



PPPs in Kosovo: Why Are There So Few?

Introduction

Public Private Partnerships (PPPs) represent a form of cooperation between the public and private sectors for the implementation of infrastructure projects or the provision of public services, where the private partner is involved in financing, constructing and/or managing the project in exchange for a form of long-term compensation¹.

In practice, PPPs are often used for the implementation of large infrastructure and public service projects, such as roads and highways, airports, hospitals, educational facilities, public transport systems, or energy projects.

In many countries, PPPs are used to deliver major infrastructure investments that are often difficult to finance solely through the public budget. In addition to mobilizing private capital for public projects, this model can also bring technical and managerial expertise from the private sector, contributing to the more efficient delivery of projects and improving services for citizens. Furthermore, PPPs are considered an instrument that can support economic development and the modernization of public infrastructure.

However, in Kosovo the use of PPPs remains limited. Although the Law on Public Private Partnerships (LPPP) has been in force since 2011, currently there are only four (4) active projects being implemented through this model. The low number of PPP projects is linked, among other things, to the complexity of these projects in terms of their identification and development, as well as to the limited institutional capacity/expertise².

- 1 World Bank (2017). Public-Private Partnership Reference Guide, Version 3. World Bank Group. Available at: <https://ppp.worldbank.org/PPP-Reference-Guide>
- 2 OECD/SIGMA (2025). Public Administration in Kosovo 2024: Assessment According to Public Administration Principles. SIGMA Monitoring Report. Available at: https://www.sigmaweb.org/en/publications/public-administration-in-kosovo-2024_a53fce6b-en.html

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In addition to technical and institutional challenges, the development of PPPs in Kosovo is also related to the low policy prioritization of this instrument within the public policy agenda and the lack of political will to advance this model of financing public investments³. This is also reflected in the fact that efforts to update the legal framework for PPPs have not yet resulted in the adoption of a new law.

Delays in advancing this draft law indicate that PPPs have not been among the main priorities of reforms in the field of public investments. Therefore, the development of PPP projects requires not only a clear legal framework and technical capacities within institutions but also a strong political commitment to identify and support strategic projects that can be implemented through this model.

In this context, the analysis first presents data on active PPP projects in Kosovo and then examines the factors that have influenced the limited use of this instrument, focusing on the legal framework, institutional capacities, and the fiscal impacts of PPP projects.

Active PPP Projects

Currently, the number of PPPs in Kosovo consists of only four (4) active projects, with a total investment value of approximately 130 million euros⁴. The largest project in financial terms is the concession for the Pristina International Airport “Adem Jashari,” implemented by the Ministry of Finance (MoF), with an investment value of €100,015,000. This project is currently in the operational phase and has a duration of 20 years, of which 16 years have already passed.

At the local level, municipalities have implemented projects with smaller investment values. These include the project for upgrading the infrastructure of the secondary school complex in Gjilan, with an investment of €800,000 and a duration of 15 years, as well as the underground parking project at the Faculty of Philology in Pristina, with an investment of €12,000,000 and a duration of 35 years. Both of these projects have been implemented as concessions and are currently in the operational phase.

Another project is the construction of three schools in the Municipality of Pristina, implemented through a public contract with a value of €16,644,552. This project is currently in the construction phase and has a contract duration of 10 years.

³ Interview with Robert Muharremi, PPP policy expert and contributor to the development of the legal framework for PPPs in Kosovo, 4 March 2026.

⁴ Data provided by the Ministry of Finance through a request for access to public documents, March 3, 2026.

TABLE 1. Active PPP Projects in Kosovo.

Contracting Authority	Project Name	Submission Date	Contract Duration	Contract Type	Phase	Estimated Investment (Euro)
Ministry of Finance	PIA "Adem Jashari"	6.2009	20 years	Concession	In operation	100,015,000.00€
Municipality of Gjilan	Infrastructure regulation of high school complex	22.05.2013	15 years	Concession	In operation	800,000.00€
Municipality of Prishtina	Underground parking project at Faculty of Philology	17.01.2017	35 years	Concession	In operation	12,000,000.00€
Municipality of Prishtina	Three schools in Prishtina	29.11.2019	10 years	Public Contract	Under construction	16,644,552.00€

Source: Ministry of Finance

In addition to the ongoing projects, a number of PPP initiatives in Kosovo have not been implemented, reflecting the challenges associated with their development and implementation. In some cases, projects have failed due to difficulties in managing and executing contracts by public authorities, while in other cases, institutional and legal issues have hindered their progress. For example, a concession contract for the provision of urban transport services in the Municipality of Peja failed to be implemented due to problems in contract management by the municipality⁵. Another initiative for the construction and management of new cemeteries in Landovica, Prizren, was not realized due to a property dispute between the Municipality of Prizren and the Kosovo Privatization Agency (KPA)⁶.

⁵ New Strategy for the Development of Public-Private Partnerships in Kosovo, R. Muharremi, 2017.

⁶ Response provided by the private economic operator, 18 March 2026.

In current practice in Kosovo, most PPP projects are structured as concessions, where the private partner undertakes the financing, construction, and operation of the project, while the public sector typically does not assume direct obligations for capital investments or revenue guarantees. In these cases, public institutions primarily benefit through concession fees, which limits direct fiscal exposure and reduces the creation of long-term budgetary liabilities for the state budget⁷.

However, PPP project structuring and implementation is closely linked to the legal and institutional framework governing their development. In this regard, the development of PPP projects in Kosovo is influenced by a range of structural factors, among which the legal framework, institutional capacities, and the fiscal implications of PPP projects play an important role.

The legal framework of PPPs

One of the factors influencing the limited use of PPPs in Kosovo is related to the legal framework and the way it regulates the development of projects under this model. The legal framework for PPPs in Kosovo is governed by the Law on Public Procurement (2011), which defines the forms of cooperation with the private sector, the procedures for selecting the private partner, and the institutions responsible for initiating and approving projects⁸.

However, within the framework of the European integration process and the need to implement public investments through alternative financing models, this legal framework requires harmonization in two main directions.

First, it is necessary for the PPP law to be harmonized with the European Union (acquis) legislation in the field of concessions and public procurement, namely with Directive 2014/23/EU⁹ of the European Parliament and of the Council on the award of concession contracts, and Directive 2014/24/EU¹⁰ on public procurement. These standards require that the selection of the contractual model for implementing public projects be based on a structured assessment of economic benefit and on the effective transfer of operational risk to the private partner. The implementation of these principles contributes to increased legal certainty and to creating a more predictable environment for attracting private investments, including foreign direct investment in long-term infrastructure projects.

Second, PPP contracts create long-term obligations that directly impact the fiscal space and, for this reason, require harmonization with domestic legislation, particularly the Public Procurement Law, the Law on Public Finance Management, as well as systematic integration into the Public Investment Program (PIP) (PIP)¹¹.

In line with these reforms, the Government of Kosovo prepared a new draft law on PPPs, initially in 2019, but it was not submitted for final approval to the Assembly. The same draft law continues to be planned through the Government's legislative agendas, including the one for 2026–2028¹². The draft law aims to improve the existing framework by harmonizing the legislation with EU standards on concessions and public procurement, clarifying the forms of PPPs, and strengthening institu-

7 Data obtained from the Ministry of Finance through a public access to documents request, 6 March 2026.

8 Official Gazette of the Republic of Kosovo. Law No. 04/L-045 on Public-Private Partnership. Available at: <https://gzk.rks-gov.net/ActDetail.aspx?ActID=2784>

9 European Parliament and Council of the European Union (2014). Directive 2014/23/EU on the award of concession contracts. Available at: <https://eur-lex.europa.eu/eli/dir/2014/23/oj>

10 Ibid. Directive 2014/24/EU on public procurement. Available at: <https://eur-lex.europa.eu/eli/dir/2014/24/oj>

11 The Public Investment Program (PIP) is a budget planning instrument through which the Government of Kosovo plans and manages multi-year capital projects financed from the state budget and other financial sources.

12 The Government's Draft Law Program for 2026–2028, the draft law on Public-Private Partnership with a planned approval date in the Government of 30.06.2026: <https://krjeminstri.rks-gov.net/wp-content/uploads/2026/02/Programi-i-Projeklig-jeve-per-vitet-2026-2028.pdf>

tional mechanisms for the economic and fiscal assessment of projects as well as the oversight of their implementation.

However, the non-approval of this draft law and the related reforms has contributed to delays in advancing the legal framework for PPPs. Reform in this area is closely linked to the reform of the public procurement system, as it is foreseen that the new PPP law and the Public Procurement Law should be developed and approved in a coordinated manner¹³.

In this regard, international practices offer several models that can serve as a reference for the further development of the legal and institutional framework for PPPs in Kosovo. In some EU countries, such as France and the Netherlands, a structured analysis of fiscal affordability and risk transfer, as well as an assessment of the economic benefit compared to implementing the project through traditional public procurement, is required before approving PPP projects. Meanwhile, in the region, Albania has also incorporated in its legal framework the requirement for a preliminary assessment of the economic and fiscal benefits of PPP projects before initiating procedures for partnership with the private sector.

Institutional capacity for the development of PPPs

Apart from the legal framework, the development of PPP projects also depends on institutional capacities for their identification, assessment, and management. In this regard, the institutional structure plays a key role in the effective implementation of this instrument.

The current law provides for the PPP Committee (PPPC) as the body responsible for reviewing and approving PPP projects, as well as the Central PPP Department (CPPPD) within the Ministry of Finance, which offers technical support during the preparation and assessment of projects. However, the technical functions for the economic and fiscal analysis of projects remain distributed among the relevant institutions, making it more difficult to develop a structured assessment of the economic and fiscal sustainability of projects from the initiation phase¹⁴.

The current CPPPD consists of seven (7) officials out of ten (10) planned positions¹⁵. Considering the low number of PPP projects in Kosovo, the current capacities can be considered sufficient for managing existing activities. However, the lack of full staffing, particularly in positions with technical and analytical profiles, presents a limitation for the further development and expansion of PPPs. For this reason, advancing this model requires strengthening technical expertise and institutional capacities within public institutions.

¹³ OECD/SIGMA (2025). Public Administration in Kosovo 2024: Assessment According to Public Administration Principles. SIGMA Monitoring Report. Available at: https://www.sigmaxweb.org/en/publications/public-administration-in-kosovo-2024_a53fce6b-en.html

¹⁴ Government of the Republic of Kosovo – Ministry of Finance. (2017). *Concept Document on the Management of Public-Private Partnerships in Kosovo*.

¹⁵ Data obtained from the Ministry of Finance through a public access to documents request, 1 April 2026.

Fiscal impact of PPP projects

PPP projects have significant implications for public finances, particularly due to the long-term obligations they may create for the state budget. Unlike traditional public procurement, where capital expenditure is reflected directly in the annual state budget, PPP contracts can generate long-term financial commitments extending over periods of 15 to 30 years.

However, the current structure of PPP projects in Kosovo limits the government's direct fiscal exposure. According to data from the Ministry of Finance, most PPP contracts are structured in the form of concessions, where the private partner assumes the financing, construction, and operation of the project. In these cases, the government usually does not assume direct budgetary obligations for the initial investment or revenue guarantees, while the public benefit is realized through concession fees. As a result, the creation of long-term obligations for the public budget remains limited¹⁶.

Regarding fiscal planning, since 2024, the Fiscal Risk Statement has been attached to the Medium-Term Expenditure Framework (MTEF) and the Budget Law. This document also addresses potential fiscal risks that may arise from PPP contracts. Currently, the analysis of these risks is mostly descriptive, as the level and nature of fiscal exposure depend on the structure of each contract and on the way risk is shared between the public and private sectors¹⁷.

Long-term obligations from PPPs are reflected in the MTEF only in cases where direct budgetary commitments exist, such as availability payments, financial guarantees, or potential compensations. A specific example is the contract for Pristina International Airport, where the government's fiscal exposure is largely limited to force majeure events. During the COVID-19 pandemic, for instance, the contract was extended by 20 months to address the financial impacts caused by global restrictions¹⁸.

Overall, considering the current structure of PPP projects in Kosovo, fiscal exposure is considered modest. The Fiscal Risk Statement also emphasizes that the portfolio of PPP projects in Kosovo remains modest and that the current fiscal impact is limited due to the small number of projects and their structure, which is mostly in the form of concessions. However, the development of more advanced methodologies for analyzing fiscal risks remains important to ensure transparency and a more accurate assessment of the long-term impact of PPPs on public finances.

¹⁶ Data obtained from the Ministry of Finance through a public access to documents request, 6 March 2026.

¹⁷ Ministry of Finance. Pristina, 2025. Available at: <https://mfpt.rks-gov.net/Search/deklarata%20e%20rreziqeve>

¹⁸ Data obtained from the Ministry of Finance through a public access to documents request, 6 March 2026.

CONCLUSIONS AND RECOMMENDATIONS

The limited use of PPPs in Kosovo is not only related to procedural aspects of the legal framework but also to institutional capacities and the level of prioritization of this instrument on the public policy agenda. Despite efforts to reform the legal framework, including the drafting of a new PPP law in 2019, progress in this process has remained limited, reflecting the need for a more strategic approach to the use of PPPs in the implementation of public investments.

In this regard, developing a more structured approach to PPPs could contribute to a more efficient use of public investments and improve the long-term planning of public finances. For this reason, the following measures are recommended:

1. **Adopt the new PPP draft law.** The new PPP draft law should be adopted to improve the legal framework and to harmonize it with both domestic legislation and EU law in the field of concessions and public procurement. Its adoption would strengthen the economic and fiscal analysis of projects and create clearer conditions for the use of PPPs by public authorities in the implementation of capital investments.
2. **Develop a standard methodology for evaluating PPPs.** The Ministry of Finance should develop a clear methodology for comparing the implementation of projects through PPPs versus traditional public procurement, so that the choice of model is based on a structured economic and fiscal analysis.
3. **Strengthen institutional capacities for PPP project development.** Public institutions should enhance their technical capacities for identifying, structuring, and evaluating PPP projects by making greater use of the technical support provided by the PPP Unit within the Ministry of Finance and by increasing inter-institutional cooperation during the project development phases.
4. **Develop regular training programs for PPPs.** Considering the complexity of PPP projects, it is important to implement continuous training programs for public institution staff, particularly for contracting authorities and the PPP Unit. Enhancing knowledge and technical expertise would help public institutions more effectively identify and develop PPP projects.
5. **Encourage the strategic use of PPPs for capital projects.** Public institutions should consider using PPPs as an alternative to public procurement, particularly for capital projects with long-term impact, leveraging the potential of this model to mobilize private capital, share risk, and improve efficiency in the implementation of public investments.