

## Kosovo's ICT and BPO sector: developments and outlook

Importance and potential of the information and communication technology (ICT) sector in Kosovo has been widely discussed within economic circles for the last decade.

A large increase of registered ICT and BPO businesses, especially in the field of software/IT service and call centres and software development, as well as the evolution of competitive salaries above national average were recent trends in the sector. Necessary workforce skills for the ICT and BPO sector and a well-developed ICT infrastructure are available in Kosovo; hence, the country offers much potential for further development.

Consequently, the ICT sector is seen as an attractive sector for economic growth, promoting exports, a critical sector for creating jobs for the youth and to keep young talents in Kosovo.

### Background

The ICT and BPO sector in Kosovo gained importance over the last years. Firstly, the government adopted the Smart Specialisation Strategy in September 2018, where the ICT and BPO industry have been mentioned as preliminary priority sectors based on quantitative analysis and exchanges with businesses.

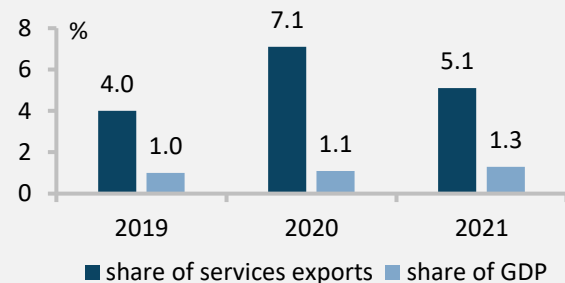
In addition, the German Economic Team (GET) identified several target groups with reference to data analysis and extensive interviews with business representatives. Based on the criteria of investment potential, development impact and competitive position, the ICT and BPO sector have been identified as top target groups (among others).

### ICT sector overview

The ICT sector accounted for 1.9% of GDP in 2021 with a stable share in the last 5 years. This share is lower than in other countries of the Balkan region, indicating much potential for further development.

Exports of services in the field of telecommunications, computer and information amounted to EUR 99 m in 2021 or 5.1% of services exports of KOS. The sector is export-oriented, i.e. exports are higher than imports and 78% of existing companies export their services. However, there is only a moderate contribution to total exports, due to the limited size of ICT industry in Kosovo.

ICT services share of service exports and share of GDP



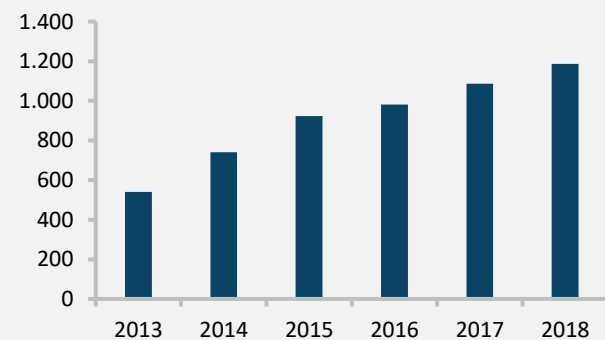
Source: Central Bank of Kosovo

### Recent developments

In recent years a steady increase in the number of registered ICT business could be observed. Even though there is no fresh data available, the current number of businesses are estimated at 2,800.

According to STIKK's Barometer 2020, most companies (51%) in KOS provide software/IT services. Other services and products account to 25% and include professional services, software/business consulting services, networking and telecommunication HW and SW provider, ICT services and auditing, system integration, cloud services, and cybersecurity.

### Number of registered businesses in the ICT sector (stock)



Source: Open Data Kosovo

There is no official data on employment in the sector, but STIKK estimates that the sector employs around 3,000 persons. Almost half of salaries in the ICT sector lie between EUR 750 and 2,000. The highest salaries are received by developers, business development managers and project managers.

The main companies and fields of activity are:

- Celonis: process mining, execution management software
- Open Research: software development
- Cactus: business development services, IT consulting services, software development

- 3CIS: connectivity & network services, software development, system infrastructure, telecommunication services
- Gjirafa: search engine, GjirafaAdNetwork, Gjirafa Lab
- Asseco: Financial Information System (FIS), IT consulting services, system infrastructure

### The BPO sector in Kosovo

Currently, business processes in Kosovo include mainly call centre and customer support, design, engineering, and software development.

Based on the sector assessment report issued by USAID Kosovo Compete Activity in 2021, the sector has a significant contribution to employment, as estimates from STIKK suggest that around 70% of employees hired in the ‘information and communication, and professional activities’ belong to the BPO sector.

In recent years, Kosovo has become an attractive location for the BPO sector, due to cheaper on-demand skills, travel time, and lower costs.

In fact, current population projections indicate an increase of young age groups that will enter the labor market in the next years. This is fostered by a high rate of internet penetration and information technology acceptability. Along with English, German is the most widely spoken foreign language. These languages are also taught in high school in Kosovo. In addition, there is a Kosovar diaspora in Germany (over 350,000), constituting the world’s largest Kosovar diaspora.

Most employees (2/3) in call centers receive a competitive salary between EUR 750 and 1,500, which is higher than the national average of EUR 416.

The main companies and fields of activity are:

- Baruti: German-speaking call center
- Speex: customer service/data processing/sales
- Webhelp: German-speaking customer support services
- Beep Solutions: customer services/telesales

### Outlook

Digital transition, accelerated by the Covid-19 pandemic, can lead to an increasing investment dynamic. In fact, a number of segments such as EdTech (educational tech), cybersecurity, e-commerce and retail tech have seen growing demand as a result of the pandemic, which is likely to lead to an increase in investment activity. The challenge of going forward will be to improve the consistency and accuracy of data in that sector that can be used by policymakers to improve their programmes, investments and efforts.

Moreover, regional hubs such as the Innovation and Training Park (ITP) Prizren will likely foster entrepreneurship innovation, business- and skills development. Such focal points in the Balkan region can create beneficial synergies between the private and public sector, civil society organizations and academia that will facilitate investment in the sector leading to growth and new job creation.

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This newsletter is based on the Policy Briefing: [Reviewing Kosovo’s ICT, BPO and creative industries](#)

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