investment*, EUR 30742 EN, Publications Office of the European Union, Luxembourg, 2021 p.15.

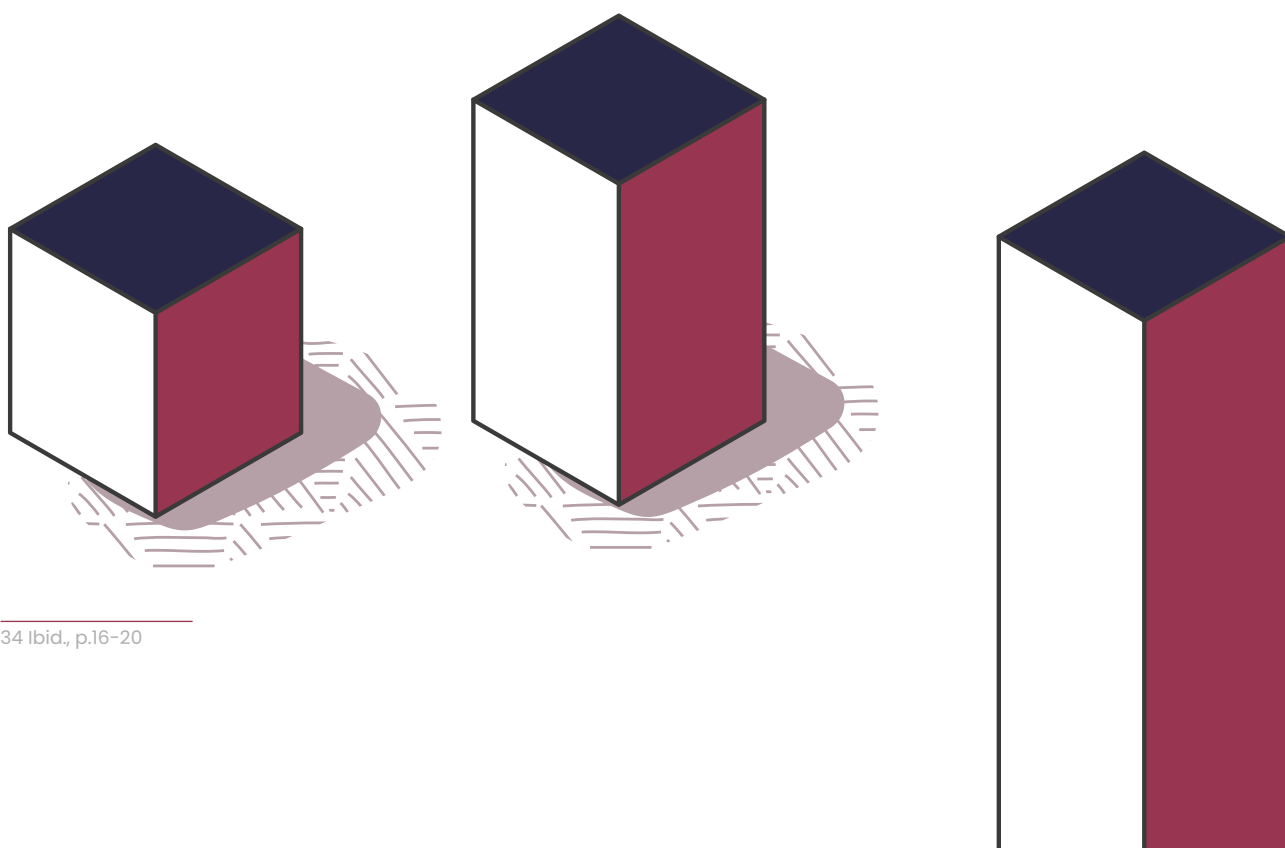


³³ Stephen Gelb, Sona Kalantaryan, Simon McMahon, and Marta Perez-Fernandez, *Diaspora finance for development: from remittances to investment*, EUR 30742 EN, Publications Office of the European Union, Luxembourg, 2021, p.6

As remittances have been analysed more broadly in other studies and public reports, this research tends to shed more light on diaspora investment. Gelb et al. list Equity, Loans, and Bonds as financial instruments for diaspora investment. Equities include diaspora direct investment and diaspora portfolio investment. Loans include diaspora bank deposits, housing-related investments, diaspora loan platforms, equipment leasing, and pooled remittances as collateral. Bonds include widely popular diaspora bonds issued mainly by public institutions and enterprises, and remittance securitisations. The authors also mention 'Knowledge' as an additional diaspora investment category.³⁴

This research study will thus concentrate on these types of diaspora investments.

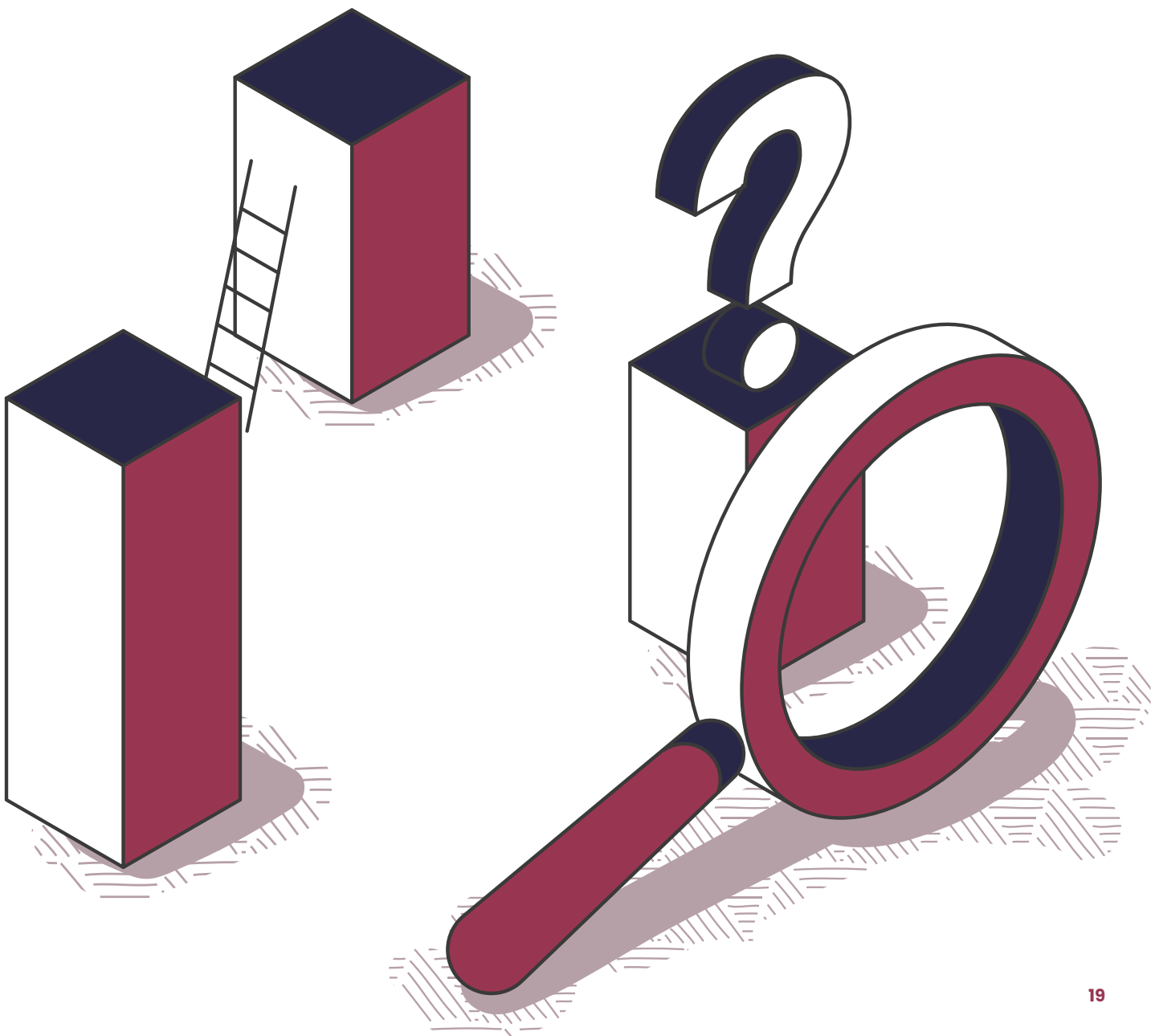
“The term diaspora finance is key for states to leverage their respective diasporas. Gelb et al. argue that remittances and diaspora investments are the two crucial elements that compose diaspora finance.



³⁴ Ibid., p.16-20

Study objective

Based on these concrete diaspora investment mechanisms, the research elaborates on the question: What is the financial investment capacity of the Kosovar diaspora, which diaspora investment types are most commonly used to invest, and what is the diaspora's actual willingness to invest in Kosovo?



Research methodology

This study uses a mixed research method. It combines qualitative and quantitative research approaches to explain the core research question more accurately. The data source for the research is collected from an online survey administered through surveymonkey platform and semi-structured interviews conducted with Kosovar diaspora businesspersons. Data are analysed using the thematic analysis approach based on the above-described diaspora investment categorisations. Finally, interpretation is based on inductive reasoning by creating inductive arguments to show specific patterns and tendencies and support the claim of conclusions that are not absolute.

Sample design

The sample comprises Kosovar citizens residing abroad who participated in an online survey through a self-selection process. Residents of Kosovo were filtered out. GERMIN constantly shared the survey on its social media platforms to reach the population of interest, contacted potential respondents directly via email and newsletters, and engaged a private company to disseminate the survey in countries where the Kosovar diaspora is mostly concentrated. The survey reached and gathered answers from 548 respondents, members of the Kosovar diaspora.

Data collection

Survey

The online shared survey is a 40-question structured, closed-ended questionnaire. The survey gathered basic demographic information, as well as information on the perception, current trends, and prospects when it comes to investment. It was administered online using the specialised SurveyMonkey platform. Respondents spent 8 minutes, on average, answering the questions. Due to difficulties in reaching the desired number of respondents, the survey

“The data source for the research is collected from an online survey administered through surveymonkey platform and semi-structured interviews conducted with Kosovar diaspora businesspersons. Data are analysed using the thematic analysis approach based on the above-described diaspora investment categorisations.

remained open for more than six months, from 22 June 2022 to 12 January 2023. In total, 604 respondents filled out the survey. Survey excludes ineligible responses of a sample of 56 respondents who live in Kosovo and were therefore not considered. Ultimately, 548 target group respondents filled out the survey. The survey included a clause of anonymity for respondents, and the dataset extraction excluded personal information such as phone numbers, names, and emails that could potentially identify the responses.

Interviews

The GERMIN team conducted 30 semi-structured interviews with Kosovar businesspersons living in the diaspora to secure additional qualitative data sources. The interviews were conducted online. All interviews were recorded and transcribed according to common academic practices. The goal was to explore the individual perspective of highly potential investors in Kosovo, as opposed to the survey that targeted all diaspora members. The interviews provided insights into much more detailed information relevant to understanding the trends and prospects of diaspora investments. To ensure data protection, all cited interviews were anonymised.

Research limitations

A number of research limitations connected to the applied methodology need to be taken into account. Apart from removing ineligible participants, no other forms of quality control and data cleaning were conducted in the survey. The limitations include: 1. The self-selection process may have introduced a selection bias, limiting the generalizability of the findings. 2. There were instances where participants chose not to answer questions, particularly those

pertaining to personal information such as income, which may have impacted the accuracy and completeness of the data collected. 3. The length of the questionnaire may have affected the willingness of some participants to complete the survey, and may have led to a higher rate of incomplete responses. 4. The duration of data collection was prolonged in order to obtain the desired sample, which may have led to a risk of sampling bias or decreased response rates. 5. The sample being unbalanced, with only approximately one-fourth of the participants being women, represents a potential limitation that could constrain the generalizability of the research findings. 6. An additional limitation of this study is that a significant majority (64%) of the respondents reported having a university degree. This overrepresentation of highly educated individuals may also have implications for the generalizability of the findings.

When conducting the interviews, it was offered to the interviewees to remain anonymous, but none of them chose to do so. One potential limitation is that respondents may have had concerns about how their answers would be interpreted or used, leading them to provide biased responses. They may have felt that certain answers could be perceived negatively, potentially damaging their reputation or relationships with others. As a result, some respondents may have withheld or misrepresented information, which could limit the validity and reliability of the findings. Another potential limitation is that respondents may not have provided in-depth or detailed answers to certain questions due to personal reasons, such as the sensitive nature of the question or their personal values and beliefs. This could have resulted in incomplete or inaccurate data, thereby limiting the overall comprehensiveness of the research findings. Moreover, given that the target group for the interviews were busy businesspersons, with limited time at their disposal, many provided short answers without delving deeper into the topic.

“A number of research limitations connected to the applied methodology need to be taken into account. Apart from removing ineligible participants, no other forms of quality control and data cleaning were conducted in the survey.

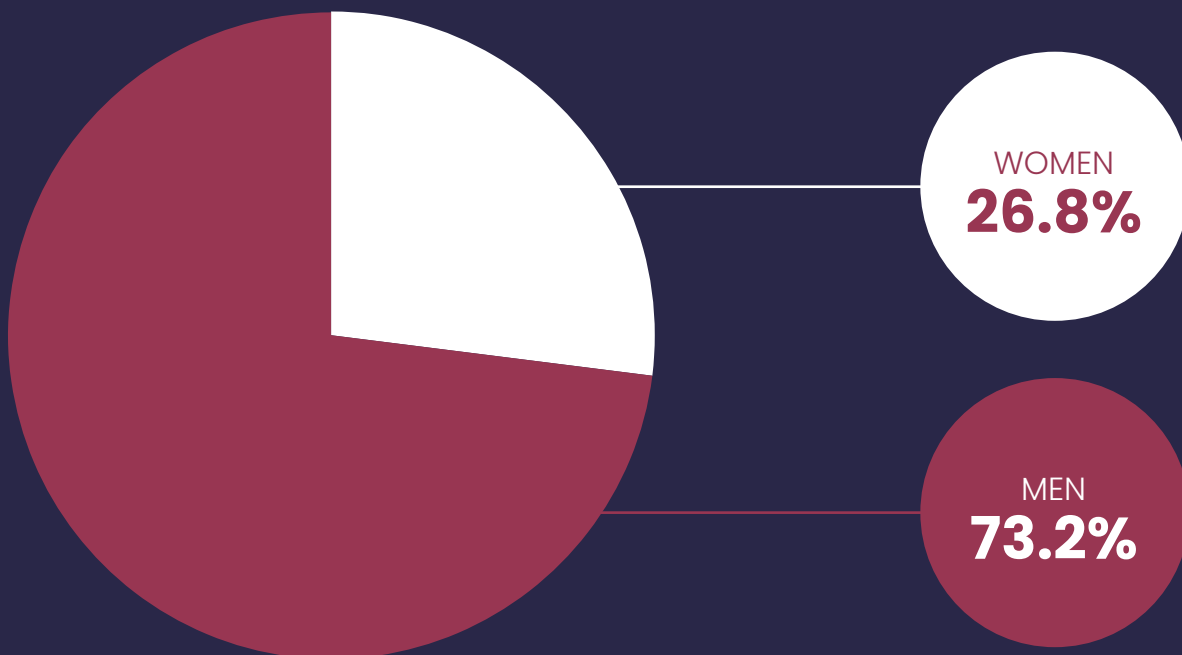
Research findings

Demographic information

The first set of questions captured demographic information on the diaspora respondents. The majority target group population that filled out the survey were men (73%), while the survey reached only 27% of women.

Gender

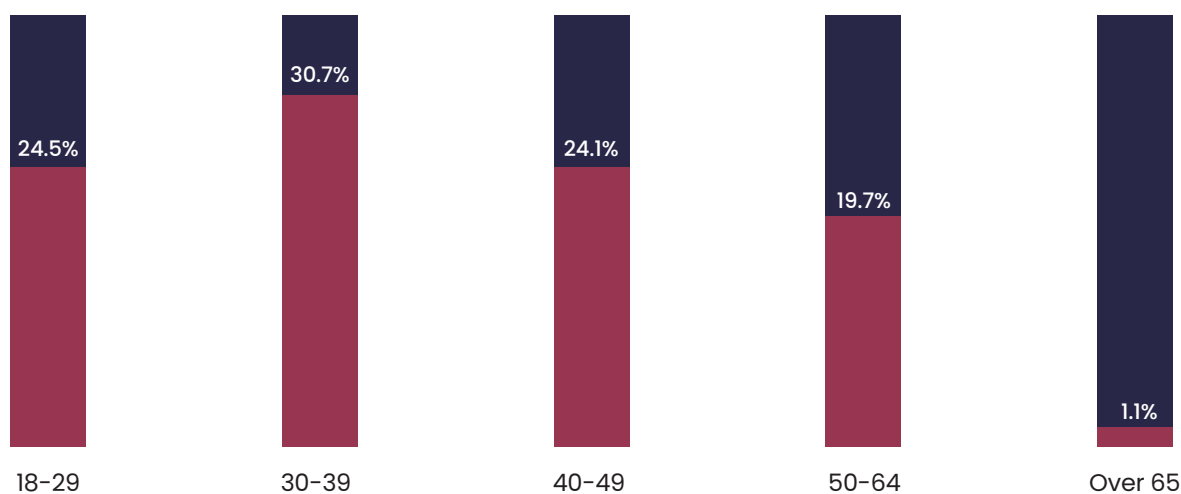
Figure 4: Gender



Some 31% of the respondents declared they were between 30 and 39 years of age. 24% stated that they were between the age of 18 and 29, 24% between the age of 40 and 49, 20% declared they were between the age of 50 and 64, and only 1% of the respondents were above 65 years of age.

Age group

Figure 5: Age group



An interesting aspect of the demographic information is that most respondents (64%) stated they hold a university degree. Some 32% declared they finished high school, while 4% said they finished elementary school. The overrepresentation of respondents holding a university degree plays a crucial role in the results of this research, and it thus needs to be taken into account. It gives a much higher weight to the perceptions of one particular group, which, compared to the overall Kosovar diaspora, is much smaller.

Highest completed level of education

Figure 6: Level of education

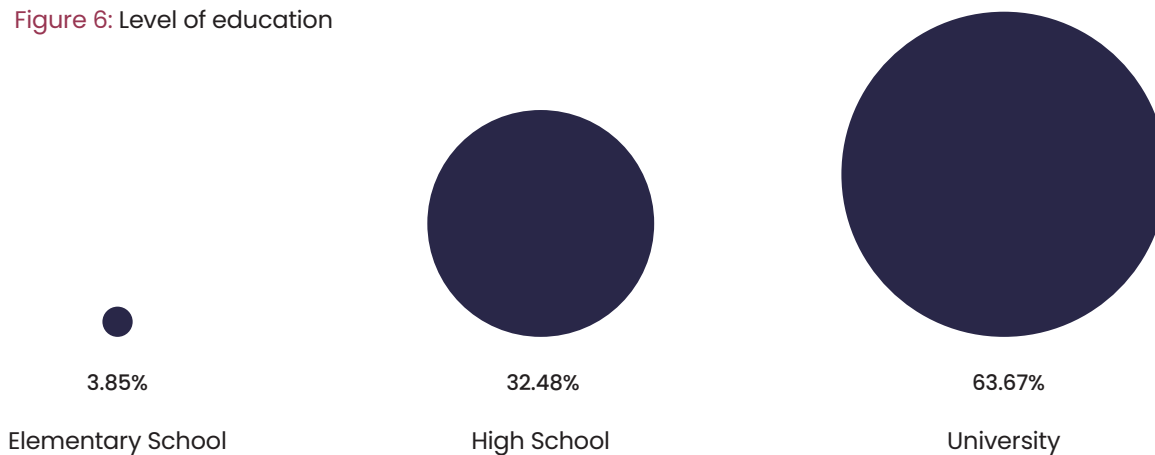
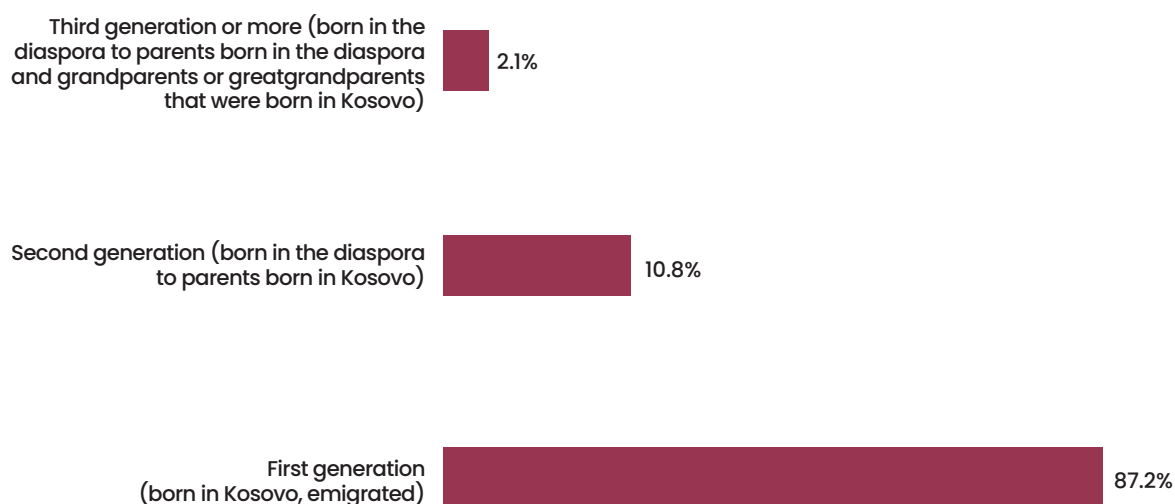


Figure 6 reveals that the majority of the respondents of this study belong to the first diaspora generation born in Kosovo and who have emigrated (87%). Some 11% of the respondents declared that they belong to the second diaspora generation, meaning they were born in the diaspora to parents born in Kosovo. Only 2% of the respondents reported they belong to the third (or more) diaspora generation. They were thus born in the diaspora to parents born in the diaspora whose grandparents or great-grandparents were born in Kosovo. This figure shows that the Kosovar diaspora can be considered an incipient diaspora, that is, a diaspora in the making.

Which generation of the Diaspora do you belong to?

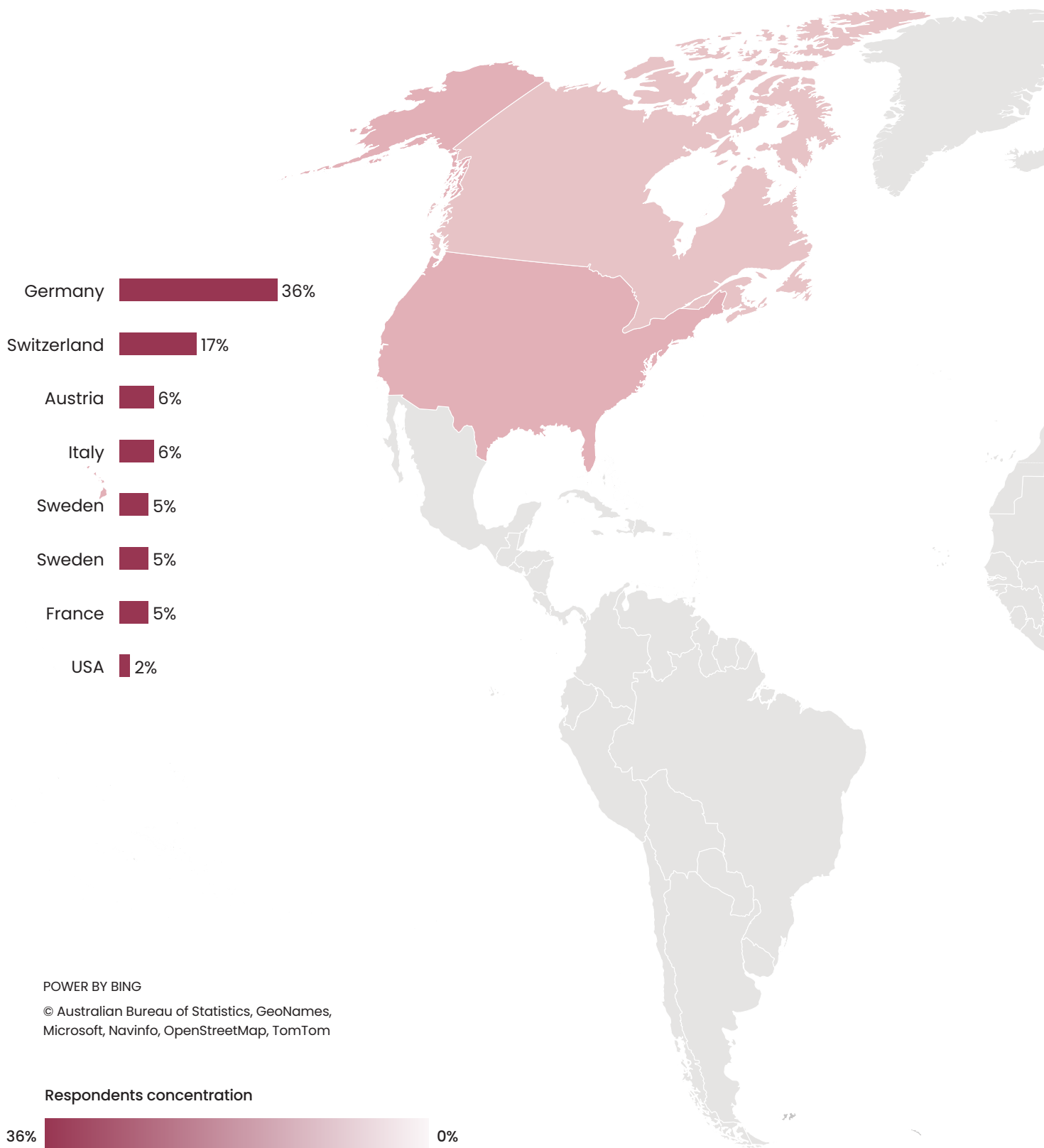
Figure 7: Diaspora generation

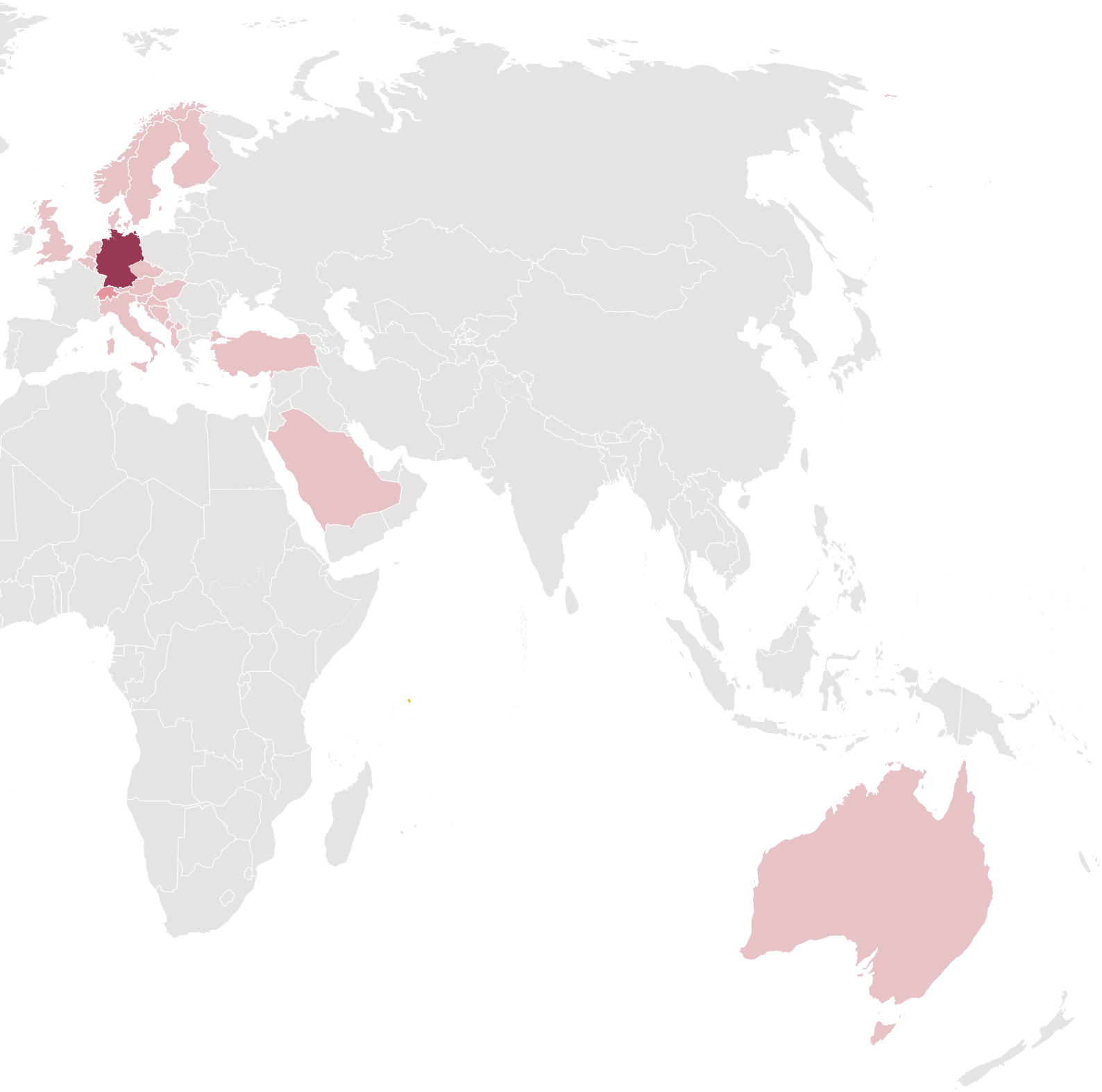


The map below illustrates the distribution of the respondents according to their country of residence. Approximately 60% of those surveyed reside in German-speaking countries. More than a third of the respondents live in Germany (36%). Around 17% live in Switzerland, and around 6% live in Austria. Respondents were also concentrated in Italy (6%), Sweden (5%), France (5%), and in the western hemisphere, the USA (2%). Regarding the region's countries, a concentration can be observed in Slovenia, Croatia, and Montenegro, each representing 4% of the respondents. Less than 5% reported living outside of Europe.

Respondents concentration

Figure 8: The concentration of the respondents according to the state they currently live





Diaspora's financial and economic potential

When analysing the financial and economic potential of the Kosovar diaspora, the research reveals that around 24% of the surveyed have a low yearly net income that does not exceed the 5.000 euro mark, compared to 23% that declared earning more than 55.000 euros per year. Most respondents reported that they earn between 5.000 euros and 55.000 euros. Some 13% reported earning between 5.000 and 10.000 euros, 11% between 15.000 and 25.000 as well as between 25.000 and 35.000 euros, 10% reported earning between 35.000 and 45.000 euros, while 8.5% declared earning between 45.000 and 55.000 euros.

How much net income do you generate per year expressed in Euro?

Figure 9: Net income

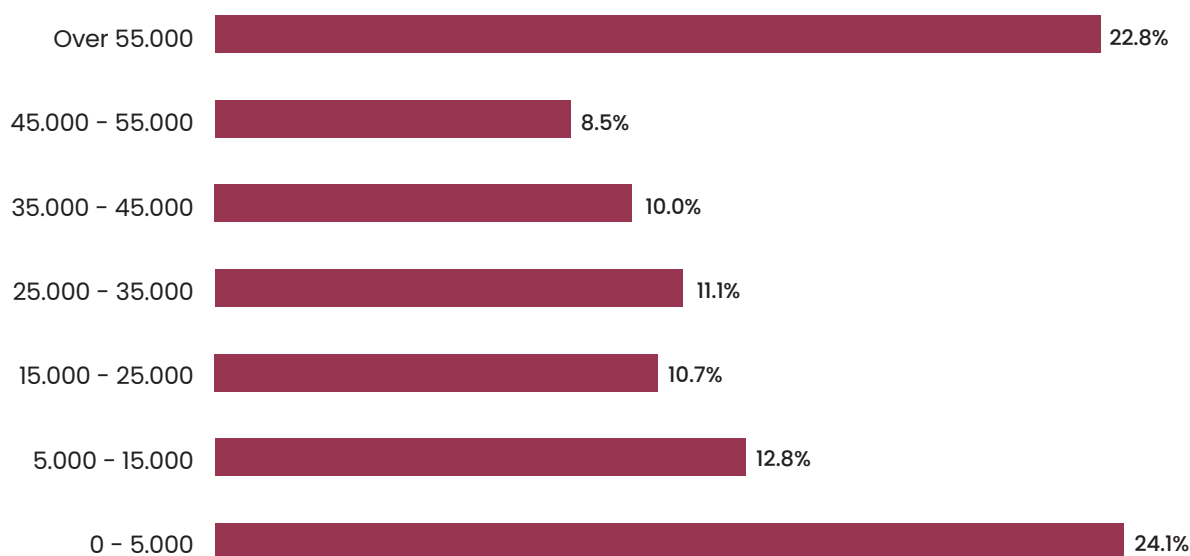
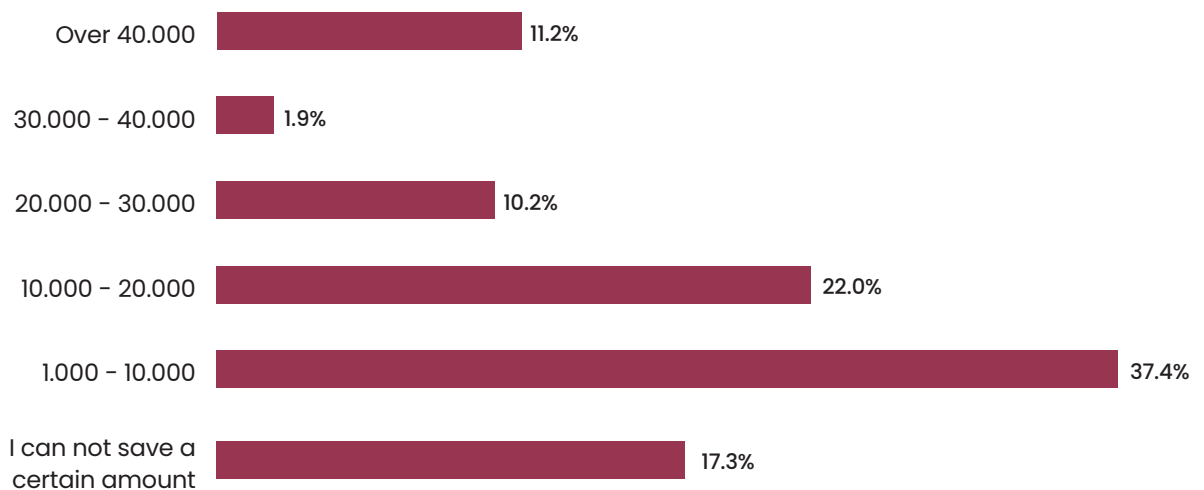


Figure 9 is connected and thus reflects a similar picture to the previous figure, revealing that around 11% of respondents are able to save more than 40.000 euros within a given year. Only 2% are able to save between 30.000 and 40.000 euros per year, 10% between 20.000 and 30.000 euros, and 22% between 10.000 and 20.000 euros per year. Another important finding of this study is that around 37% of the respondents are only able to save up to 10.000 euros per year and that a large number (17%) of the respondents are not able to save a certain amount of funds within a given year.

What is the average balance of your savings per year?

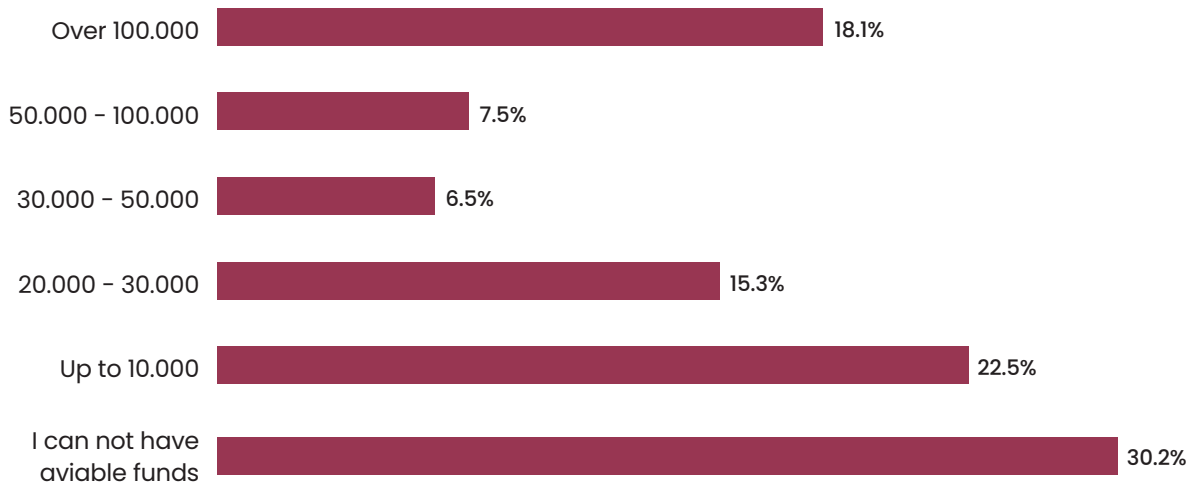
Figure 10: Average balance of savings per year



Based on the data findings, the respondents reported varying amounts of disposable cash, which could be considered as investment potential, provided there is a willingness to invest. As shown in figure 11, approximately 18% of those who responded have over 100.000 euros available in cash that could potentially be used for an investment. Around 7% of the respondents declared having between 50.000 and 100.000 euros available in cash, 6% declared having between 30.000 and 50.000, and 15% said having between 20.000 and 30.000 euros. More than half of the respondents reported either having a minimum amount available in cash that does exceed 10.000 euros (23%) or that they do not have any available funds at their disposition ready to be used for a potential investment (30%).

What is the amount of cash available at your disposal expressed in Euro?

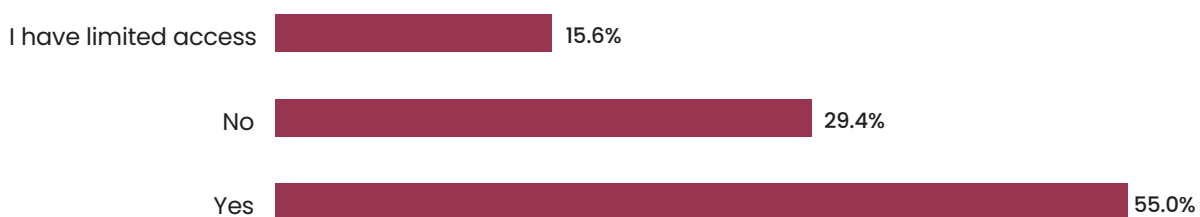
Figure 11: Available cash, funds ready to be used for a potential investment



In addition to the questions about the net income, ability to save, and funds available for potential investments, respondents were asked if they have access to loans that could secure them investment funding. Around 29% declared not having access to loans, while some 16% claimed to have only limited access to loans. At the same time, 55% of those surveyed declared having access to loans that would allow them to secure funds in case of an investment opportunity.

Do you have access to loans that would make it possible to secure funds for a potential investment?

Figure 12: Access to loans



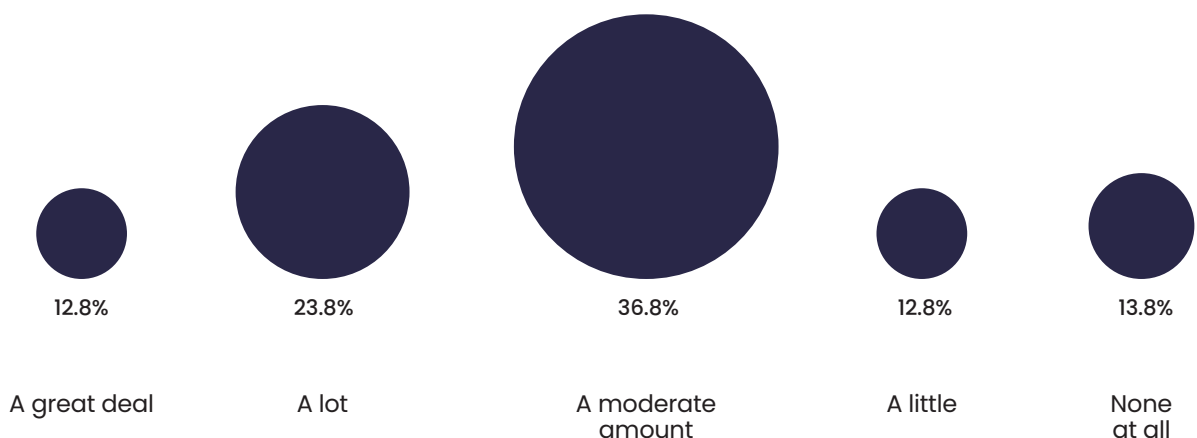
Diaspora investments

General perceptions of the investment environment

Moving on to consider diaspora respondents' perceptions of the overall political, economic, and social situation in Kosovo and its impact on diaspora investments. Being involved in the current political, economic, and social situation in Kosovo means actively participating in the decisions and actions that affect the country and its citizens. Figure 13 illustrates that slightly over a third of the respondents are either a lot (24%) or a great deal (13%) involved in the current political, economic, and social situation in Kosovo. Around 37% said they were involved in a moderate amount. In comparison, the figure illustrates that 13% of the respondents are only a little involved, while 14% are not at all involved in the current political, economic, and social situation in Kosovo.

How involved are you in the current political, economic, and social situation in Kosovo?

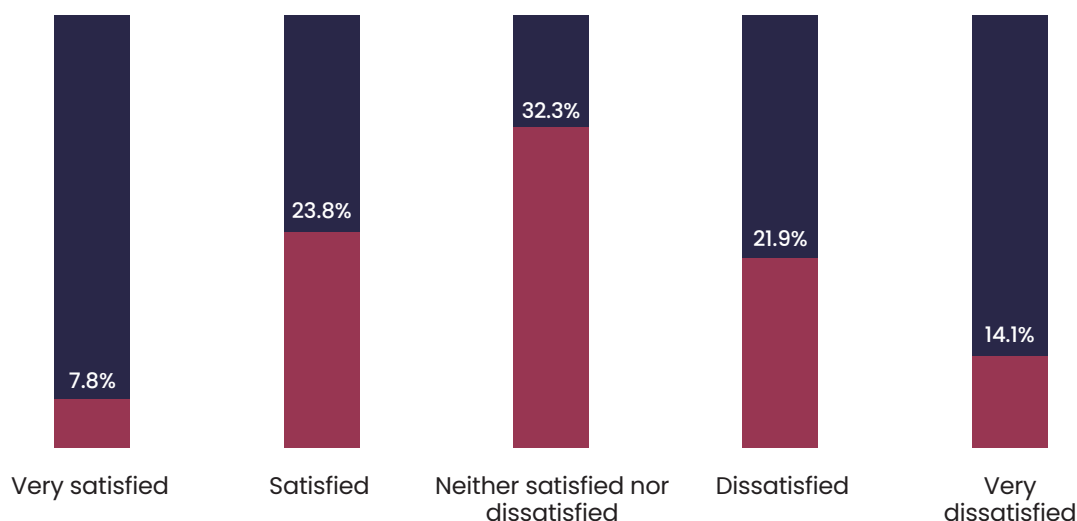
Figure 13: Diaspora involvement in the political, economic, and social situation in Kosovo



The economic and political environment in Kosovo is crucial for the diaspora's willingness to invest in the country. Around 32% of the respondents said they were either satisfied (24%) or very satisfied (8%) with the current political, economic, and social situation in Kosovo. Around one-third of the respondents (32%) said they were neither satisfied nor dissatisfied with the situation. And another third said they were dissatisfied (22%) or very dissatisfied (14%) with the current political, economic, and social situation in Kosovo.

How satisfied are you with the current political, economic, and social situation in Kosovo?

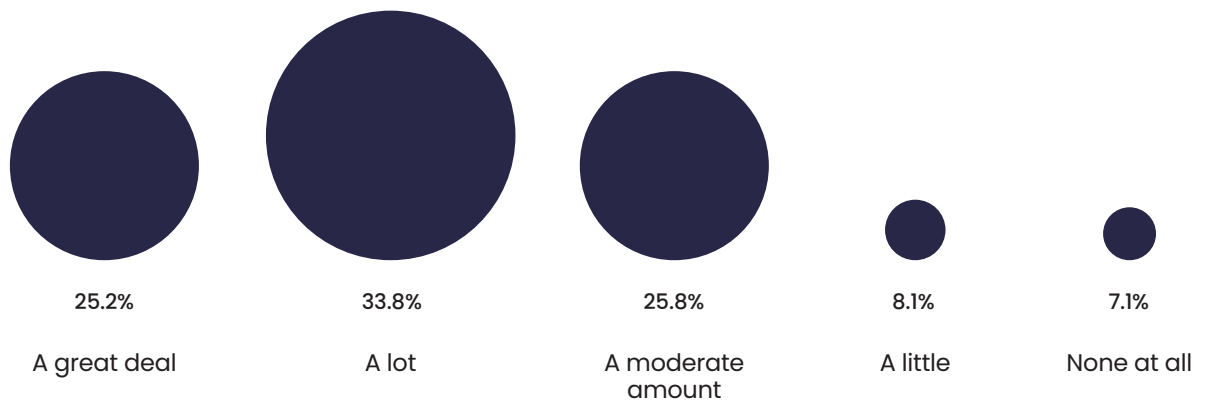
Figure 14: Diaspora's satisfaction with the current political, economic, and social situation in Kosovo



What is interesting about the data in figure 15 is that the current political, economic, and social situation, like elections, the changes of governments, change of investment policies, or a potential destabilisation in Kosovo, does affect a lot (34%) and a great deal (25%) of the respondents willingness to invest in Kosovo. Around 26% declared that their willingness to invest is affected to a moderate amount, while 8% declared that it is a little affected, and 7% declared that their willingness to invest in Kosovo is not affected at all by the current political, economic, and social situation in Kosovo.

How much does the current political, economic, and social situation in Kosovo affect your willingness to invest?

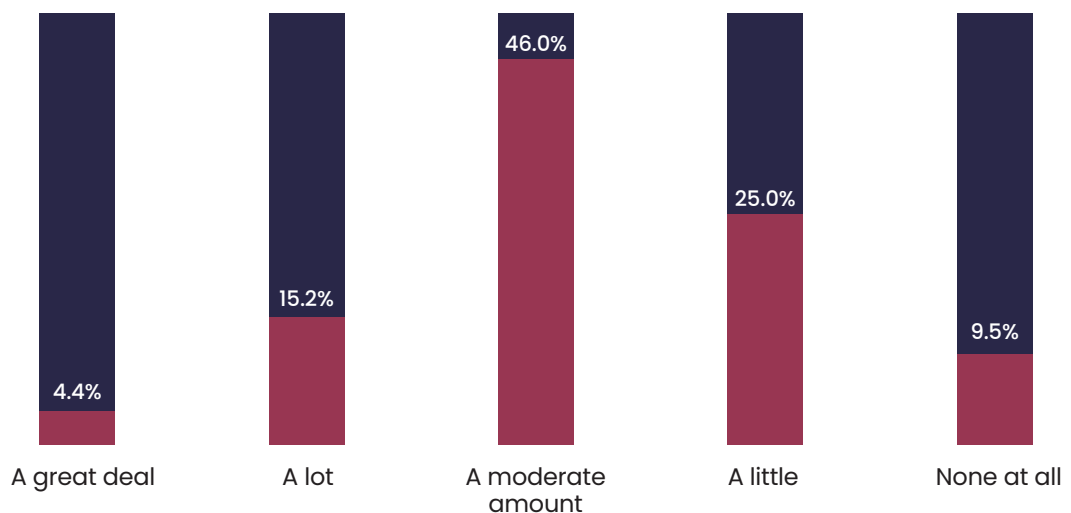
Figure 15: The effect of the current political, economic, and social situation in Kosovo on diaspora's willingness to invest



Regarding information on the applicable taxes and levies in Kosovo, only just under 20% of those who responded said that they have a lot of information (15%), and 4% declared they have a great deal of information. Around 46% said they have a moderate amount of information, while 25% said they have little information on the taxes and levies applied in Kosovo. Some 9% said they do not have any information.

How much information do you think you have about the applicable taxes and levies in Kosovo?

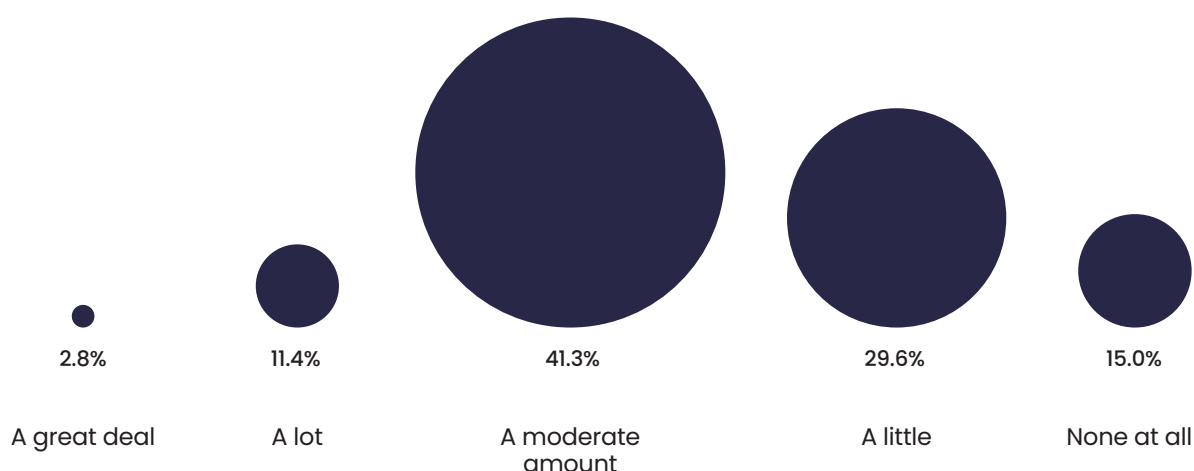
Figure 16: Information on the applicable taxes and levies in Kosovo



Similar to the previous results, figure 17 shows that only around 14% of the respondents declared that they have a lot or a great deal of information about the applicable administrative procedures for investing in Kosovo. Some 41% declared they have a moderate amount of information, 30% declared they have a little information, and 15% declared they do not have any information on the investment related administrative procedures. Commenting on the question, one interviewee said that the state should: "prepare enough information on the investment opportunities, the actual legislation, and fiscal policies, for instance" (Interviewee 12).

How much information do you think you have about the administrative procedures for investing in Kosovo?

Figure 17: Information on the administrative procedures for investing in Kosovo



When it comes to information on the different investment opportunities in Kosovo, most respondents reported having a moderate amount of information (44%). Some 30% declared they have little information, 11% declared they do not have any information compared to 12% that declared having a lot of information, and 4% that declared having a great deal of information. During the interviews, there were some suggestions that investment education programmes or platforms should be created for the Kosovar diaspora. This approach would offer considerably more information on an investment and its processes and provide small investment opportunities that could grow and expand with time (Interviewee 15).

How much general information do you think you have about the different investment opportunities in Kosovo?

Figure 18: Information on investment opportunities in Kosovo

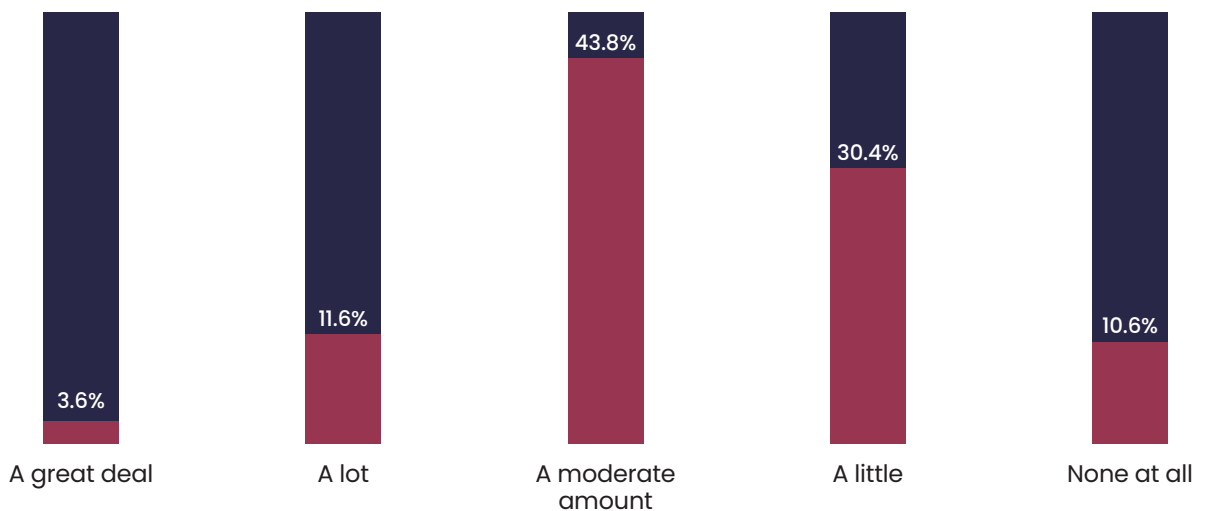
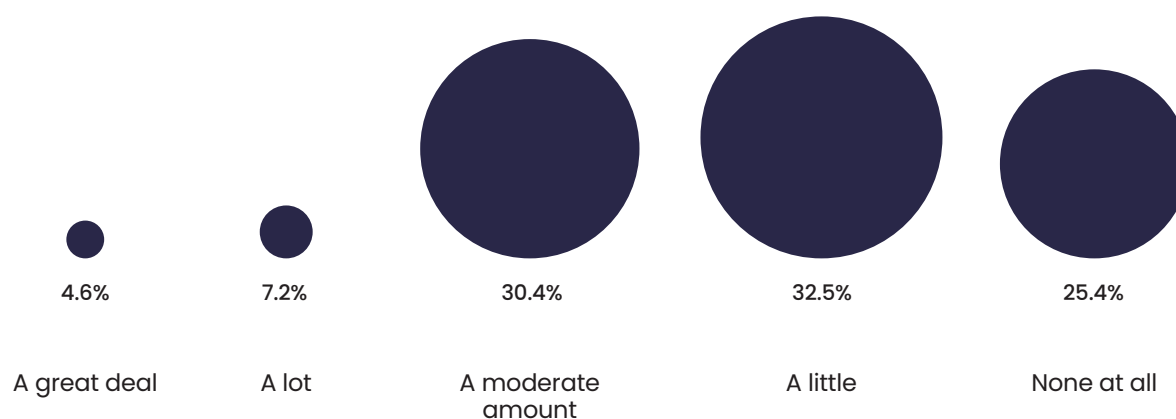


Figure 19 provides an overview of the information the diaspora has on what their respective municipalities in Kosovo are doing to facilitate diaspora investments. The results show that just over 11% of respondents have this information. In comparison, a large majority, almost 90% of respondents, declared having a moderate amount, little, or no information on what their municipality is doing in terms of diaspora investments. By comparing this trend with previous questions, it could be argued that the Kosovar diaspora has slightly less information about local governments than it has about the central government and its policies.

A common view amongst interviewees was that municipalities play an important role in diaspora investments. One interviewee argued that municipalities should develop similar investment mechanisms to those used at the central level. They should be able to offer information on the local workforce, available infrastructure, services, and co-financing opportunities. Municipalities should develop healthy competition in creating investment environments that have the capacity to attract diaspora investors. Another interviewee sees a lot of potential if municipalities develop industrial zones, and if investors come, then the municipality can offer them a parcel with all the necessary infrastructure like electricity, water, storage capacities, and access to main roads. In addition, as one interviewee put it: "cooperation between several municipalities is needed to create an ecosystem of, for example, innovative or investment parks." Municipalities would also be good to have their investment projects and take their own investment initiatives. In general, municipalities play a crucial role in diaspora investment, and they are willing to provide their support. One participant pointed out: "we expect Kosovar municipalities to be near Albanian businesspersons from Germany, but also other places around the globe." In contrast, one interviewee said that municipalities often neglect investors by not exercising their decentralised powers and functions effectively.

How much information do you think you have about what your municipality in Kosovo is doing to facilitate diaspora investments?

Figure 19: Information about what municipalities in Kosovo are doing to facilitate diaspora investments

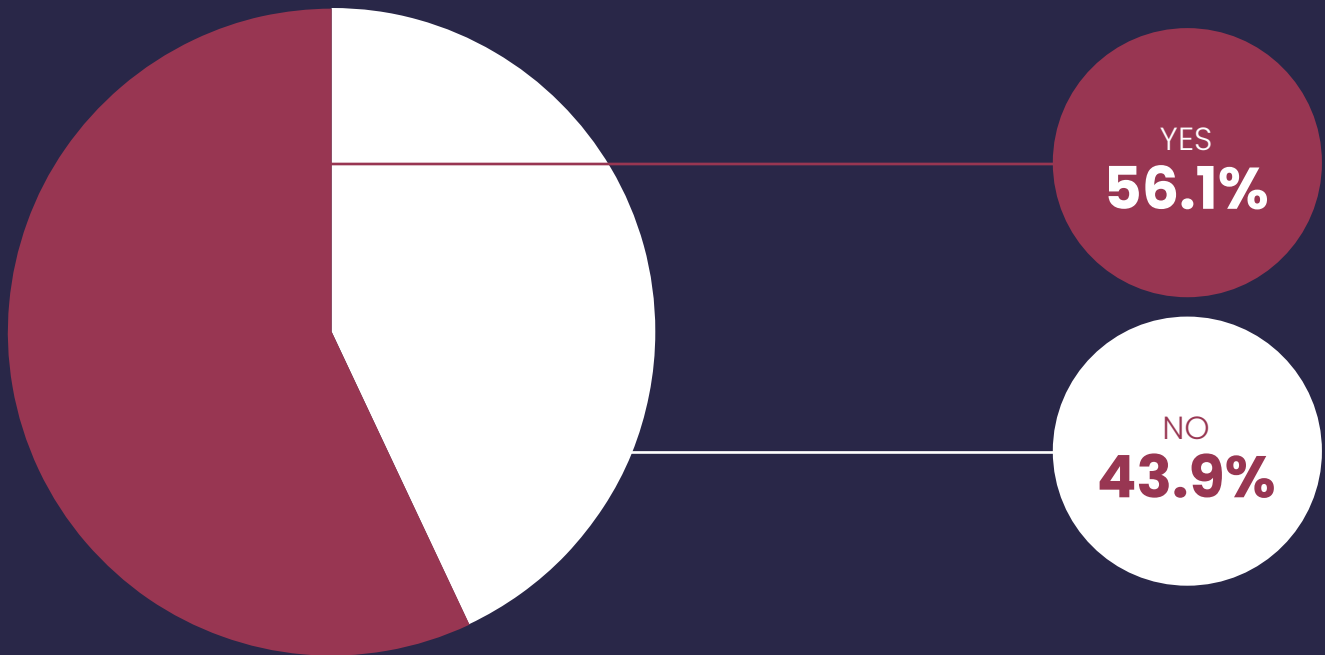


Respondents were asked to share if they had ever heard of a successful diaspora investment case in their respective municipality, to which 44% answered that they had never heard about any such case. Respondents were also asked to declare if they had ever heard of the opportunity to enter or to use the Public-Private Partnership as a form of investment. Almost 59% declared they had never heard of such an investment mechanism.

Reflecting on their opinion on investments based on public-private partnerships, interviewees argued that they see a lot of potential here, especially in specific sectors such as energy, airports, big companies, or renewable energy. But for this mechanism to function well, Kosovar institutions need to be transparent and offer information on public-private investment opportunities. One interviewee explained that he had already entered a public-private investment with the municipality of Novobrd. Another interviewee said: "I consider this very attractive because private capital can considerably boost public companies, not only in terms of finances but most importantly, in creating an alternative system of control." And another commented: "We have asked, we have begged the government, the previous government and the current one, to come up with particular projects, and we are very interested in doing it, and this is one of the best things someone could do, taking these initiatives. This is essential, and we very much welcome such initiatives." Similarly, one interviewee pointed out that the idea of public-private partnerships is great for the future, while another commented: "As the state takes one part of the risk, this is the best form to attract investors (...) because you are somehow more protected in this way." A small number of those interviewed suggested that lack of transparency and security and political instability deter potential investors from joining public-private investment initiatives.

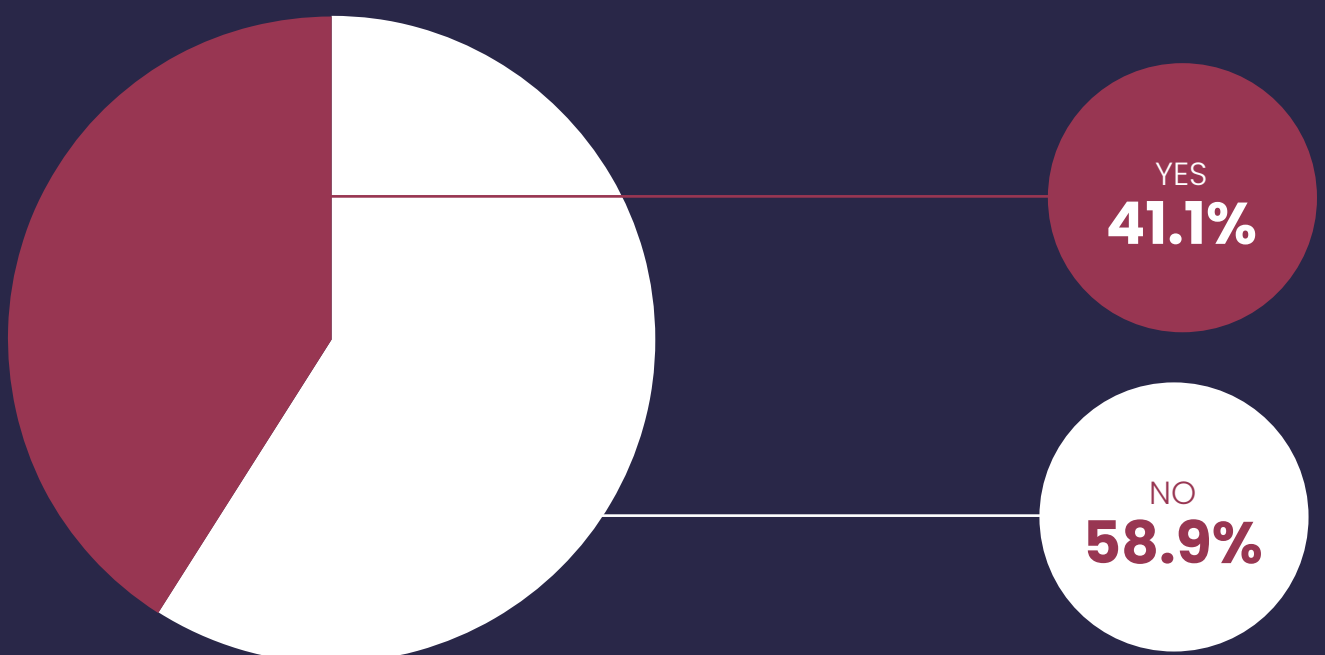
Have you ever heard of a successful case of diaspora investment in your municipality in Kosovo?

Figure 20: Information on successful diaspora investment on the municipal level



Have you ever heard about Public-Private Partnership investments?

Figure 21: Information on Public-Private Partnership investments

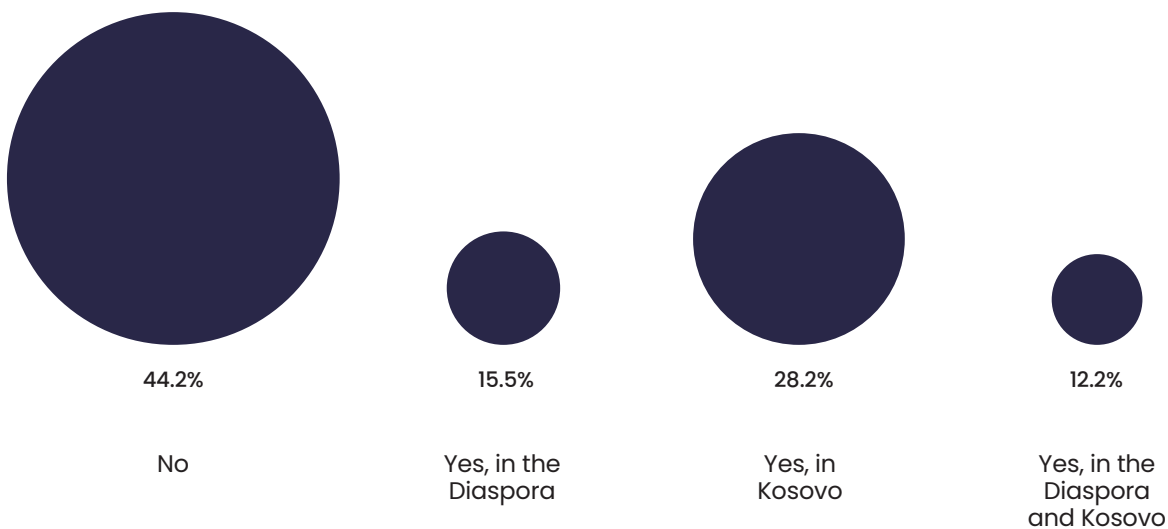


Present trends

This section considers current trends when it comes to investments. The research reveals that 44% of all diaspora respondents have never invested in any form (excluding remittances and donations), neither in the diaspora nor Kosovo. The research also reveals that some 15% of the respondents have realised at least one form of investment in the diaspora, compared to 28% that have realised at least one form of investment in Kosovo. Around 12% of the respondents have invested in the diaspora and Kosovo.

Have you ever invested in any form (excluding remittances and donations) in the past?

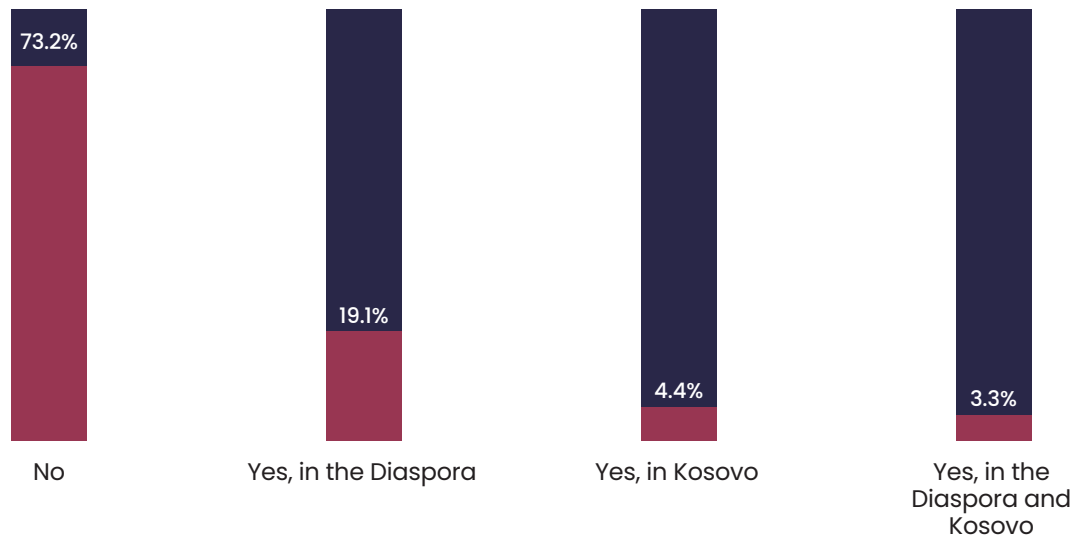
Figure 22: Investments



On the question of whether they own a business, some 73% of those who responded stated that they do not own a business. Around 19% stated they own a business in the diaspora compared to 4% that stated they own a business in Kosovo. Around 3% stated they own a business in the diaspora and Kosovo.

Do you own a business?

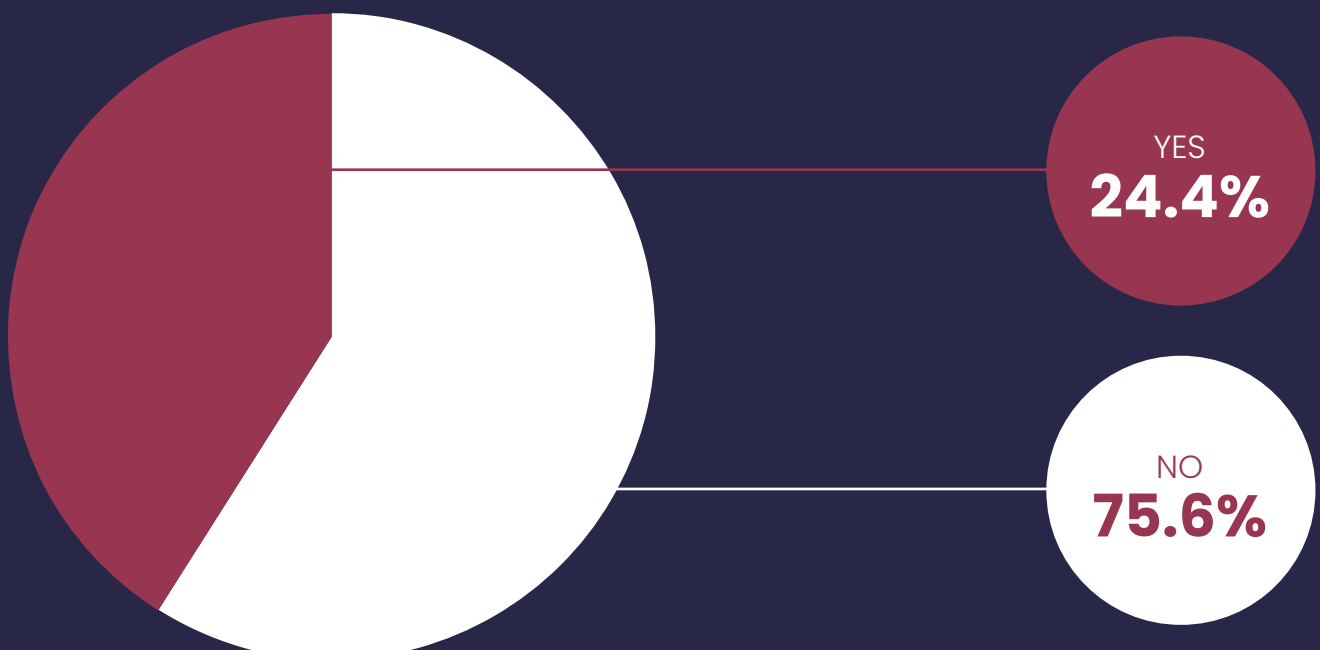
Figure 23: Business ownership



Now, this question reflects both on the past and the present and shows that around 24% of the respondents have invested in a business in Kosovo during their lifetime. Some three-quarters of the respondents have never invested in a business in Kosovo.

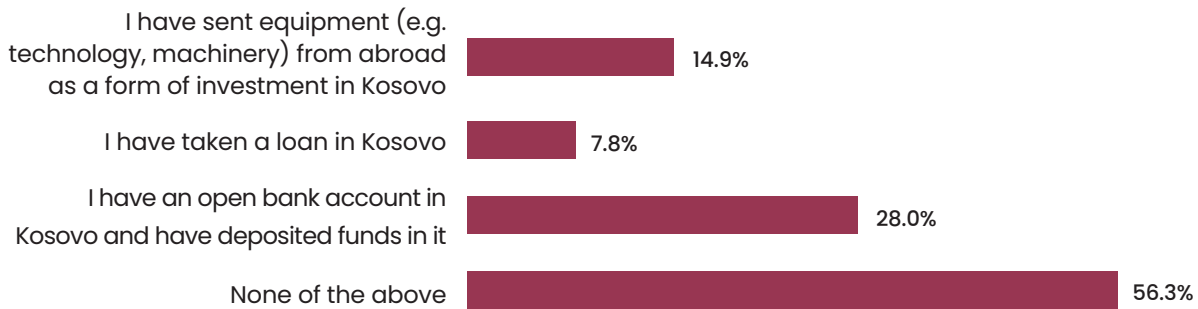
Have you ever invested in a business in Kosovo?

Figure 24: Investments in a business in Kosovo



Do any of the following elements apply to you:

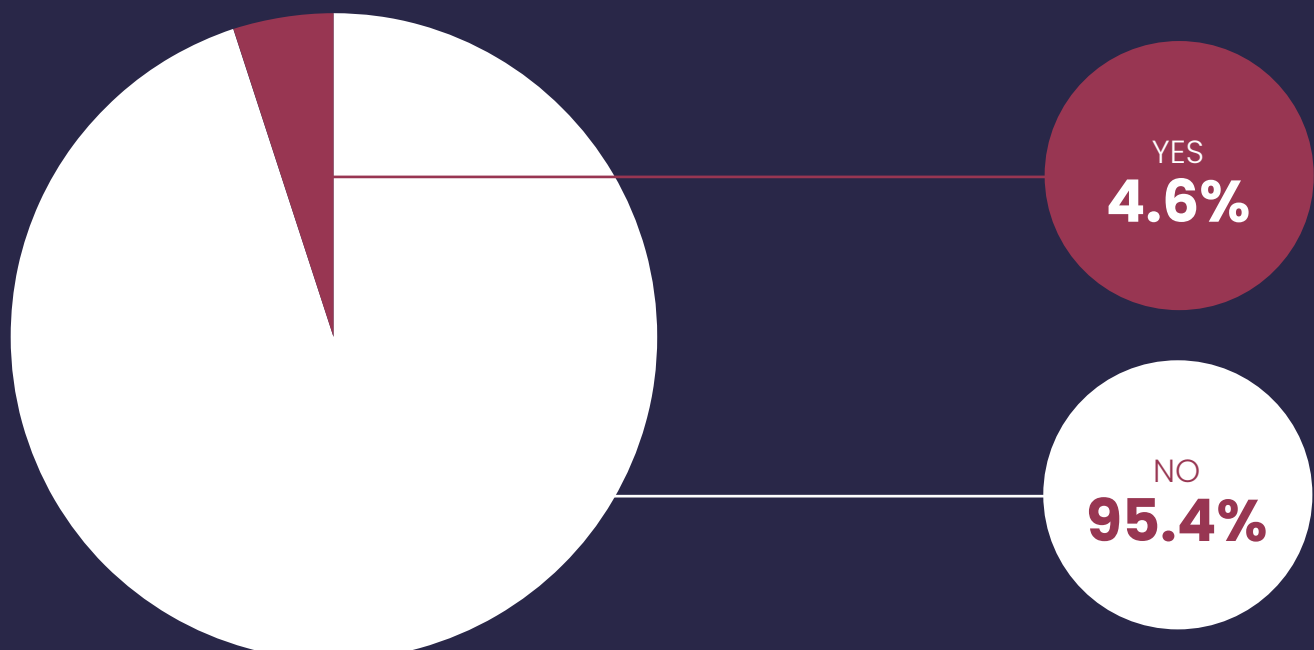
Figure 25: Using other investment forms



Looking at other investment forms, the study reveals that around 28% of the diaspora respondents hold a bank account with deposited funds in Kosovo. Some 8% of the respondents declared they had taken a loan in Kosovo. This is an important factor as it supports the overall stability of the financial sector in Kosovo. Around 15% of the respondents have also declared that they have sent equipment to Kosovo in the form of technology or machinery. In comparison, around 56% of the respondents have never used any of the mentioned alternative investment forms that could have benefited Kosovo.

Have you invested in diaspora bonds offered by the institutions of the Republic of Kosovo?

Figure 26: Investments in diaspora bonds



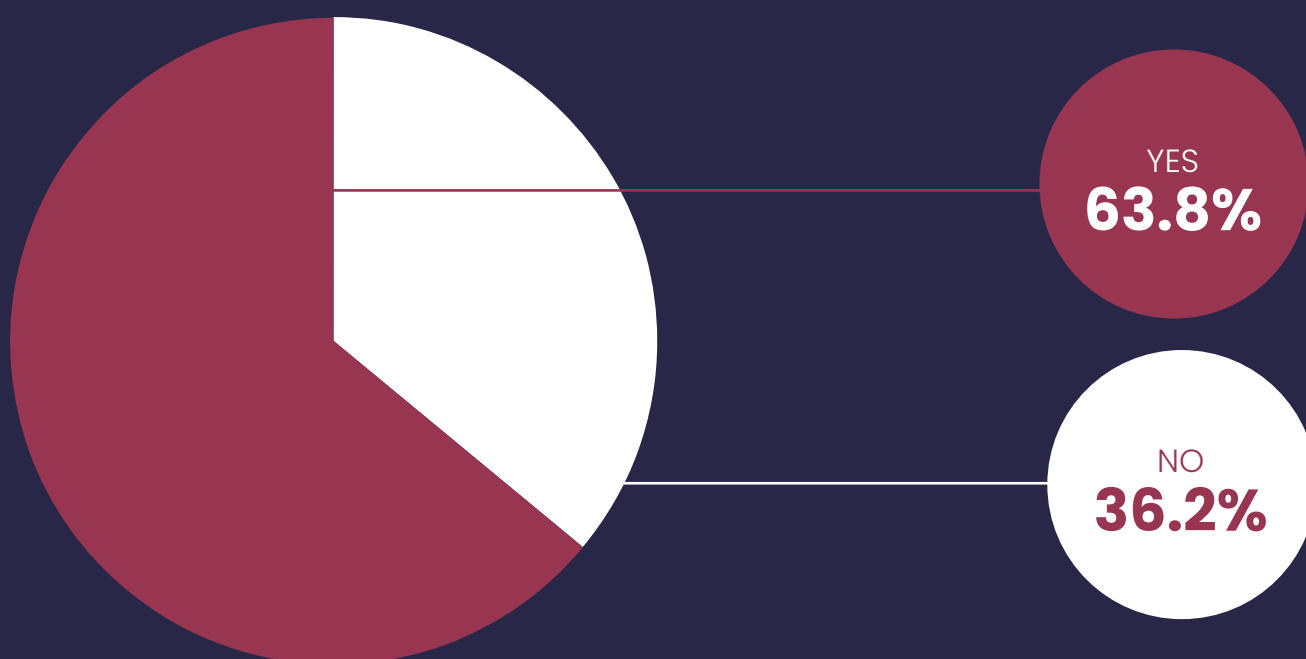
Investment in diaspora bonds offered through central governments is a common mechanism used to attract diaspora investments around the globe. The survey found that over 95% of those who responded had not invested or bought diaspora bonds offered by the government of Kosovo. This data shows that there is still reluctance amongst the diaspora to invest in government-sponsored investment opportunities in Kosovo. One concern expressed regarding diaspora bonds was whether the government appropriately disseminated information on the bonds, as the majority of those interviewed did not hear the government had launched diaspora bonds or they had minimal information on the specificities. One interviewee suggested that even if there were helpful information on the bonds, this would not bring much, as the general population lacks basic financial knowledge.

Of those interviewees who were informed about diaspora bonds, when asked why they did not invest, the participants were almost unanimous in the view that the interest rate was very low to be attractive for diaspora investors. The following comments best illustrate this reluctance: "I believe it is not something that can bring you any benefit; I assume the inflation would eat those investments." "I had enough information, but the reason I haven't invested was the investment conditions, the low interest rates, so I did not see it as an attractive investment." "The return rate is not in proportion with the inflation rate." "A 2.2% profit for me is very low because I have other options." "The return on the investment was very low, and considering that we are in times of high inflation rates, it is not worth it." For the bonds to succeed, the interest rate would have to be: "a bit more attractive." Another interviewee said that: "considering that governments (in Kosovo, author's comment) are not stable, I did not invest." Finally, two interviewees expressed their opinion that a degree of transparency is needed for diaspora bonds to succeed. Investors need to know what the funds will be used for, whether they are used for infrastructural or strategic projects, or for: "building a hospital, a school, a road (...) will they be used for official trips of government officials outside the country or for them buying cars to increase their own luxury." This type of information remains essential in attracting investments in diaspora bonds.

Having considered investments in diaspora bonds, businesses, equipment and the financial system, the following part reveals that the majority of the respondents (64%) have invested in other areas in Kosovo, including the purchase of real estate like land, apartments, constructing a house or other type of buildings, purchase of work equipment, machinery, a vehicle, or any other similar type or form of investment. Around 36% of respondents have not yet invested in any of the hither mentioned forms, indicating a future investment potential.

Have you invested in any other area in Kosovo, e.g. in real estate (purchase of land, apartment, construction of house or other objects), purchase of work equipment, machinery, a vehicle, or any other similar area?

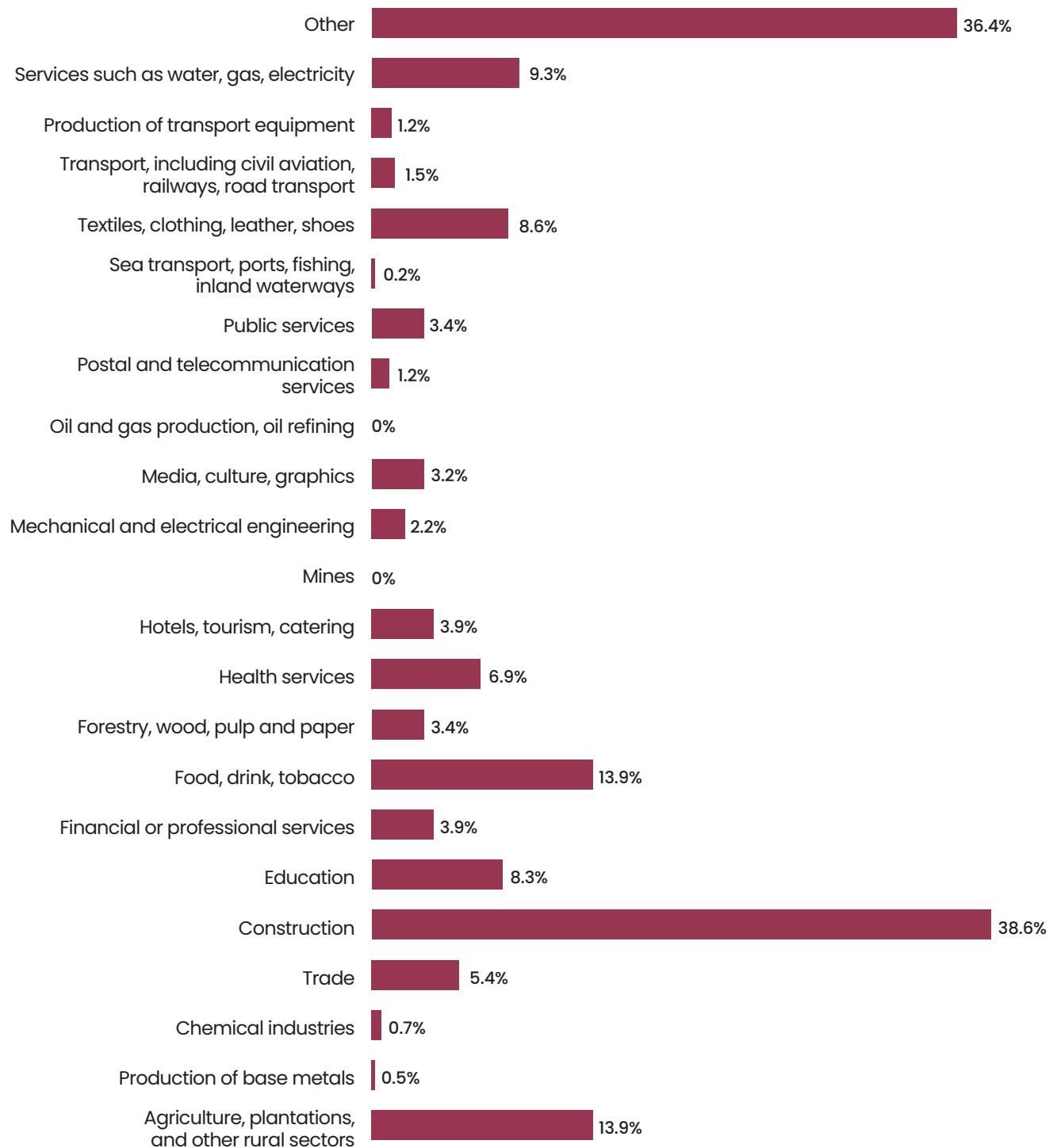
Figure 27: Investment in other areas like real estate and work equipment



Looking at the investment sectors, the study shows that construction is the most preferred sector for investments, comprising around 39% of those surveyed. Other sectors in which the surveyed persons have invested include agriculture, plantations, and other rural sectors (14%); food, drinks, and tobacco (14%); services like water, gas, and electricity (9%); textiles, clothing, leather, and shoes (9%), education (8%), health services (7%), and trade (5%). However, the majority (36%) have invested in other sectors not listed and categorised in the question.

If you invested in Kosovo, which sectors have you invested in?

Figure 28: Diaspora investments according to the sector



Another finding this study made is that around 25% of the respondents that have invested in Kosovo described their experience as positive or very positive (15%). In comparison, 14% described their experience as negative, and 8% described their experience as very negative, the negative experience totalling 22%. Around 38% of the respondents described their investment experience as neither positive nor negative.

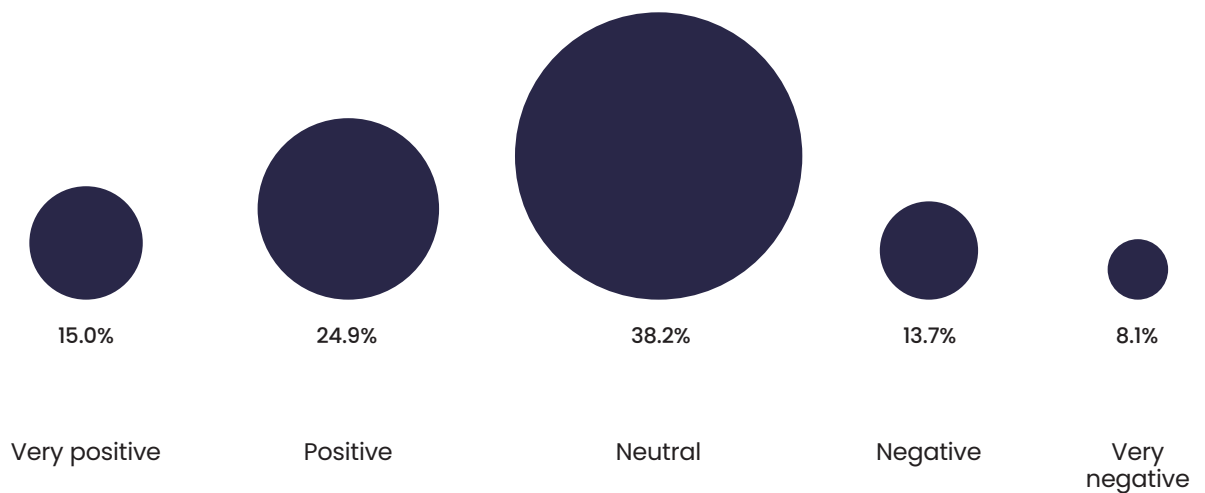
Sharing some views on their experience with investing in Kosovo, some interviewees said: "The experience until now is good, I can't say it is bad."; "Investments were generally good, as with every other country there are advantages and challenges, but the investments were definitely valuable and successful." "It is a bit difficult, there is the issue of mentality, the issue of non-transparency, and a bit it is also about our segmented and busy schedules, there is a bit of everything, but it is worth it, it is not that there are big obstacles, they are manageable." Another interviewee, when asked about his experience in investing in Kosovo, described it in this way:

"Our experience as a business is much more positive than it is negative. Kosovo has advanced a lot when it comes to investment conditions because of the raised awareness of investors in the first place and the improved infrastructure offered by the government and the municipality. Today we have many ways and addresses we can go and knock on the door. When we first invested 15 years ago, let's take Peja as an example, as I am from Peja, there was no strategic investment directorate for the diaspora, other municipalities did not have offices for investors, the government did not have those, but fortunately, I believe, I can not say to 100% but about 80% of them, and I have visited Kosovo municipalities, today, they have this kind of offices."

Similarly, other interviewees acknowledge that a lot has evolved and changed in Kosovo when it comes to investing. One example is the establishment of the commercial court, or the improved investment security situation and the attractiveness Kosovo has gained as a place for outsourced services. However, many unnecessary administrative barriers still exist, including the lack of a centralised place to get all the necessary information an investor might need.

If you invested in Kosovo, how would you describe your experience?

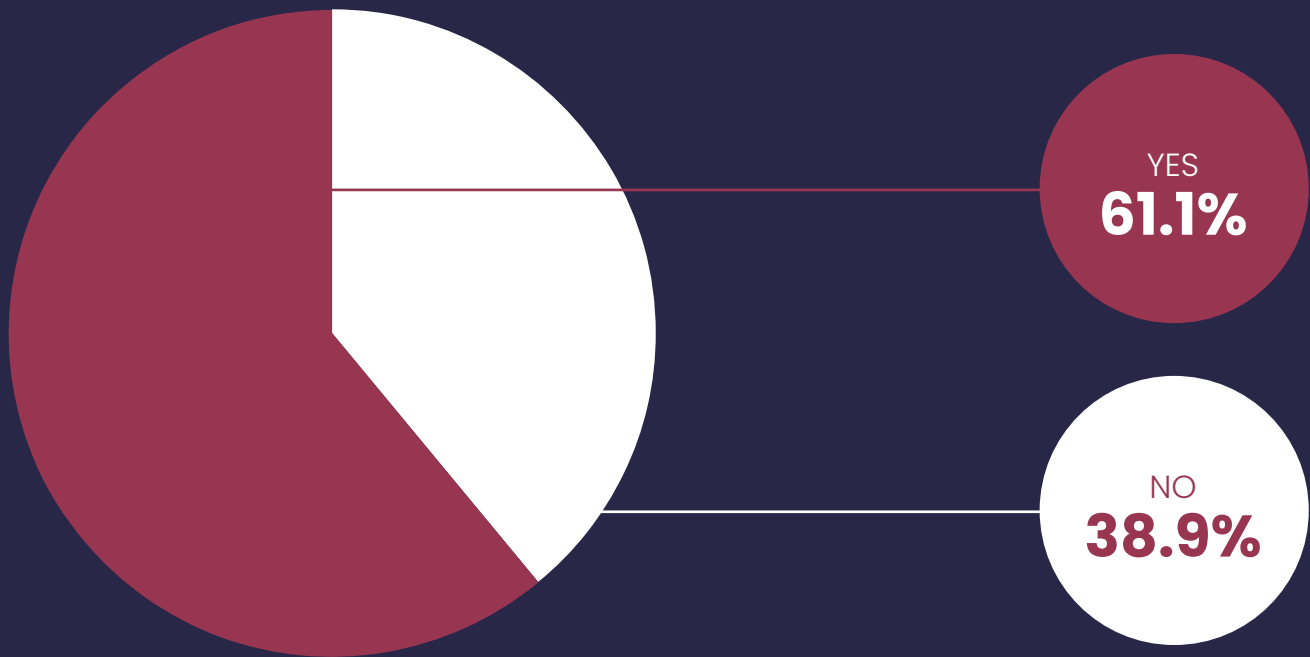
Figure 29: Experience with investing in Kosovo



Finally, looking at the overall experience of those respondents who invested in Kosovo, the study shows that 61% consider their investment a good investment, while 70% declared they would reinvest if an opportunity arose. In comparison, around 39% of respondents do not consider their investment being a good investment, and 30% of those who have invested declared that they would not reinvest in Kosovo. One interviewee suggested that a broad and open discussion should exist on investors' dissatisfaction with their experience investing in Kosovo. Whatever happens: "I will be one of those fellow Albanian businesspersons that will always call others to invest in Kosovo, and we shall never lose hope for investing in Kosovo," declared one interviewee.

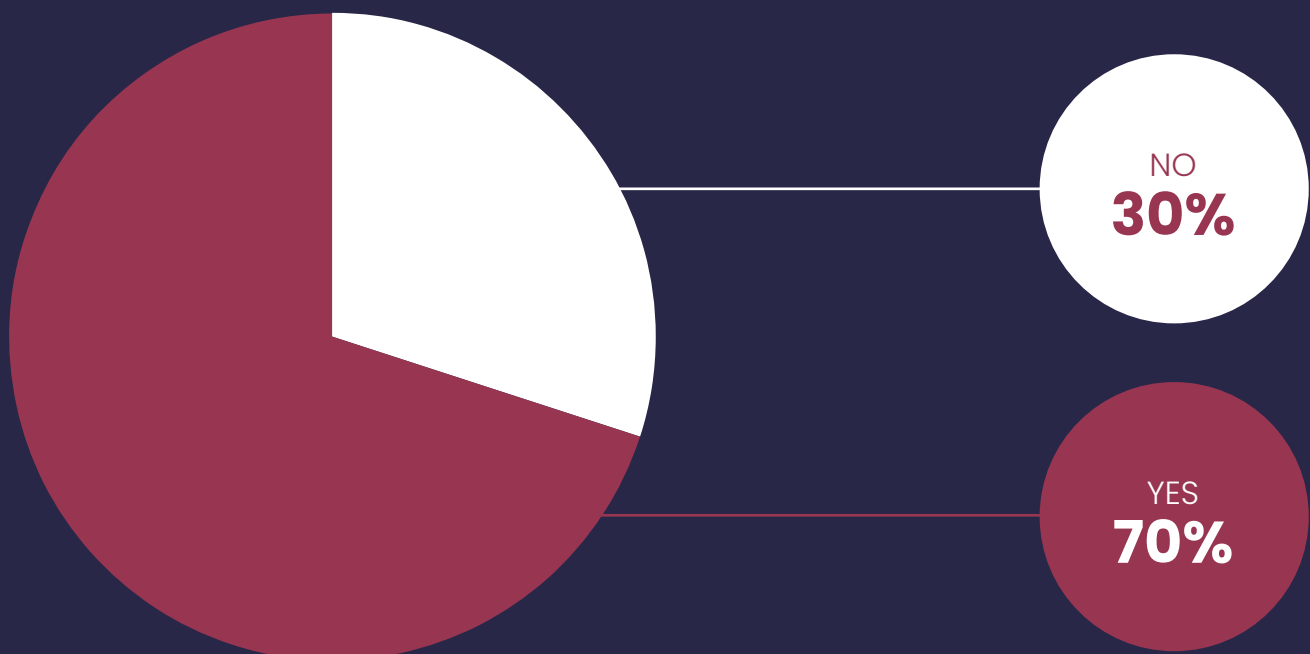
If you invested in Kosovo, do you think it was a good investment?

Figure 30: Evaluating investment



If you invested in Kosovo, would you invest again?

Figure 31: Willingness to reinvest



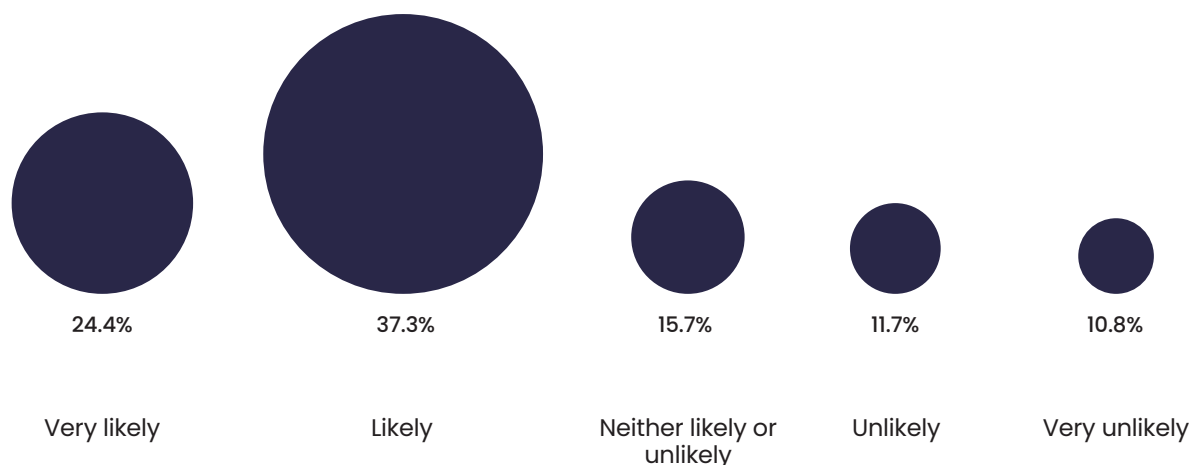
Future investment prospects

Looking at the prospects for diaspora investments, the research findings indicate that more than half of the respondents are either likely (37%) or very likely (24%) to invest in Kosovo in the future. On the other side, slightly more than a fifth of the respondents declared that their chances of investing in Kosovo in the future are unlikely (12%) or very unlikely (11%). Around 16% had a neutral answer to this question.

A recurrent theme in the interviews was the strong emotional sense of belonging amongst interviewees that goes beyond economic and financial logic. One participant said: "it is not a safe place for investment (...), we do it because of our connection with the homeland, for family reasons (...) I believe that the majority does it with hope and without a plan, that maybe it will function. Even though this part of the hope is not so big, it is more based on the love for the homeland." Another participant emphasised: "This is more about some kind of intrinsic will of the diaspora people that it is some well thought economic plan." "Homeland is homeland, so homeland remains unreplaceable," commented another participant. One individual stated, "We go to Kosovo as we have the willingness to invest in our land, to help our country, our people because it is patriotic to go and invest in Kosovo and employ 20 people." And another commented: "I was born and raised in Germany, but my hope remains that one day, when my children grow, and I have five children, to return to Kosovo and live there. And this is what motivates me to invest in Kosovo."

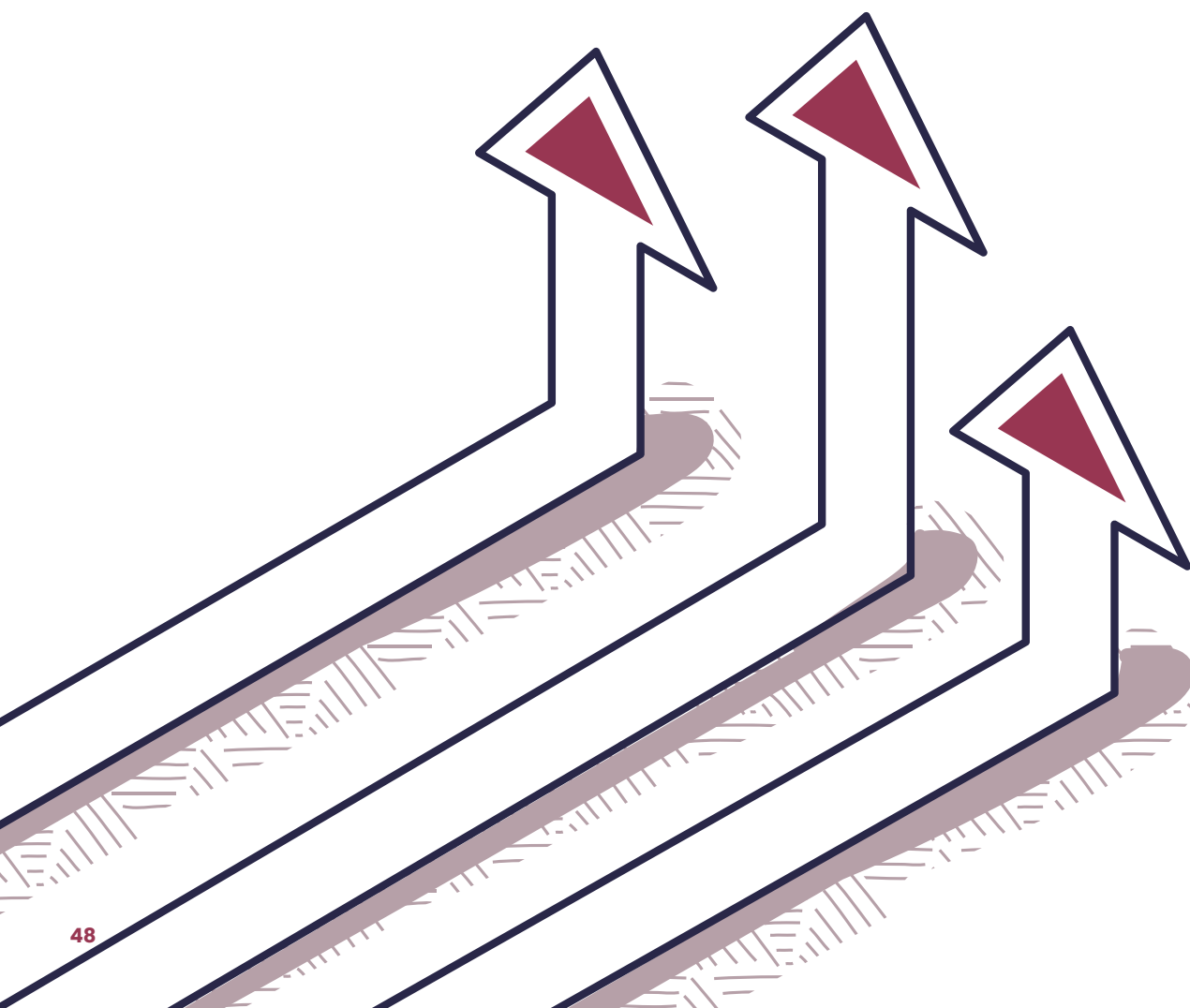
How likely are the chances of you investing in Kosovo in the future?

Figure 32: Future investment chances



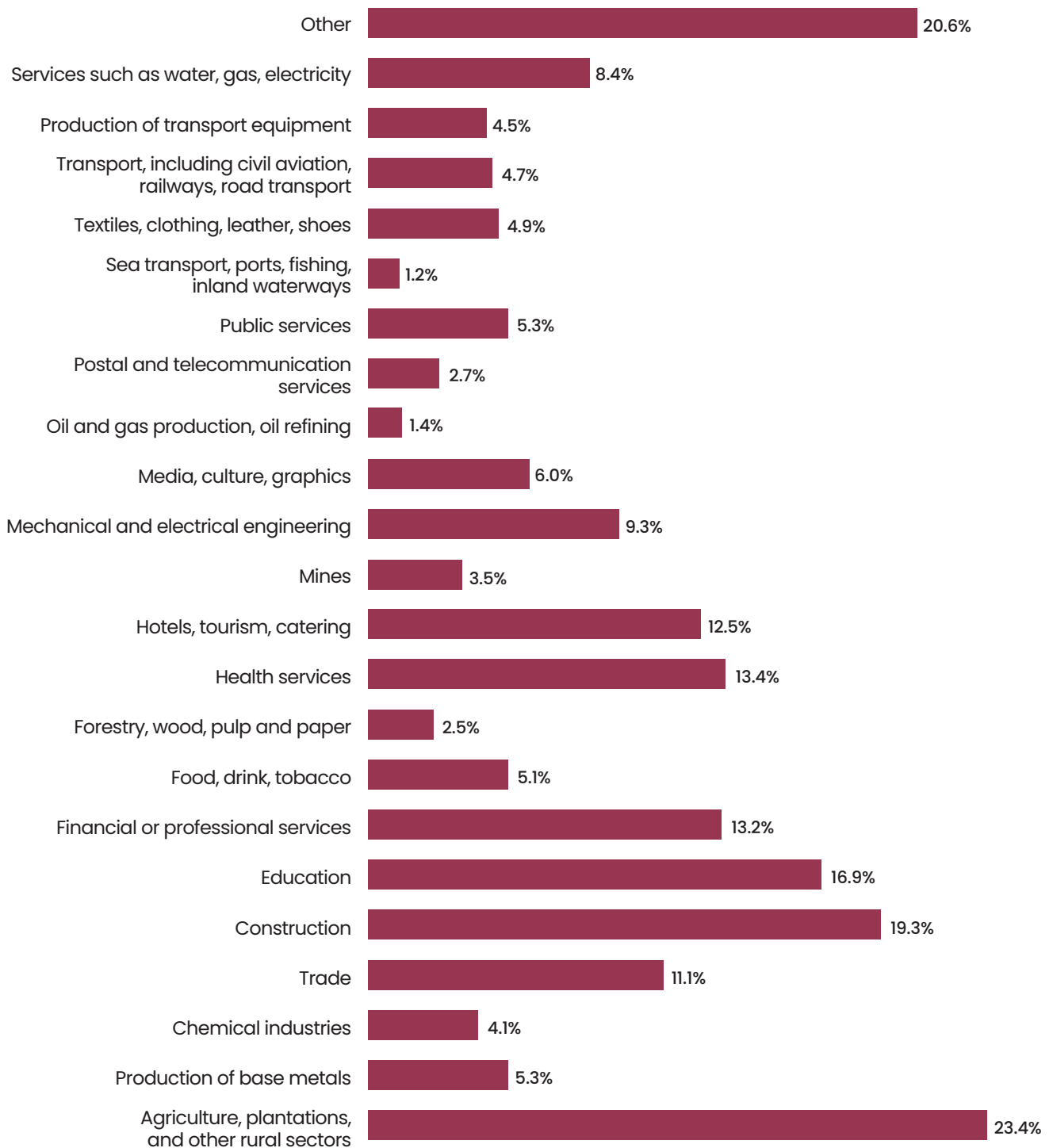
Asked about the preferred sectors for investment, in case they would invest in Kosovo in the future, the majority interestingly opted for the agriculture, plantations, and other rural sectors (23%) and the construction sector (19%). Around 17% opted for education, 13% for health services, 13% for financial or professional services, 12% for hotel, tourism, or catering, 11% for trade, 9% for mechanical and electrical engineering, and around 8% opted for services such as water, gas, and electricity. Many respondents (21%) had other sectors in mind or remained undecided.

The interviewed businesspersons, on the other hand, mostly favoured sectors they have already invested in or sectors they work with, either in the diaspora or in Kosovo. Thus a wide range of sectors emerged as attractive for the interviewees. IT services and agriculture seem to be very attractive sectors. Other attractive sectors include the food industry, renewable energy and telecommunications, and tourism. Interviewees also mentioned the following sectors as being attractive to potential investors in Kosovo: Construction, wood processing, services, textile industry, sports, especially football, automotive industry, producing doors and windows, solar energy, education, including technical and vocational education and training for the IT industry, architectural and design services, bank and finances – fintech, health, online shopping, energy, civil aviation, furniture, accounting, and glass production.



If you would invest in Kosovo in the future, which sectors would you invest in?

Figure 33: Prominent sectors for future investments

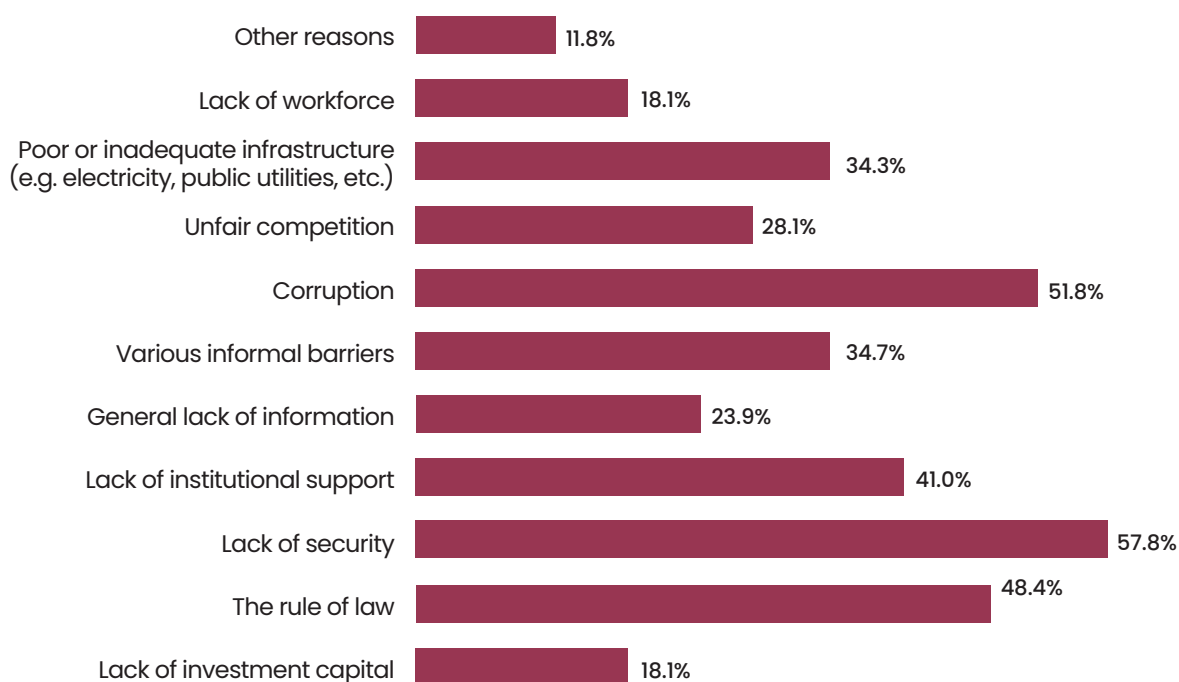


Using a multiple-choice question, respondents were asked to tick the reasons they believe are essential in deterring potential investors from investing in Kosovo. Approximately 58% of those surveyed believe that lack of security, 52% corruption, 48% the rule of law (the lack thereof), and 41% lack of institutional support are considered to be the main reasons for not investing in Kosovo. Other reasons include the existence of various informal barriers (35%), poor or inadequate infrastructure (34%), unfair competition (28%), General lack of information (24%), lack of workforce and lack of investment capital (18%), while some 12% believe they are also other reasons for not investing in Kosovo.

Similar issues that deter investments have also been named by the interviewed persons, who mentioned the lack of security, weak and inefficient judicial system, poor infrastructure, the rule of law, and corruption. Moreover, interviewees mentioned the lack of information, frequent government change, lack of stable electricity and water supply, lack of transparency, informal barriers, administrative procedures, lack of a qualified workforce, export barriers, high loan interest rates, and limited access to finances.

What do you think could be the reasons for NOT investing in Kosovo?

Figure 34: Investment deterrents

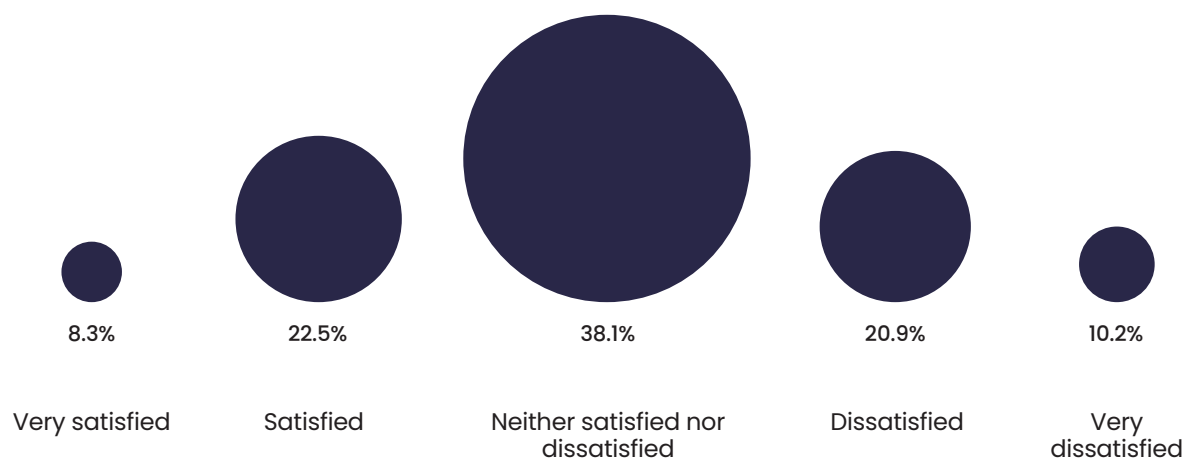


Just under a third of those who took part in the survey declared that they are not satisfied with the provided institutional support that aims at facilitating diaspora investments, 21% expressed being dissatisfied, and 10% being very dissatisfied. On the positive side, 8% declared being very satisfied, and 22% were satisfied with the institutional support provided for diaspora investments. Around 38% of those surveyed were neither satisfied nor dissatisfied with the support.

Concerns were expressed by the interviewees about the lack of adequate institutional support for diaspora investments. Some interviewees mentioned being positively supported by municipalities. Where the involvement of the central government was required, on the other hand, processes were automatically slowed down. Another interviewee, for instance, reported: "I believe that the government of Kosovo, and this is my personal opinion, made a great mistake in merging the Ministry for Diaspora with the Ministry of Foreign Affairs." Concerns were also expressed about the central government not being able to provide adequate information on concrete investment opportunities, not being able to swiftly intervene in improving the necessary infrastructure for ongoing investment projects, and not having possibilities to co-finance investments. Another interviewee recalls: "We had a couple of meetings (with the government, author's comment), but what can be seen in these meetings is that they are more about curiosity than they are about something tangible." Finally, one participant concluded: "I believe that the role of institutions does not necessarily has to be based on support, but it has to be based on facilitation so that there are as few barriers as possible for investments."

How satisfied are you with the institutional support to facilitate diaspora investments?

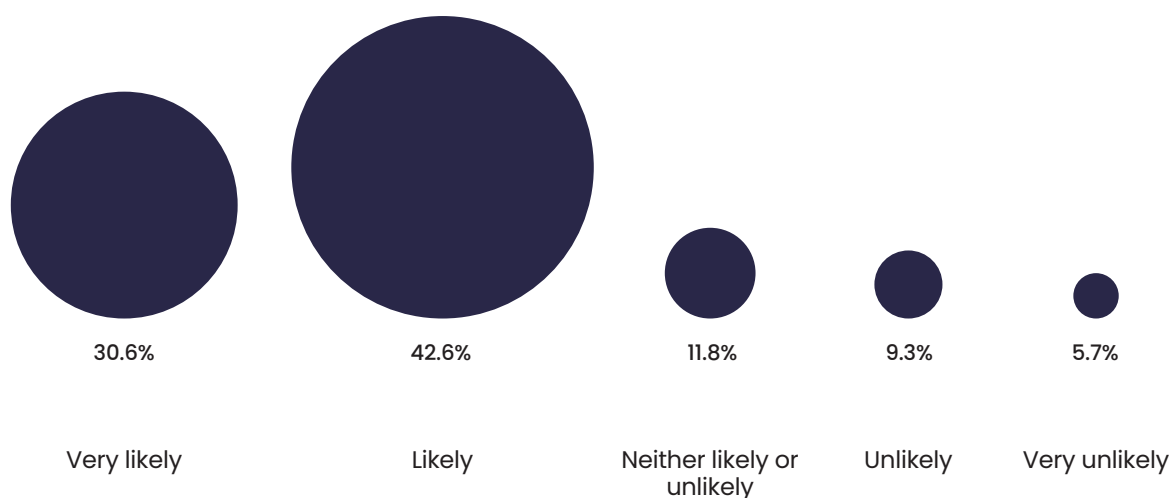
Figure 35: Satisfaction with institutional support for diaspora investments



Governments in other countries often use the best practice of granting special status to engage diaspora in investment, along with other means. This status could include preferential treatment in administrative procedures, tax incentives, and other benefits to attract and retain diaspora investment. Figure 36 provides an overview of the investment likelihood if the diaspora would be granted a special status as an investor, a mechanism similar used to promote and protect strategic investors. What stands out in the figure is that more than 70% stated that they would very likely (31%) or likely (43%) invest if granted such a status. Around 12% remained neutral to the question, while 9% stated that it is unlikely and 6% that it is very unlikely that such a status would affect their willingness to invest in Kosovo.

How likely would you be to invest in Kosovo if the diaspora had a special status as an investor (something similar to the treatment of strategic investors)?

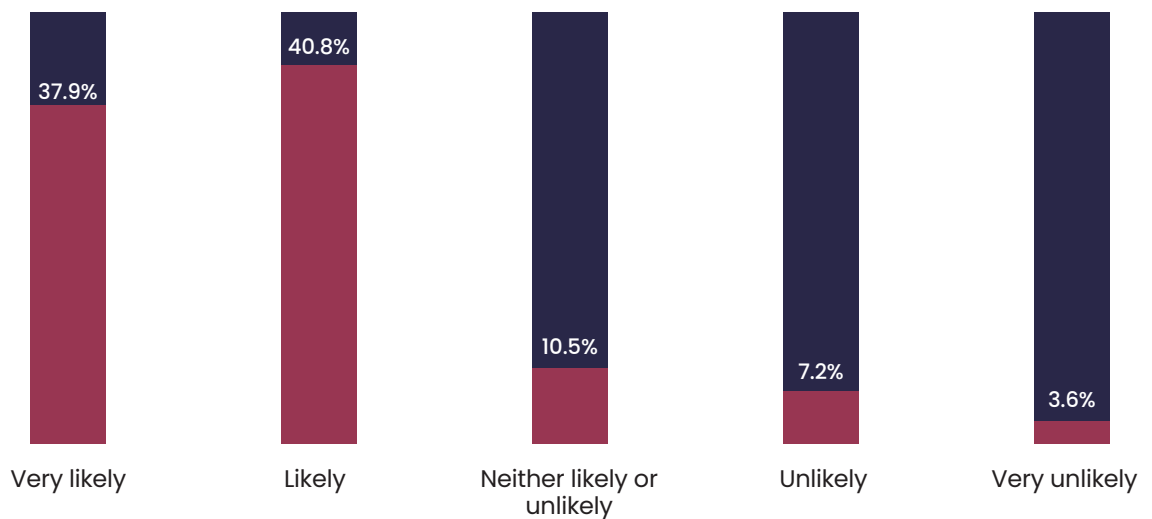
Figure 36: Special status for diaspora investors



Similarly, almost 80% of the respondents declared there is a very likely (38%) or likely (41%) chance of them investing in Kosovo if the government would provide mechanisms to secure and guarantee their investment in the form of publicly sponsored investment guarantees. Compared to around 11% that declared that despite providing these guarantees, they would still be reluctant to invest in Kosovo. Some 10% remained neutral, stating that it would neither increase nor decrease the likelihood of investment. Talking about this issue, an interviewee said: "Investors want guarantees, state guarantees, legal guarantees, and we can say that these guarantees are still not well defined by the government." Providing publicly sponsored investment guarantees would increase investors' courage to invest in Kosovo. Another interviewee alluded to the notion of Equity Finance and Business Angels as attractive forms to secure and guarantee investors and their investments.

How likely would you be to invest in Kosovo if the government of Kosovo was to provide mechanisms to secure and guarantee (publicly sponsored investment guarantees) diaspora investments in Kosovo?

Figure 37: Publicly sponsored investment guarantees

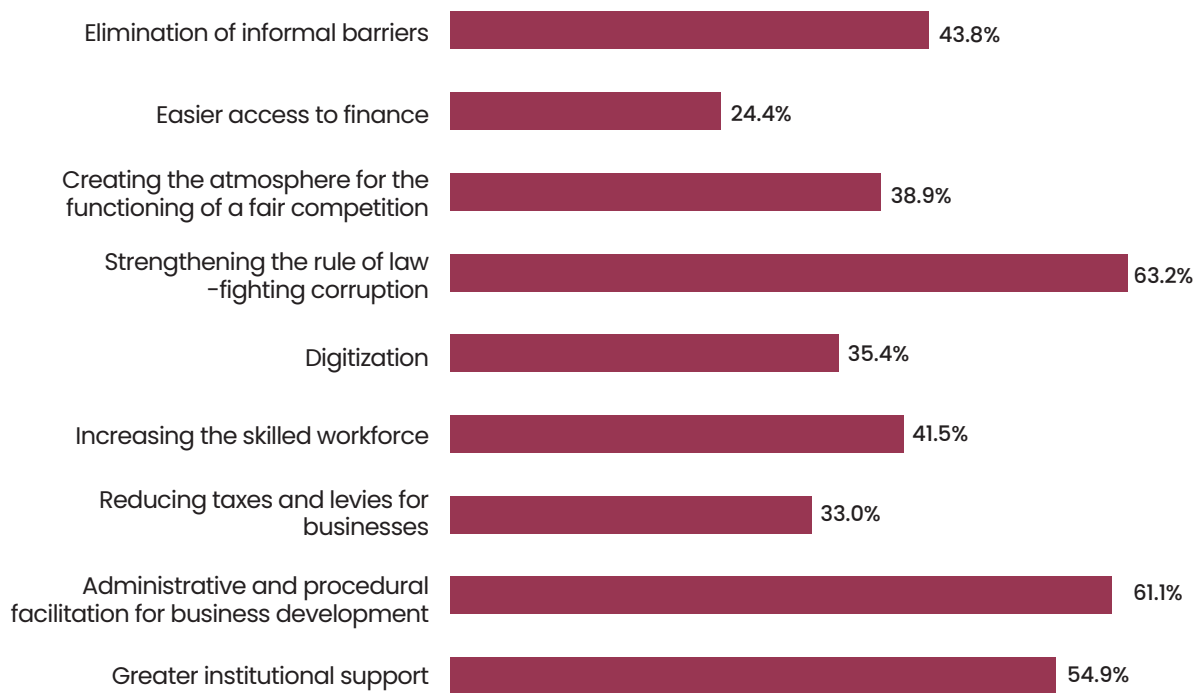


The last survey question, using a multiple-choice format, aimed at determining what could affect and increase the diaspora's willingness to invest in Kosovo. Figure 38 illustrates that 63% of the respondents believe that strengthening the rule of law and fighting corruption, 61% that improving administrative and procedural facilitation for business development, and 55% that greater institutional support would increase the willingness of the diaspora to invest in Kosovo. Other significant improvements that would have the capacity to increase the diaspora investment willingness include the elimination of informal barriers (44%), increasing the skilled workforce (42%), enforcing fair competition (39%), digitisation (35%), reducing business taxes and levies (33%), and creating easier access to finance (24%).

Interviewees listed a number of suggestions that could play a role in improving the willingness of the Kosovar diaspora to invest in Kosovo. The most mentioned factor is creating a single point of contact and perhaps providing a guiding person for every investor. Other mentioned factors are to provide educational alternatives for the workforce, especially for the IT sector, reduce taxes for businesses, improve the efficiency of the judicial system, the functioning of the commercial court, improve the rule of law, reduce bureaucracy, improve information on investments and financing, provide financial support, create a digital investment guide, improve infrastructure, support start-ups, raise awareness on investments, formulate strategic development plans, improve online services for investors, improve the overall security situation for investments, strengthen production standards, become part of international investment and financial ratings, and Improve digital security and protection of personal information. These suggestions can also serve as a list of recommendations for the relevant institutions in Kosovo.

In your opinion, what steps should be taken to increase the willingness of the diaspora to invest in Kosovo?

Figure 38: Necessary steps to improve the chances for diaspora investments



Conclusions

The purpose of the current study was to determine and provide an overview of the financial investment capacity of the Kosovar diaspora, the investment types commonly used by the Kosovar diaspora, and the Kosovar diaspora's actual willingness to invest in Kosovo. This study has identified that only a limited number of diaspora members who participated in the survey have the financial capacity to invest in Kosovo. Around 23% of those surveyed had a net income of over 55.000 euros, around 11% were able to save more than 40.000 euros per year, and around 18% had over 100.000 euros at their disposal for a potential investment. The research has also shown that many members of the Kosovar diaspora remain uninvolved and lack information about various contemporary issues concerning Kosovo. This is even more visible when it comes to the work of municipalities.

Another finding of this study is that around 28% of the respondents declared that they have invested in Kosovo in one form or another. Only around 5% of the respondents have invested in diaspora bonds compared to 64% that invested in other areas of a non-profitable nature. Around 40% of those who invested in Kosovo described their experience as being positive, while 70% would invest again. Concerning future investment prospects or the willingness of the Kosovar diaspora to invest in Kosovo in the future, the study has shown that slightly more than 60% of the respondents are likely to invest. Agriculture, construction, education, but also energy, IT, and tourism seem to be attractive sectors for diaspora investments. Only around 31% of the respondents declared they were satisfied with institutional support when it comes to investments, while more than 70% believe this would improve if the diaspora were granted a special status as an investor, or almost 80% if the government would provide mechanisms to secure and guarantee diaspora investments in Kosovo. Finally, the study also summarised a list of steps the government of Kosovo should take to increase the willingness of the Kosovar diaspora to invest in Kosovo.

Taken together, these findings suggest an active, systematic, and the much stronger role the government and the relevant institutions need to take in promoting diaspora investments in Kosovo. The insights gained from this study may assist in initiating concrete steps to improve the overall investment environment in the first place. The small sample size does not allow for more generalisable conclusions and recommendations. Notwithstanding the relatively limited sample, this research offers valuable insights into the Kosovar diaspora, which still hugely remains an untapped potential for developing Kosovo. Further research should be undertaken to deeply explore additional factors that could increase the willingness of the Kosovar diaspora and other investors to invest in Kosovo.

Selected recommendations

Improve the amount and quality of information available for the diaspora - It is essential to provide detailed and updated information to the diaspora regarding the political, economic, and social situation in Kosovo. Additionally, clear information regarding applicable taxes, administrative procedures for investing, investment opportunities, and how municipalities facilitate diaspora investments should be made readily available. Furthermore, institutions should focus on informing the diaspora about opportunities for Public-Private Partnerships and diaspora bonds, which can increase investment in Kosovo.

Promote sectors with a high export potential - Institutions should focus on promoting sectors with high export potential. This will increase foreign investment in Kosovo and help boost the economy. The promotion of these sectors should include marketing campaigns, financial incentives, and other measures that will encourage investment.

Improve systemic institutional support for diaspora investors - Kosovar institutions should provide more comprehensive and robust support to diaspora investors. This includes providing access to relevant networks, facilitating business partnerships, and providing guidance on investment opportunities.

Consider a special investor status for diaspora investors - Institutions should consider providing a special investor status for diaspora investors. This status would provide additional incentives and benefits for diaspora investors, such as tax breaks and streamlined administrative procedures.

Consider providing publicly sponsored investment guarantees for diaspora investments - Kosovar institutions should consider providing publicly sponsored investment guarantees for diaspora investments. This would help mitigate the risks associated with investing in Kosovo and provide reassurance to diaspora investors.

Improve general governance issues - Institutions should focus on improving general governance issues in Kosovo, such as eliminating informal barriers, improving access to finance, eliminating unfair competition, strengthening the rule of law, fighting corruption, digitalising services, improving transparency, creating a skilled workforce, reducing taxes and levies for businesses, reducing administrative and bureaucratic burdens for businesses, and creating new mechanisms to support investors. By addressing these issues, institutions can create a more favourable business environment and, through demonstrating credible commitment, may attract increased investment in Kosovo.

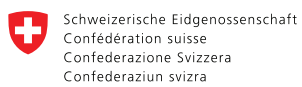
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This publication was commissioned by:



Swiss Agency for Development
and Cooperation SDC



The publication was prepared by:

