

# The financial impact of the European Union measures on Kosovo



May 2025

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## Executive summary

The European Union (EU) is a key partner in the economic, political, and institutional development of Kosovo, with a contribution of over €1.5 billion for reforms and support during the 2007–2020 period. However, relations between Kosovo and the EU have entered a new phase, particularly following the tensions in the north of Kosovo during 2023. As a result of these developments, since June 2023, the EU has imposed punitive measures against Kosovo, which have negatively impacted bilateral relations and financial support from the EU. The work of bodies under the Stabilisation and Association Agreement (SAA) was suspended until May 2025, funds for Kosovo under the Instrument for Pre-Accession Assistance (IPA) have been frozen, and Kosovo's proposals under the Western Balkans Investment Framework (WBIF) are not being considered by the WBIF Board. Moreover, Kosovo has not been included in high-level events, except those related to the situation in the north and regional integration of the Western Balkans. Lifting these measures requires full consensus among EU member states, and no such decision has been made so far.

The measures imposed by the European Union against Kosovo have resulted in significant financial and developmental consequences, costing Kosovo around €613.4 million in suspended or indefinitely delayed projects. Of this amount, due to the expiration of allowed deadlines for initiating procedures for certain projects, €7.1 million have been completely lost. The most affected sectors include the environment (€350.7 million), energy (€114.4 million), digitalization (around €57 million), and culture (€15 million). Of the total funds affected by the measures, approximately €218 million are IPA projects (IPA II and IPA III), and about €395.5 million are from WBIF projects. The implementation of these projects was expected to be financed through grants and loans, including approximately €421 million from the European Union, around €162 million from third parties such as international financial institutions, and €31 million from self-financing.

These delays in project implementation imply postponed or lost opportunities for growth, development, and improvement in citizens' well-being, and negatively affect the prospects for European integration. The aim of this brief report is to provide an overview of the financial support Kosovo has received from the EU and to analyze the impact of the EU's punitive measures on Kosovo by highlighting the losses and developmental consequences resulting from the suspension of EU projects and funding.

# 1. Introduction

The European Union (EU) has played a key role in the economic, political, and institutional development of Kosovo since 1999, through various mechanisms such as the Stabilisation and Association Process (SAP), the provision of financial and technical assistance, and the presence of its institutions in Kosovo. These efforts have been followed by substantial investments in areas such as strengthening public administration, improving institutional capacities, and supporting reforms in justice and the economy. Additionally, the EU has promoted regional cooperation to ensure sustainable development and has contributed to strengthening the rule of law and the democratic development of the country.<sup>1</sup>

Kosovo has benefited from a range of financial instruments of the European Union, most notably from the Instrument for Pre-Accession Assistance (IPA) and the Western Balkans Investment Framework (WBIF). During the period 2007–2020, the EU invested over €1.5 billion through IPA I and IPA II agreements and other instruments for institutional reforms, economic development, and Kosovo’s European integration. IPA, established by the EU in 2007, has supported Kosovo in various phases.<sup>2</sup> Under IPA I (2007–2013), Kosovo benefited from projects worth €633.9 million.<sup>3,4</sup> Under IPA II (2014–2020), Kosovo received €573.1 million. Additionally, Kosovo benefited from cross-border and regional programs under both IPA I and II.<sup>5</sup> In response to the pandemic, more than €150 million were also mobilized for direct support.<sup>6</sup>

For IPA III (2021–2027), three agreements have so far been signed between the Government of Kosovo and the European Commission for the years 2021, 2022, and 2023. During the first two years (2021 and 2022), the EU, together with third parties, contributed an average of €87.8 million annually to Kosovo, supporting key areas such as the rule of law, economic development, public administration reforms, renewable energy, and regional cooperation. In addition to IPA funding, Kosovo has also benefited from WBIF—a joint initiative of the European Union, financial institutions, and bilateral donors—which aims to enhance cooperation and support socio-economic development in the Western Balkans.<sup>7</sup> WBIF has financed a total of €298.9 million in grants, of which €253.6 million were investment grants and €45.3 million were for technical assistance. These grants have supported investment projects in various sectors including water supply, flood protection, transportation, renewable energy, district heating, and gas supply, as well as construction of healthcare facilities and high-speed internet infrastructure.<sup>8</sup>

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<sup>1</sup>European Union Office in Kosovo. [Commission Staff Working Document. Kosovo Report – 2023](#). Last accessed: March 11, 2025

<sup>2</sup> [European Commission](#). Instrument for Pre-accession Assistance (IPA). Last accessed: March 11, 2025

However, since June 2023, following tensions in northern Kosovo—where elections were held but boycotted by Serb citizens, followed by a violent attack on the Kosovo Police—the EU has imposed punitive measures on Kosovo, including: suspension of the work of bodies under the Stabilisation and Association Agreement (until May 2025<sup>9</sup>), suspension of IPA funds and new WBIF applications, suspension of the signing of new contracts, and exclusion from high-level events.<sup>10</sup>

This report outlines the cost of all projects affected by these measures, including only those for which funding had been planned or that had passed the necessary evaluation stages, and categorizes them by sector.

## 2. Total cost of EU Measures on Kosovo (June 2023 – April 2025)

The measures imposed by the European Union on Kosovo have resulted in significant financial and developmental consequences, costing Kosovo approximately €613.4 million in suspended or indefinitely delayed projects. Within this amount, due to the expiration of allowed deadlines for initiating procedures for certain projects, €7.1 million have been completely lost. These funds were intended to support agriculture and rural tourism, increase the competitiveness of enterprises, and more. These measures have directly affected the implementation of projects funded through IPA funds (approximately €218 million) and WBIF (Western Balkans Investment Framework) funds (€395.5 million), effectively blocking their signing and implementation. From the IPA funds, three signed agreements (2020, 2021, and 2022) and one unprocessed agreement (2024) have been affected. Meanwhile, under the WBIF, eight applications for grants and loans have been blocked—two in 2023 and six in 2024.

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<sup>3</sup> European Commission. [Instrument for Pre-accession Assistance \(IPA\). Kosovo](#). Last accessed: March 11, 2025

<sup>4</sup> European Commission. [IPA – Instrument for Pre-Accession Assistance. The New Focus of EU Enlargement Assistance](#). Last accessed: March 11, 2025

<sup>5</sup> European Commission. [Instrument for Pre-accession Assistance \(IPA\). Kosovo](#). Last accessed: March 11, 2025

<sup>6</sup> European Union Office in Kosovo. [Relations with the EU. The European Union and Kosovo. An overview of relations between the EU and Kosovo](#). Last accessed: March 11, 2025

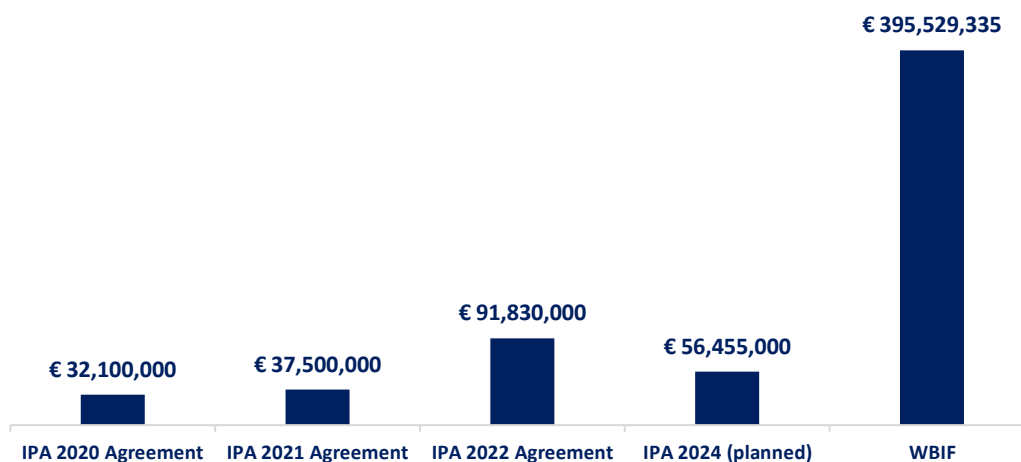
<sup>7</sup> Office of the Prime Minister (OPM). [Kosovo benefits from grants from the Western Balkans Investment Framework, amounting to €57.6 million](#). Last accessed on March 11, 2025. WBIF. [Economic and Investment Plan for the Western Balkans 2021–2027](#). Last accessed on March 11, 2025.

<sup>8</sup> Ibid.

<sup>9</sup> Radio Free Europe. [Which of these punitive measures has the EU begun to lift from Kosovo?](#). Last accessed: May 23, 2025

<sup>10</sup> Council of the EU. [Press release - Kosovo\\* - Statement by the High Representative on behalf of the EU on the latest developments](#). Last accessed on March 11, 2025.

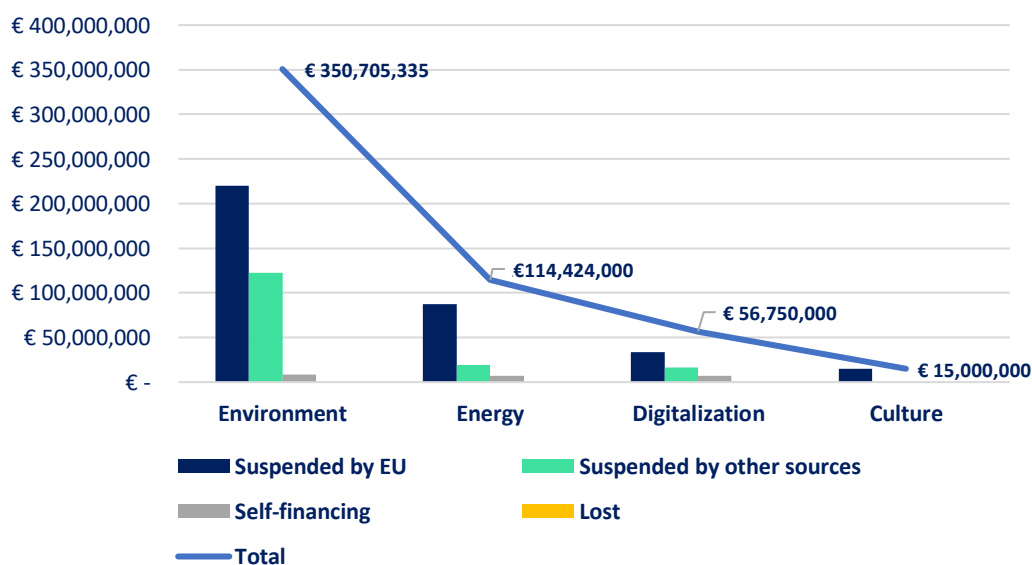
**Figure 1.** Cost of EU Measures on Kosovo (total €613.4 million)



Source: Data processed by GAP Institute, based on information from the Office of the Prime Minister (OPM). For IPA 2024, the data is taken from the Kosovo Reform Agenda document.

The most affected sectors include the environment with €350.7 million, energy with €114.4 million, digitalization with around €57 million, and culture with €15 million.

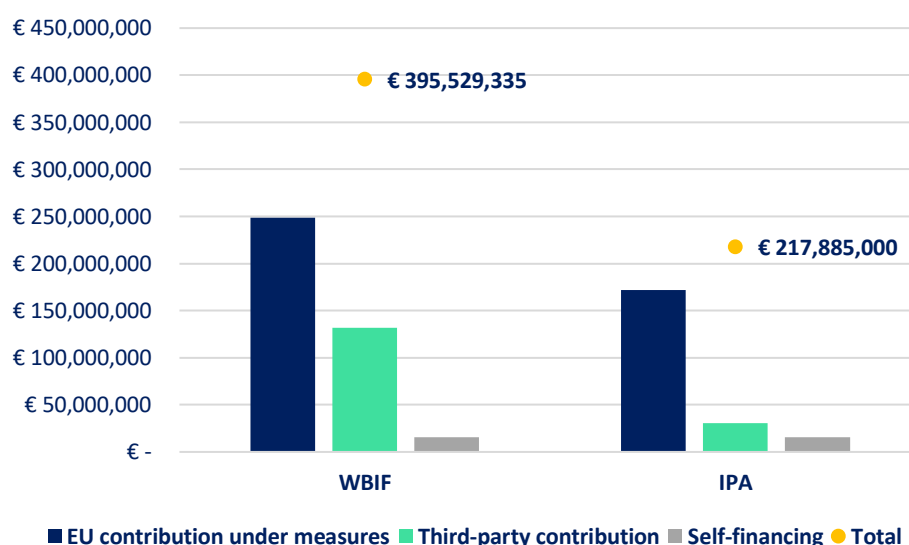
**Figure 2.** Most affected sectors by the EU measures on Kosovo



Source: Data processed by GAP Institute, based on information from the Office of the Prime Minister (OPM).

The implementation of these projects was planned to be financed through grants and loans, with a contribution of approximately €421 million from the European Union, about €162 million from third parties, as well as self-financing amounting to around €31 million.

**Figure 3.** Financial impact of EU measures on Kosovo in projects financed by WBIF and IPA (total €613.4 million)



Source: Data processed by GAP Institute, based on information from the Office of the Prime Minister (OPM).

Delays in project implementation, primarily caused by the measures imposed by the European Union on Kosovo, are not merely technical obstacles in the flow of funding but translate into concrete losses for society. They directly cause lost expected socio-economic benefits as well as increase the financial costs of delayed implementation. When a project in the energy or education sector is not completed on time, it results in unsuitable conditions for learning or higher heating expenses, which burden both the public and individual budgets. Moreover, continuous delays undermine the credibility of local institutions with international partners and hinder new funding opportunities. Completing projects within the planned timeframe is not simply a technical or managerial issue but a strategic necessity to maintain the pace of reforms, deliver benefits to citizens on time, and strengthen institutional credibility in the European integration process.

## 2.1 Cost of EU Measures in the IPA Program for Kosovo

As a result of the measures imposed by the European Union, from June 2023 to April 2025, projects funded by IPA II and IPA III funds have been suspended and lost. More specifically, the 2020 agreement under IPA II has been affected, while the 2021 and 2022 agreements under IPA III have also been impacted. Additionally, the planned agreement for IPA 2024 was scheduled to be programmed under the IPA 2025-2027 agreement. From these three IPA agreements (2020–2022) and the planned IPA 2024, projects worth around €218 million have been suspended,<sup>11</sup> of which €7.1 million have been permanently lost and cannot be included in any new future agreements. More precisely, €172 million of the suspended amount comes from the EU's direct contribution, €30.3 million from third-party contributions, and €8.4 million from Kosovo's own contribution.

**Table 1.** IPA Agreements under EU Measures

	<b>Total project amount under measures</b>	<b>Lost amount</b>	<b>EU contribution under measures</b>	<b>Third-party contribution</b>	<b>Kosovo contribution</b>
<b>IPA 2020 Agreement</b>	<b>€ 32,100,000</b>	€ 7,100,000	€ 17,600,000	-	€ 7,400,000
<b>IPA 2021 Agreement</b>	<b>€ 37,500,000</b>	-	€ 35,700,000	€ 800,000	€ 1,000,000
<b>IPA 2022 Agreement</b>	<b>€ 91,830,000</b>	-	€ 62,250,000	€ 29,580,000	-
<b>IPA 2023 Agreement</b>	<b>Not affected by measures</b>				
<b>IPA 2024 (planned)</b>	<b>€ 56,455,000</b>	-	€ 56,455,000	unknown	unknown
<b>Total</b>	<b>€ 217,885,000</b>	€ 7,100,000	€ 172,005,000	€ 30,380,000	€ 8,400,000

Source: Data processed by GAP Institute, based on information from the Office of the Prime Minister (OPM).  
For IPA 2024, the data is taken from the Kosovo Reform Agenda document.

From IPA II funds, under the IPA 2020 agreement, projects with a total value of €32.1 million have been suspended. Among the suspended projects, there is a key energy sector project (construction of a central heating system) worth €25 million. In addition to this suspended project, projects worth €3 million in the field of competitiveness and innovation have been lost, which included grants for digitalization and business recovery; two projects in the rule of law sector valued at €1.3 million; as well as three other projects totaling €2.8 million, as part of the agriculture and rural tourism sectors.

<sup>11</sup> Without including the contribution of third parties for IPA 2024, although there already exists a [list](#) of activities that was suggested to be part of the package.



**Figure 4.** Projects under measures financed by IPA 2020, by sectors and funding sources



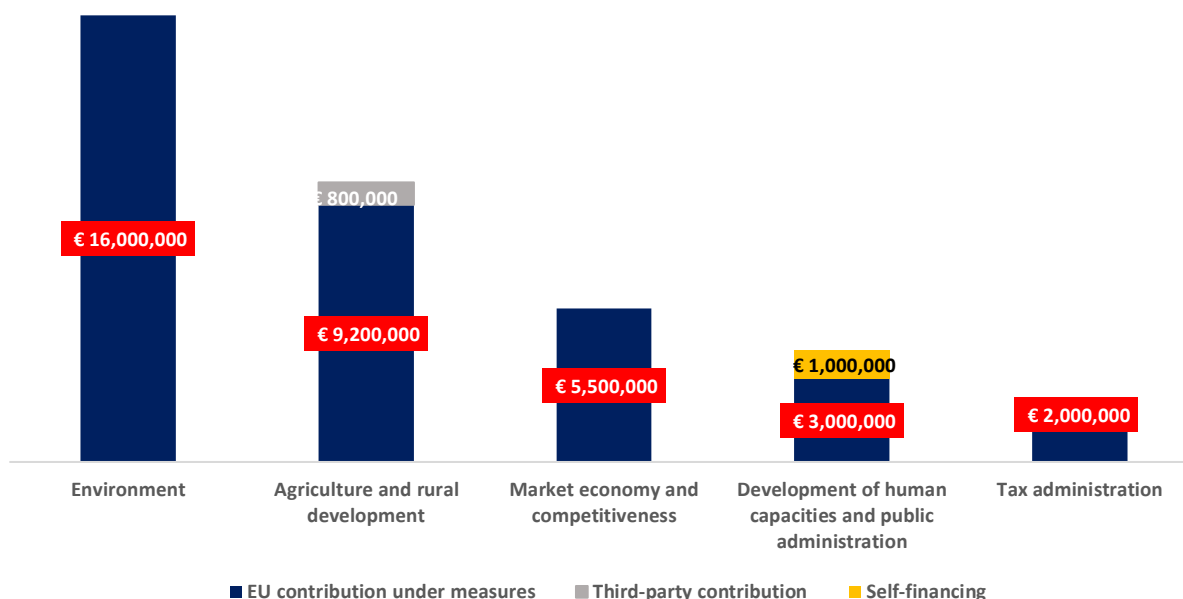
Source: GAP Institute using official data from the Office of the Prime Minister

Furthermore, from IPA III funds, under the 2021 Agreement, the measures taken have resulted in the suspension of 10 projects, with a total value of 37.5 million euros. Of this amount, the largest share was the contribution from the European Union, 35.7 million euros, while the remainder came from self-financing (1 million euros) and other contributions (800 thousand euros).

As a result, projects in various fields have been affected. In the environment sector, three projects worth 16 million euros have been suspended, including the project for the construction of the wastewater treatment plant in Kosovo B (12 million euros). In agriculture and rural development, two projects worth 10 million euros have been suspended, related to rural development and food security. In the market economy and competitiveness sector, three projects worth 5.5 million euros have been suspended, mainly related to supporting trade, strengthening technical capacities for standardization and EU compliance, reinforcing market control mechanisms, and protecting consumer rights. Furthermore, in the field of human capacity development and public administration, 3 million euros have been suspended for the “Young Cell Scheme” scholarship program, which supports youth

from Kosovo for studies in the European Union countries, 1 million euros for strengthening administrative capacities, and 2 million euros for the tax administration.

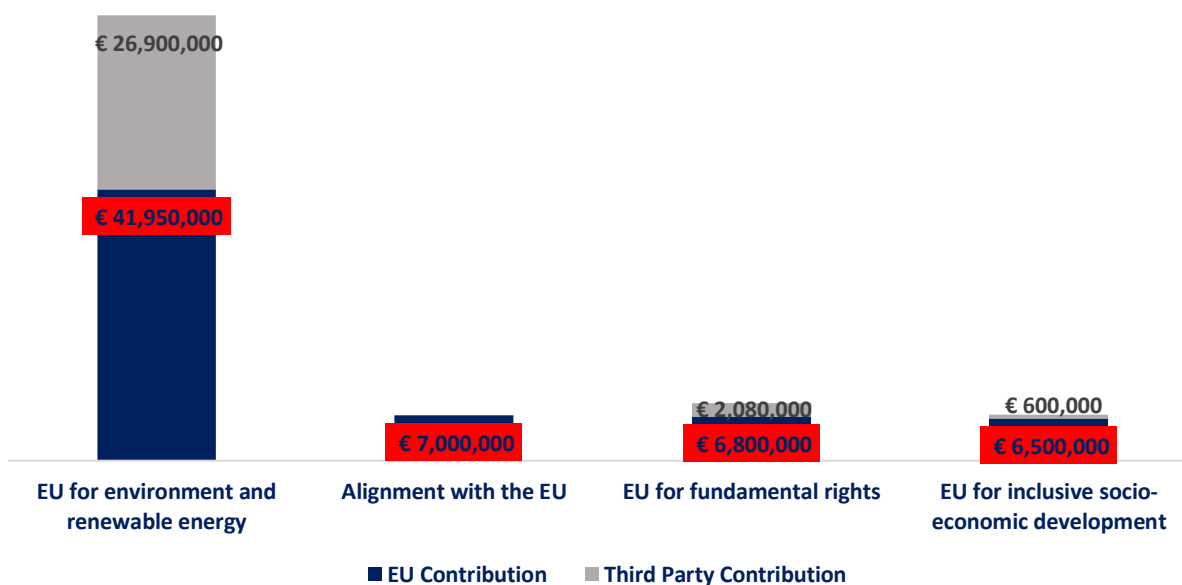
**Figure 5.** Projects under measures financed by IPA 2021, by sectors and funding sources



Source: GAP Institute using official data from the Office of the Prime Minister

From IPA III funds, the 2022 agreement has been entirely placed under measures, which means that projects worth €92.3 million have been suspended. Of this amount, €62.3 million was the EU's contribution, while around €30 million were third-party contributions (loans, etc.). Approximately 32.6% (or €20.3 million) of the EU contribution was planned for programs involving EU approximation, fundamental rights, and social and economic development. Meanwhile, 67% of the funds, or around €42 million, were dedicated to the environment and energy sectors. This program aimed to finance projects in the fields of energy, environmental protection, and professional development.

**Figure 6.** Projects under measures financed by IPA 2022, by sectors and funding sources



Source: GAP Institute using official data from the Office of the Prime Minister

Unlike previous agreements, the IPA 2023 Agreement has not been affected by the measures imposed by the EU. This is because 90% of the funds of this agreement were transferred immediately after signing. The agreement includes a grant of €75 million, which is primarily dedicated to the energy sector.<sup>12</sup>

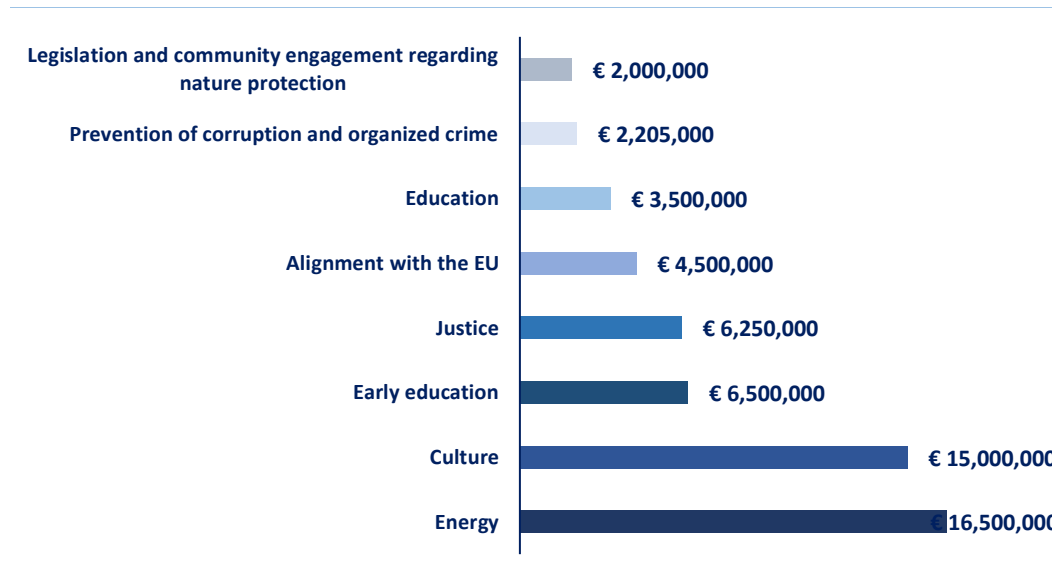
Meanwhile, IPA 2024 has not entered into procedure and has not been signed, and with regards to it, the EU has instructed that the projects planned for 2024 be included within the programming framework of IPA 2025–2027.<sup>13</sup> The projects planned under IPA 2024 had a total value of €56.4 million, including projects in the energy sector worth €16.5 million, culture worth €15 million, early education and education worth €10 million, justice worth €6.2 million, and others.<sup>14</sup>

<sup>12</sup> Official Gazette. [Financial Agreement Special Conditions](#). Last accessed: April 11, 2025.

<sup>13</sup> Ministry of Finance, Labour and Transfers (MFLT). Annual Financial Report 2024. Last accessed: April 11, 2025.

<sup>14</sup> [Kosovo Reform Agenda](#)

**Figure 7.** Planned components in IPA 2024 affected by EU measures



Source: GAP Institute using official data from the Prime Minister's Office

The suspension of these funds not only affects the flow of financing but also slows down economic development, weakens capacities to face major challenges such as energy transition, environmental protection, and new jobs, and hinders the building of a more sustainable future for citizens.

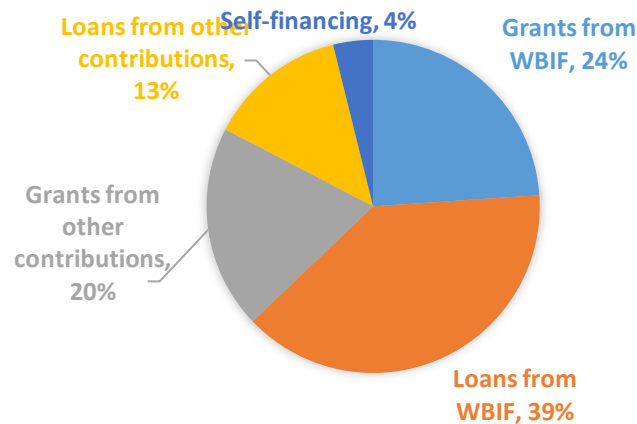
## 2.2 Cost of EU measures on projects of the Western Balkans Investment Framework in Kosovo (WBIF)

Kosovo's applications within the Western Balkans Investment Framework (WBIF) submitted during 2023 and 2024 have not been sent for approval. As a result, several key projects, which were co-financed by the French Development Agency (AFD), the German Development Bank (KfW), and other international institutions, are not being implemented.<sup>15</sup>

Specifically, in the period June 2023 – April 2025, applications for projects worth €395.5 million have been suspended. Of the total project value of €395.5 million, €94.6 million were planned as grants from the European Union, €154 million as loans from the European Union, €78.2 million as loans from other financiers, and around €15.3 million as self-financing.

<sup>15</sup> WBIF. Answer on GAP Institute's request.

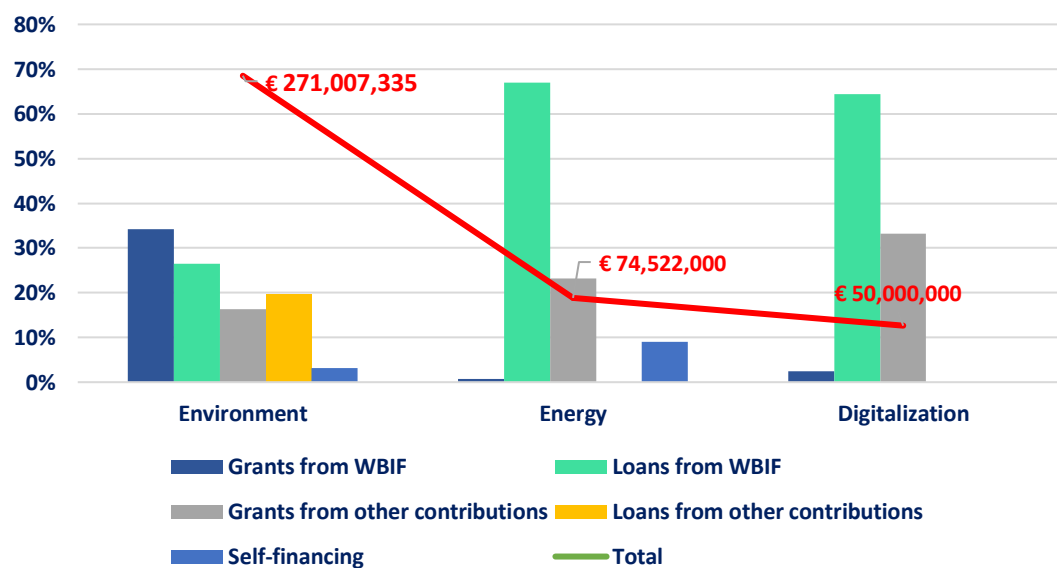
**Figure 8.** WBIF projects by funding source



Source: Data processed by GAP Institute, sourced from the Prime Minister's Office (PMO)

The suspended projects are in sectors such as environment with €271 million, energy with €74.5 million, and digitalization with €50 million.

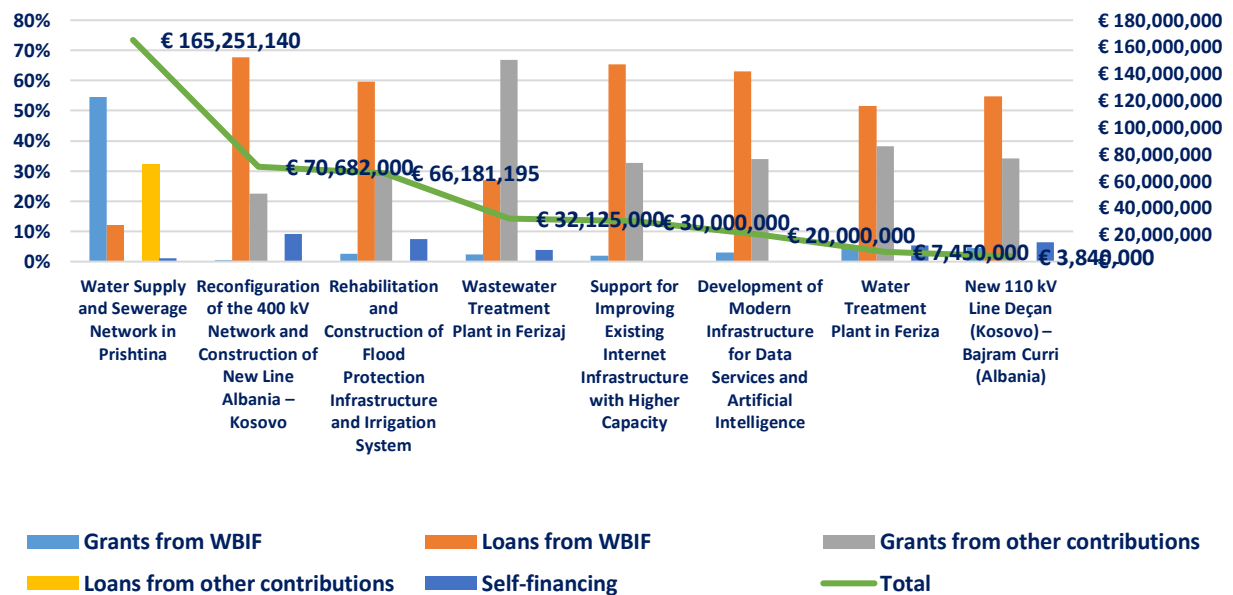
**Figure 9.** Projects under measures financed by WBIF by sectors and funding sources



Source: GAP Institute using official data from the Prime Minister's Office

Within these projects that have not been processed during 2024 due to the measures are included: the water supply and sewage network in Pristina, the wastewater treatment plant in Ferizaj, the Kosovo–Albania energy interconnection line, the reconfiguration of the existing network, as well as investments in digital and data infrastructure and the construction of flood protection and irrigation infrastructure.

**Figure 10.** WBIF projects with the highest suspended values



Source: GAP Institute using official data from the Prime Minister's Office

### 3. Conclusion

The European Union's measures against Kosovo have resulted in the suspension or postponement of projects with a total value of around €613.4 million, which were budgeted but not yet contracted. The suspended projects include environment with €350.7 million, energy with €114.4 million, digitalization with around €57 million, and culture with €15 million. The suspension of such investments has brought immediate and long-term consequences, such as delays in infrastructure construction, loss of employment opportunities, deterioration of living conditions, and hindrance in meeting environmental and integration objectives. For example, various residential and institutional facilities continue to operate inefficiently, with high energy costs and negatively impacting the environment, while the non-implementation of transport projects delays integration into the European network and reduces the country's economic potential. The lack of investments in education and social inclusion translates into fewer opportunities for youth and non-majority communities. Beyond the direct financial cost, these delays represent a high opportunity cost, as every delay or suspended project means postponement or loss of opportunities for growth, development, and improvement of citizens' well-being, as well as a weakening of the perspective for European integration and institutional strengthening.

## 4. Annex

### List of projects under measures from IPA 2020

Project	Total	Lost	Suspended	Others	Kosova Co-financing
Justice Academy	€ 300,000	€ 300,000	-	-	-
Support to the Case Management Information System (CMIS)	€ 1,000,000	€ 1,000,000	-	-	-
Support to District Heating - TERMOKOS	€ 25,000,000	-	€17,600,000	-	€ 7,400,000
Direct management: Supporting vineyards and wineries	€ 800,000	€ 800,000	-	-	-
Direct management: Marin Barleti street regeneration	€ 1,200,000	€ 1,200,000	-	-	-
Direct management: Iumbardhi Cinema	€ 800,000	€ 800,000	-	-	-
Direct Management: digitalisation and business recovery - grants	€ 3,000,000	€ 3,000,000	-	-	-
<b>Total</b>	<b>€ 32,100,000</b>	<b>€ 7,100,000</b>	<b>€17,600,000</b>	<b>-</b>	<b>€ 7,400,000</b>

Source: GAP Institute using official data from the Prime Minister's Office

### List of projects under measures from IPA 2021

Project	Total	Lost	Suspended	Others	Kosova Co-financing
Support to Property Tax	€ 2,000,000	-	€ 2,000,000	-	-

EU Acquis Approximation and Support Measures Facility - component Young Cell Scheme	€ 4,000,000	-	€ 3,000,000	-	€ 1,000,000
Waste Water Treatment Plant Facilities in Kosovo B	€ 12,000,000	-	€ 12,000,000	-	-
Design preparation of EU Support to Clean Air Phase 3 (SOx reduction)	€ 2,000,000	-	€ 2,000,000	-	-
Support to Kosovo Landfill Management (KLFM)	€ 2,000,000	-	€ 2,000,000	-	-
Support to Trade	€ 2,000,000	-	€ 2,000,000	-	-
Quality infrastructure, in line with the EU requirements	€ 2,500,000	-	€ 2,500,000	-	-
Market surveillance and consumer protection	€ 1,000,000	-	€ 1,000,000	-	-
Support the Ministry of Agriculture, Forestry and Rural Development for the implementation	€ 7,700,000	-	€ 7,000,000	€700,000	-
Support to phytosanitary	€ 2,300,000	-	€ 2,200,000	€100,000	-
<b>Total</b>	<b>€ 37,500,000</b>	<b>-</b>	<b>€ 35,700,000</b>	<b>€800,000</b>	<b>€ 1,000,000</b>

Source: GAP Institute using official data from the Prime Minister's Office

### List of projects under measures from IPA 2022

Action	Total	EU Contribution	Third-party contribution
EU for fundamental rights	€ 8,880,000	€ 6,800,000	€ 2,080,000



EU alignment	€ 7,000,000	€ 7,000,000	-
EU for environment and renewable energy	€ 68,850,000	€ 41,950,000	€ 26,900,000
EU for inclusive socio-economic development	€ 7,100,000	€ 6,500,000	€ 600,000
<b>Total</b>	<b>€ 91,830,000</b>	<b>€ 62,250,000</b>	<b>€ 29,580,000</b>

Source: GAP Institute using official data from the Prime Minister's Office

### Lista e projekteve projekteve nën masa të financuara nga WBIF

Year	Type	Project	Total	WBIF grant	WBIF loan	Other grants	Other loans	Kosova Co-financing
2023	Investment	Prishtina Water Supply and Sewerage Network	€ 165,251,140	€ 90,000,000	€ 20,000,000	-	€ 53,351,140	€ 1,900,000
2023	Technical assistance	Water Treatment Plant in Ferizaj	€ 7,450,000	€ 350,000	€ 3,850,000	€ 2,850,000	-	€ 400,000
2024	Technical assistance	Rehabilitation and Construction of Flood Protection and Irrigation Infrastructure	€ 66,181,195	€ 1,760,000	€ 39,421,195	€ 20,000,000	-	€ 5,000,000
2024	Technical assistance	Waste Water Treatment Plant in Ferizaj	€ 32,125,000	€ 750,000	€ 8,679,000	€ 21,471,000	-	€ 1,225,000
2024	Technical assistance	New 110KV interconnection line SS-Deçan (Kosovo) - S.S. Bajram Curr (Albania)	€ 3,840,000	€ 170,000	€ 2,104,000	€ 1,316,000	-	€ 250,000

2024	Technical assistance	Reconfiguration of 400 kV grid and new 400 kV interconnection Albania – Kosovo	€ 70,682,000	€ 400,000	€ 47,800,000	€ 15,982,000	-	€ 6,500,000
2024	Technical assistance	Modern infrastructure for data and artificial intelligence services	€ 20,000,000	€ 600,000	€ 12,600,000	€ 6,800,000	-	-
2024	Technical assistance	Promote and support the upgrade of existing fixed broadband infrastructure to Very High Capacity Networks	€ 30,000,000	€ 600,000	€ 19,600,000	€ 9,800,000	-	-
<b>Total</b>			<b>€ 395,529,335</b>	<b>€ 94,630,000</b>	<b>€ 154,054,195</b>	<b>€ 78,219,000</b>	<b>€ 53,351,140</b>	<b>€ 15,275,000</b>

Source: GAP Institute using official data from the Prime Minister's Office





GAP Institute is a Think Tank established in October 2007 in Kosovo. GAP's main goal is to attract professionals to create an environment of professional development and research, as seen in similar institutions in Western countries. This also provides Kosovars with opportunities to research, develop and implement projects in order to advance the Kosovo society. Priority for this Institute is the mobilization of professionals to address the country's economic, political and social challenges. GAP's main goals are to fill the gaps between government and citizens, and between problems and solutions.

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