



BANKA QENDRORE E REPUBLIKËS SË KOSOVËS
CENTRALNA BANKA REPUBLIKE KOSOVA
CENTRAL BANK OF THE REPUBLIC OF KOSOVA

Governor's Speech

May 22, 2025

Conference: Sustainable Investment Forum 2nd
Venue: Emerald Hotel, Prishtina, Republic of Kosovo

Dear Mr. Kurti, Caretaker Prime Minister of the Republic of Kosovo,

Dear Ambassador Orav, Head of the EU Office in Kosovo,

Dear Mr. Ujkani, Executive Director of the European Investors Council,

Distinguished representatives of public institutions,

Representatives of domestic and international financial institutions,

Distinguished participants,

Dear friends,

It is my pleasure to address you at the Sustainable Investment Forum, which focuses on one of the most complex challenges of our time—where uncertainties and non-conventional risks are rising, including climate risks and the challenges of transitioning toward a sustainable economy in line with ESG principles.

This gathering marks an important moment to reflect on our institutional responsibilities and to strengthen cooperation for a fair and sustainable transition toward a green economy.

While there is ongoing debate about the extent of Central Banks' involvement, it is increasingly recognized that this is not merely an issue of environmental awareness. Climate change has become a source of systemic risks threatening financial stability, the functioning of markets, and the long-term prospects of economic development and social welfare. Exposure to physical and transition risks directly affects the performance and quality of assets held by financial institutions, businesses, households, and the functioning of financial markets.

These risks are not just hypothetical. Floods, droughts, air pollution, and the decarbonization challenges of the energy sector are realities that increasingly impact citizens' lives and the

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financial capacity and solvency of businesses and individuals. Banks and other financial institutions will increasingly need to manage these risks and support the financing of the green transition.

As climate change accelerates, so does its impact on financial stability and economic resilience. Banks are exposed to climate-related risks through their core activities—lending, investment, and operations. These risks—whether physical, like floods, or transitional, such as regulatory changes and carbon pricing—can erode asset values, disrupt supply chains, increase credit risk, and in severe cases, challenge the solvency of financial institutions.

However, addressing climate risks and financing the green transition also presents opportunities. As a regulator, the CBK is fulfilling its mandate by providing the necessary legislative framework and setting clear expectations to ensure the financial sector is prepared to manage these risks, while the sector itself plays its part in financing the green transition.

In Kosovo, bank lending remains a primary source of private sector financing in the absence of capital markets, while banks continue to support the economy where over 85% of collected deposits are channeled into the economy through credit.

For this reason, the CBK has taken several concrete steps, in cooperation with international financial institutions, reflecting our commitment to a more sustainable financial sector:

- *In December 2023, we have included climate risk management, ESG initiatives, and alternative sources of transition finance in the CBK Strategic Plan 2024–2028, particularly within Objectives 1, 2, and 5;*
- *In December 2023, the CBK officially became a member of the Sustainable Banking and Finance Network (SBFN), supported by IFC and the World Bank Group. This provides us an access to best international practices, advanced trainings and valuable tools for regulatory capacity-building in this area;*
- *In April 2024, we issued the first Guideline on Reporting Credit Exposures by banks to companies exposed to transition costs, particularly regarding the implementation of the EU Carbon Border Adjustment Mechanism (CBAM). This step is crucial in systematically collecting data on transition risks and raising institutional awareness, especially in light of the IMF Program;*
- *In January 2025, we approved—for the first time—Guidelines for Syndicated Loans, aiming to promote and expand lending capacities in Kosovo’s sectors and increase available funds for domestic borrowers to finance large-scale and long-term projects, including investments in clean energy and other capital-intensive initiatives;*
- *In January 2025, also, we have adopted the Strategic Roadmap for Climate and Environmental Risk Management (2025–2027) in partnership with the World Bank – FinSAC; and*
- *We are currently finalizing an Advisory Letter on Climate and Environmental Risks, derived from the Strategic Roadmap, which will serve as guidance for the banking sector and outlines CBK’s regulatory expectations of banks.*

Additionally, the CBK has advanced its investment policies, aligning them with sustainable finance principles and exploring opportunities to invest in green financial instruments. As a result, today, our international reserves portfolio includes investments in financial instruments based on ESG criteria.

Our engagement also continues in strengthening capacities and supporting the financial sector through education, forums, and international networking. Participation in events like this one reflects our ongoing commitment.

However, it is clear that addressing these challenges cannot be achieved by a single institution alone; therefore, deeper institutional cooperation is required at the national, regional, and international levels.

At the local level, such coordination through the national strategy creates opportunities for sustainable financing and clear legal conditions for the harmonized functioning of the financial market.

At the regional level, participation in joint regional initiatives such as the RCC's project on Taxonomy and Green Bonds, as well as those led by other international institutions, is important.

At the international level, the role of development partners and multilateral organizations is vital for providing technical assistance, sharing experiences, and access on financing. Kosovo's participation as the first European country to successfully completed of the IMF's Resilience and Sustainability Facility (RSF) program has made a significant contribution in this regard.

Distinguished participants,

Climate risk management is about protecting value, preserving stability, and shaping the future of finance in a decarbonizing world.

Faced with this challenge, our commitment as a Central Bank is firm: we will continue strengthening our supervisory role, supporting capacity-building in the financial sector, and helping to establish a sustainable financial infrastructure that supports the green transition.

In this regard, the CBK's message is clear. Only through early action, institutional coordination, and shared commitment we can build an economy that is competitive, sustainable, and fair for future generations.

As financial intermediation and financing expand, so does the exposure of banks and the entire financial sector to climate-related risks embedded in the real economy. Therefore, a careful approach is required, along with early and integrated assessment within the risk management framework of financial institutions.

Thank you for your attention, and I wish you success in the discussions and proceedings of the forum.
