

01 | FEB 2026

POLICY BRIEFING
KOSOVO

Diagnostic assessment and capacity strengthening roadmap for KEK's RES Division – Summary of findings

By Besnik Haziri and Jente Mork

Executive Summary

This presentation summarises: Haziri, B., & Mork, J. (2025). *Diagnostic assessment and capacity strengthening roadmap for KEK's Renewable Energy Sources (RES) Division*. German Economic Team.

- » KEK is shifting from exclusively lignite-based generation toward a more diversified mix including renewables, driven by national energy and climate objectives
- » The Renewable Energy Sources (RES) Division embeds renewables within KEK's core organisational structure rather than treating it as a temporary activity

Part 1: Diagnostic assessment

- » The division is strategically positioned within KEK, and supported by a clear organisational structure: only gap is the absence of technical and maintenance staff in the current organisational model
- » Main limitations are capacity-related: incomplete staffing, limited in-house renewable energy experience, and reliance on project-implementation-unit (PIU) arrangements
- » The anticipated future RES project pipeline places increasing demands on the division's organisational capacity, governance arrangements, and staff skills

Part 2: Target operating model and capacity strengthening roadmap

- » The target operating model defines how the RES Division should evolve to manage multiple renewable projects, with clear functions, governance, coordination, and scalable staffing
- » Capacity building prioritises phased staffing, internal redeployment and reskilling, targeted training, and structured knowledge transfer over extensive external recruitment
- » A sequenced capacity-strengthening roadmap aligns institutional development with project needs
- » Gradual strengthening enables KEK to build sustainable in-house capability, reduce dependence on external support, and deliver renewable investments efficiently, transparently, and sustainably

Structure

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 - 1) Mandate and positioning within KEK
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 - 1) Target operating model: a framework for the future
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Introduction

Background

- » Kosovo Energy Corporation (KEK) is at a critical juncture as it begins to transition from a lignite-based model toward a diversified power mix with renewables as a strategic pillar
- » In line with national energy and climate commitments*, KEK has established a Renewable Energy Sources (RES) Division to lead the development of renewable projects
 - This is a strategic institutional shift, embedding renewable energy development within KEK's core organisational structure rather than treating it as a temporary or externally driven activity
- » As a newly established unit in a historically lignite-focused organisation, the division faces challenges
- » Strengthening the institutional and technical capacity of this new division is essential to enable effective implementation and long-term sustainability of Kosovo's clean energy transition

Purpose of this Policy Briefing

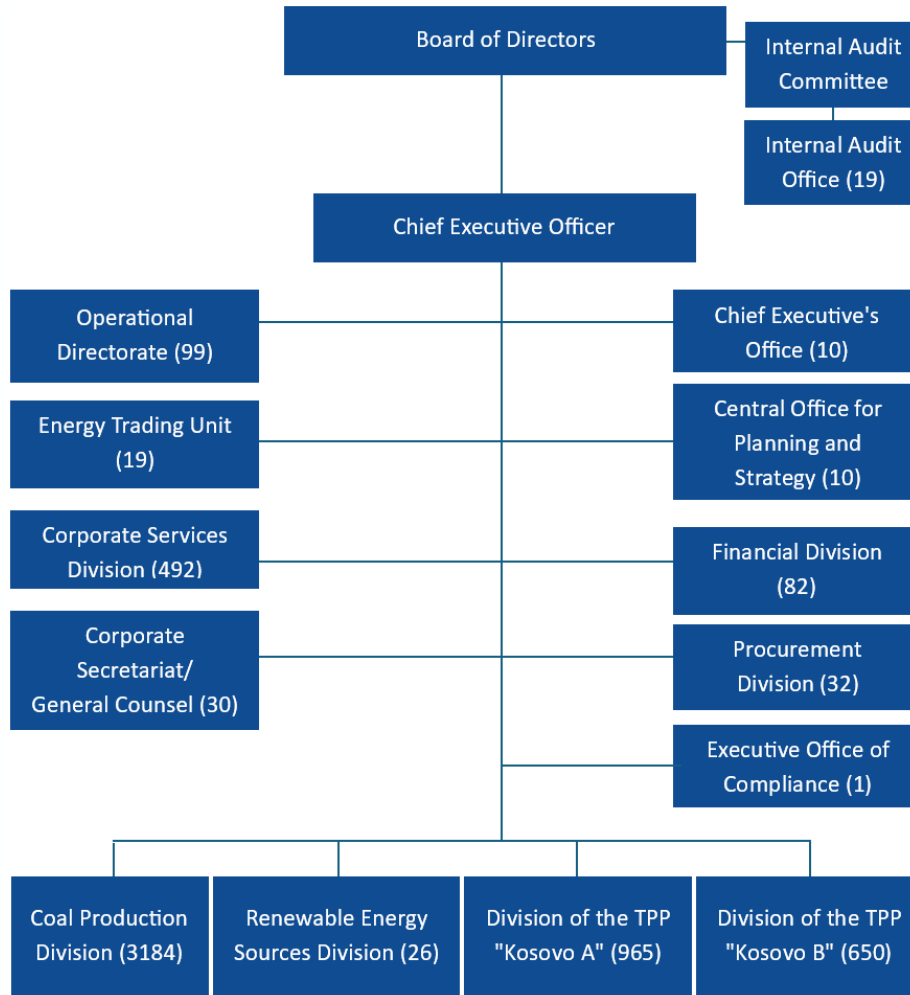
- » Support KEK in addressing challenges in a structured and forward-looking manner
- » Part 1: Examine the current state of the RES Division by performing a diagnostic assessment
 - Incl. institutional positioning, mandate, structure, staffing and internal and external coordination
- » Part 2: Translate the diagnostic findings into a forward-looking framework for action consisting of a target operating model and a capacity strengthening roadmap
 - Defining the desired future functioning of the RES Division and outlining recommendations on organisation, staffing, governance, and internal processes

* See Government of Kosovo, Ministry of Economy. (2023), Government of Kosovo (2024), Ministerial Council of the Energy Community (2022)

Part 1: Diagnostic assessment of KEK's RES Division

Part 1: Mandate and positioning within KEK

KEK's organisational macro scheme 2025



Mandate

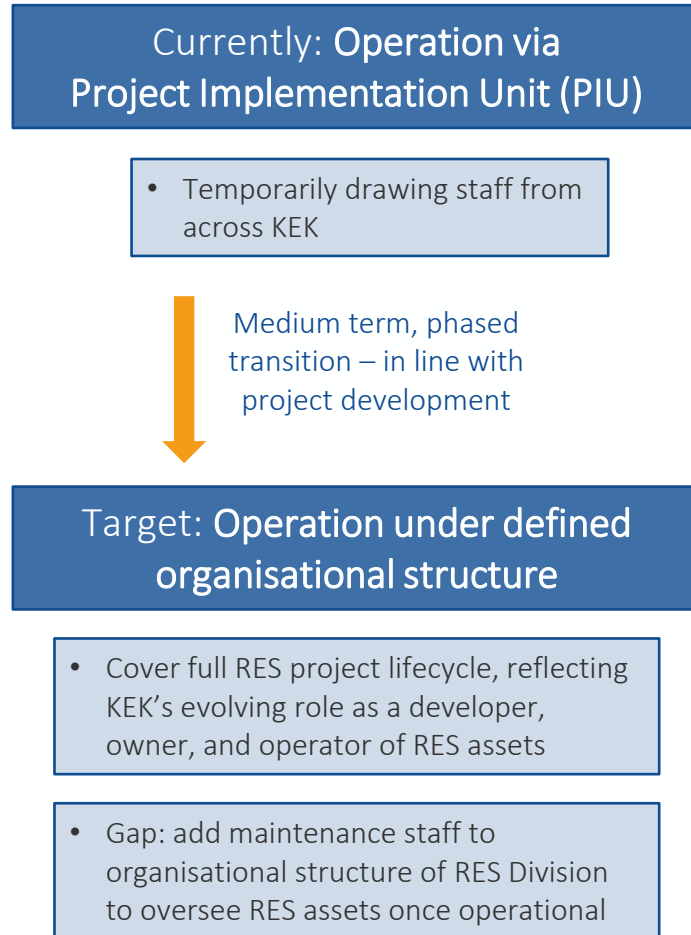
- » Support KEK's engagement in renewable energy development
 - Current focus on solar energy, potentially other RES technologies in the future
- » In practice, mandate includes
 - RES project preparation & implementation
 - Donor and international financial institutions (IFIs) coordination
 - Contribution to KEK's long-term strategy for diversification of generation sources

Positioning within KEK

- » Positioned alongside KEK's core production divisions (coal production, thermal power plants)
- Position within KEK signals renewables as integral part of KEK's future generation mix
- Indicates commitment to building in-house renewables capacity

Part 1: Organisational structure and staffing

Suggested transition from PIU to defined organisational structure



- » The RES Division has a clearly defined organisational chart
 - Reflects good practice for RES development units; appropriate for mandate
- » However, it ends at department level: does not foresee dedicated maintenance staff (e.g., technicians, physical workers)
- » Currently, the division still operates project-based:
 - Operations are dominated by the KfW-funded *Solar4Kosovo* project
 - Operations rely on Project Implementation Units (PIUs) drawing staff from across KEK
- » Setup works in the short run but is not scalable for a multi-project portfolio
- **Technical staff will be required for day-to-day operation and RES asset maintenance**
- **Future RES pipeline highlights importance of operating under target structure, rather than ad hoc PIU arrangements**

Part 1: Capacity gaps & key takeaways

Capacity gaps

- » Technical capacity: Limited in-house experience with RES technologies, grid integration, and construction supervision
 - Strong reliance on external consultants for technical studies, design, and supervision
- » Project management: Limited availability of dedicated project managers within the division and need for standardised project planning, monitoring, and reporting tools
- » Financial and contractual capacity: Limited internal capacity for financial modelling of renewable energy projects:
 - Dependence on external support for contract management and donor coordination
 - Need for permanent internal coordination with KEK's support divisions (e.g. Financial Division)
- » Legal and regulatory capacity: Limited specialised experience with renewable energy contracts and specific rules

Key takeaways

- The RES Division is strategically positioned and institutionally recognised within KEK
- Its organisational structure is appropriate in principle but not yet fully operational
 - Organisational chart does not yet account for technical and maintenance workforce needs
 - Staffing and capacity gaps significantly limit current effectiveness
- Clearer mandates, processes, and coordination mechanisms are required

Part 2:

Target operating model and capacity strengthening roadmap

Part 2: TOM: a framework for the future

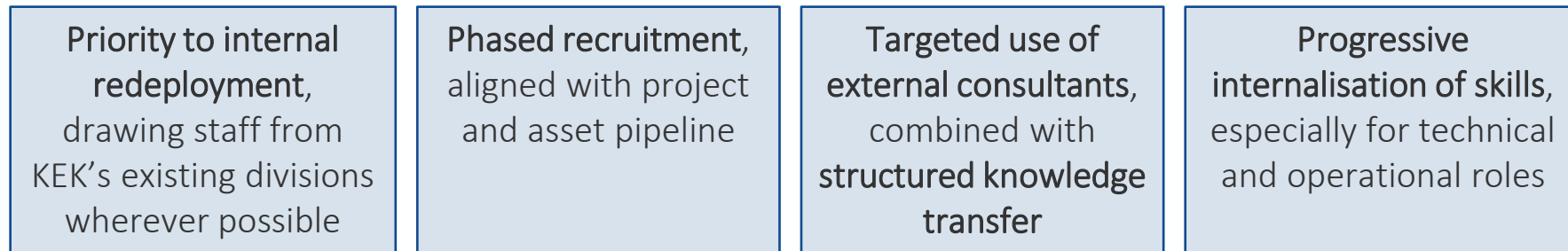
Target operating model (TOM)

- » The TOM defines the practical functioning of the RES Division: roles, decision-making, interfaces, and delivery consistency
- » It establishes a common framework to internalise capabilities currently supported by PIUs and external partners
- » Structured around four pillars aligned with the renewable project lifecycle and KEK's evolving role as a developer, owner, and operator of renewable assets
 - **Project development:** project identification, feasibility preparation, permitting, coordination of project readiness
 - **Technical and engineering oversight:** technical design review, construction supervision, grid integration, quality control
 - **Financial and contractual management:** financial analysis, budgeting, contract administration, donor and IFI compliance
 - **Internal coordination and operations interface:** cross-divisional coordination, preparation for operation and maintenance, long-term asset management integration
- **Emphasis on institutional readiness and long-term sustainability rather than detailed project design**
- **The TOM provides a common reference point for KEK management, the RES Division, and external partners on practical functioning of the RES Division**

Part 2: Organisational structure and staffing strategy

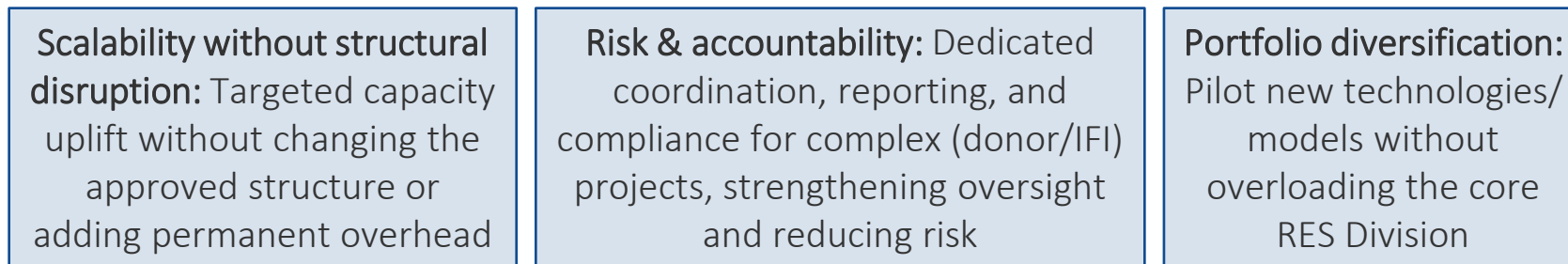
Staffing strategy

- » Part 1 identified capacity rather than structure as main constraint:
- » The staffing strategy should be guided by **four principles**:



Organisational structure: role of special purpose vehicles (SPVs)

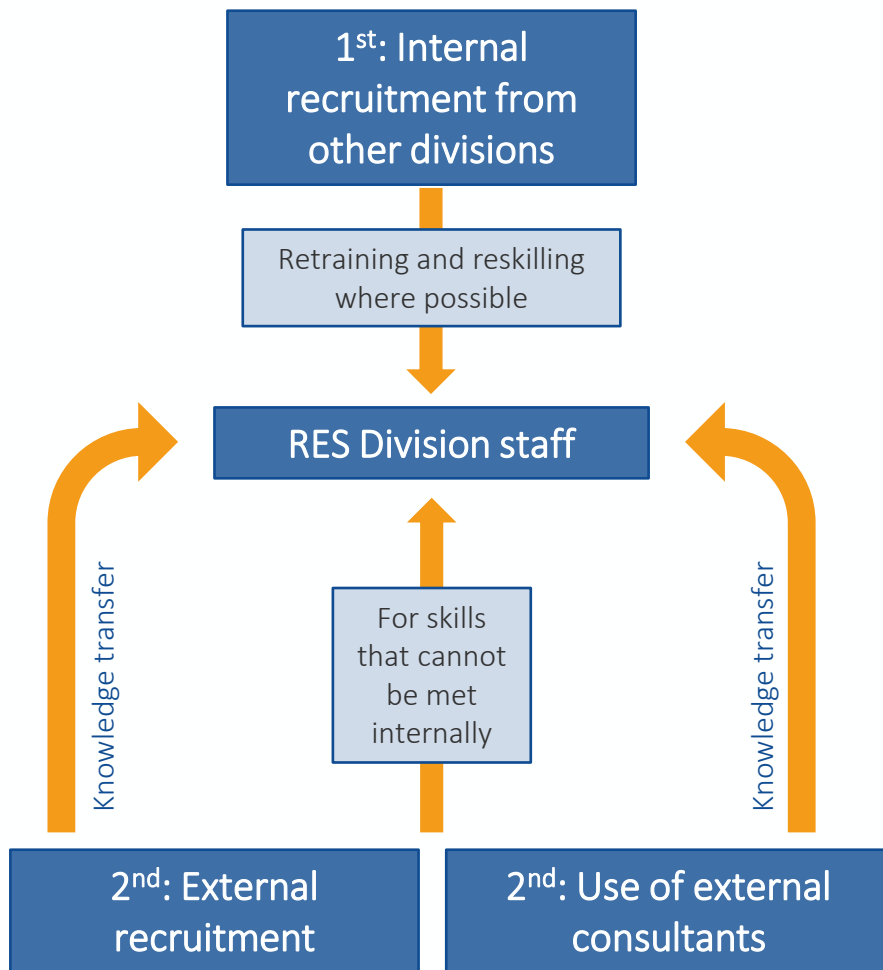
- » SPV positions are embedded in TOM as flexible implementation mechanisms, with conditional and demand-driven activation (linked to project size, financing requirements, or strategic importance)
- » They serve **three key policy functions**



- The staffing strategy should prioritise internal redeployment, targeted external support with knowledge transfer, and progressive in-house capability build-up

Part 2: Training, capacity building and recruitment

Training and recruitment strategy in target operating model



- » A strong RES Division depends on skilled staff across the full project lifecycle
- » Retraining of internally redeployed staff, especially from coal and thermal power plant operations, should be prioritised
- » Training should support:
 - Technicians transitioning to RES assets
 - Managers adapting to portfolio-based oversight
 - RES asset operation and maintenance, solar-specific safety, and performance monitoring
- » Internal redeployment should be complemented with selective external hiring for specialised renewable expertise
- » Structured knowledge transfer from external consultants can build lasting in-house capability
- **Retrain internally first, complemented by targeted external hiring and structured knowledge transfer to build in-house capacity**

Part 2: Governance, processes and donor compliance

Governance foundations

- » Direct reporting from Head of RES Division to CEO
- » Defined interfaces with finance, legal, procurement, O&M, and strategy units
- » Clear approval thresholds for project, contract, and financial decisions

Core internal processes

- » Structured project development and approval stages (screening → feasibility → approval)
- » Standard project management, monitoring, and risk escalation practices
- » Robust financial planning, tracking, and donor/IFI-compliant reporting
- » Predictable cross-divisional coordination mechanisms

Supporting tools

- » Simple, standardised project management and reporting tools, financial models and budget trackers aligned with KEK systems

Donor compliance

- » Standard templates for procurement and reporting, audit-ready documentation system, disciplined filing

Governance arrangements

- » As the RES portfolio expands, focus is on timely delivery with appropriate oversight
- » Decision-making processes should be proportionate to project size and risk
 - Delegated authority for routine decisions
 - Escalation of strategic decisions

Internal processes

- » Processes should translate governance into simple, practical day-to-day routines
 - Fit-for-purpose tools and disciplined documentation support transparency and learning

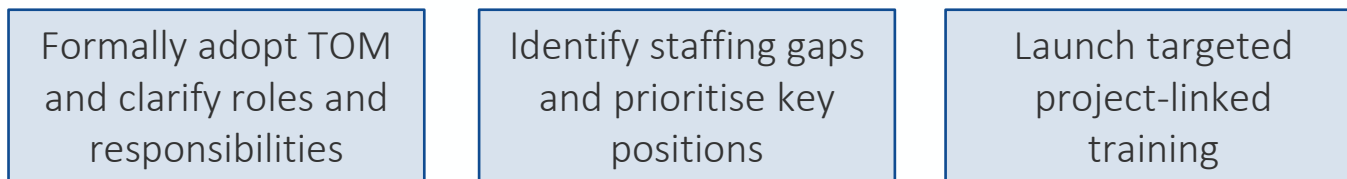
Compliance with donor financed projects

- » Donor finance brings strict procurement, reporting, and safeguards obligations
- » Compliance must be built into routine processes
- Governance arrangements need to balance flexibility, accountability, and delivery risk
- Simple processes, fit-for-purpose tools are essential to scale the RES Division

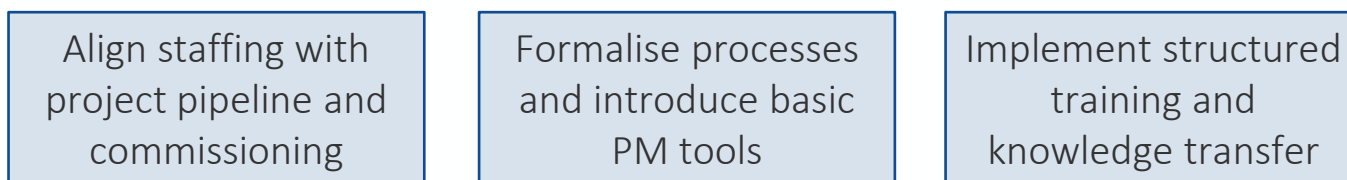
Part 2: Capacity strengthening roadmap

- » **Guiding principles:** build on existing structures, pace capacity with project development, link strengthening to real projects, and adapt as RES pipeline evolves

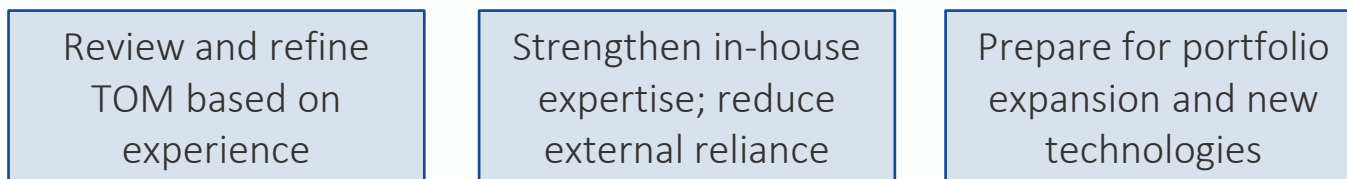
Phase 1 – Consolidation and structuring (0–6 months)



Phase 2 – Capacity build-up and project delivery (6–18 months)



Phase 3 – Maturity and scaling-up (18–36+ months)



- Sequencing actions over time and aligning capacity building with real project needs allows KEK to strengthen its institutional readiness, manage risks, and support a sustainable RES expansion

Conclusion

Diagnostic assessment of KEK's RES Division

- » Establishing the RES Division is a timely, strategic step to support KEK's generation diversification and thereby Kosovo's energy transition
 - It provides a clear institutional anchor for planning, developing, and managing RES projects
- » The RES Division is formally established, strategically positioned within KEK, and supported by a clear organisational structure
- » But it remains early-stage, with gaps in staffing and in-house RES expertise, relying on project-implementation-units (PIUs) for delivery rather than on the target organizational structure
- » Expected expansion beyond a single donor project will require enhanced staff capabilities, additional capacity to manage multiple assets, and stronger governance

Target operating model and capacity strengthening roadmap

- » The target operating model prioritises the strengthening of existing structures through clear functions, phased staffing, targeted training, and robust governance
- » Internal redeployment with structured reskilling forms the core sustainable capacity-building approach, complemented by flexible scaling mechanisms (e.g. SPV roles)
- » A phased, project-linked roadmap enables realistic institutional growth while avoiding under- or over-capacity
- With a consistent implementation, the RES Division can become a key organisational pillar delivering renewable investments efficiently, transparently, and in line with national energy and climate goals

About the German Economic Team

Financed by the Federal Ministry for Economic Affairs and Climate Action, the German Economic Team (GET) advises the governments of Ukraine, Belarus*, Moldova, Kosovo, Armenia, Georgia* and Uzbekistan on economic policy matters. Berlin Economics has been commissioned with the implementation of the consultancy.

**Within the framework of project activities in Georgia, we are in contact solely with reform-oriented partners for the time being; in Belarus advisory activities are suspended.*

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