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Ministry of Regional Development

STRATEGY FOR REGIONAL DEVELOPMENT

2020-2030

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2. LIST OF ABBREVIATIONS

MRD	Ministry of Regional Development;
ZKM-ZPS	Office of the Prime Minister - Office of Strategic Planning;
OPMEI/OPM	Office of the Prime Minister for European Integration;
MLG	Ministry of Local Government;
MoF	Ministry of Finance;
MLSW	Ministry of Labour and Social Welfare;
MES	Ministry of Education, Science;
MEE	Ministry of Economy and Environment;
MTI	Ministry of Trade and Industry;
MAFRD	Ministry of Agriculture, Forestry and Rural Development;
MI	Ministry of Infrastructure;
KAS	Kosovo Agency of Statistics;
AKK	Association of Kosovo Municipalities;
MA	Municipal Assembly;
GCS	Government Coordination Secretariat;
GP	Government Program;
GAWP	Government Annual Work Plan;
MTEF	Medium Term Expenditure Framework;
NDS	National Development Strategy;
PI	Public Investments;
NAO	National Audit Office;
NDS	National Development Strategy;
NPER	National Program for Economic Reform;
NPISSA	National Program for the Implementation of the Stabilization and Association Agreement with the Kosovo;
KSEP	Kosovo Strategic Education Plan.

1. EXECUTIVE SUMMARY

The Regional Development Strategy for the period 2020-2030 is the basic document that defines the strategic framework of government policy for achieving a balanced and sustainable development of the country's regions and for overcoming intra- and inter-regional differences / inequalities in the context of European cohesion policy and the achievement of sustainable and inclusive growth.

The Regional Development Strategy 2020-2030 sets out the long-term goals and priorities of the regional development policy and enables the coordination of other sectoral policies for balanced regional socio-economic development in Kosovo. In this sense, this Strategy contains clearly defined objectives, envisages the implementation of actions and the functioning of mechanisms that enable the achievement of these strategic priorities in the field of regional development and inter-institutional coordination.

The strategy is foreseen to have three strategic objectives as follows:

- Strategic Objective: 1. Coordination of regional development policies

In the absence of a legal framework for regional development in Kosovo, one of the objectives of the strategic document is to draft, coordinate and adopt balanced regional development policies. In the first year of implementation of this Strategy, the necessary actions and procedures will be implemented for the drafting of legislation for balanced regional development, in coordination and cooperation with all relevant institutions and other actors. These policies will define the areas of regional development, investment needs, investment coordination, work and functioning of mechanisms that will deal with the planning and implementation of programs, etc.

- Strategic Objective: 2. Balanced regional development and regions capable of inter-regional competition;

Balanced regional development is understood as a process of reducing differences in terms of socio-economic development and improving the quality of life in developing regions. Balanced regional development cannot be achieved without capacity building of the regions in order to have a genuine inter-regional competition. Measures need to be taken to increase inter-regional competition in order to achieve higher levels of productivity, employment and prosperity.

Regional competitiveness is the ability of a region to provide an attractive and sustainable environment for firms and residents to live and work¹

- Strategic Objective: 3. Sustainable regional development based on natural, economic, cultural and human resources;

¹ https://ec.europa.eu/regional_policy/sources/docgener/work/201701_regional_competitiveness2016.pdf page 2

Utilization of natural and economic resources is one of the foundations that plays an essential role in local and regional economic development. Promoting cultural diversity, natural resources and human capacities for the purpose of regional economic development is necessary for a sustainable economic development.

The Regional Development Strategy is also a clear argumentation of the objectives through indicators, this strategy focuses on reducing regional inequalities based on regional practices and beyond and in line with EU regional development policies.

Establishment of mechanisms for socio-economic development can address an issue that Kosovo has not previously addressed in terms of regional socio-economic development, based on analytical documents prepared by the MRD in coordination with line ministries and relevant institutions address proposals for the Government which provide guidance for a balanced development, based on factual data which receive a prior approval from the designated inter-institutional mechanism.

As mentioned above, the strategic orientation of the Ministry of Regional Development is in line with the OECD (Organization for Economic Cooperation and Development) concept for regional development.

Consequently, the Regional Development Strategy through the proposed activities, aims to ensure a sustainable balanced regional socio-economic development in Kosovo.

The Ministry of Regional Development currently implements policies and programs taking into account the regional division into five (5) development regions: Development Centre, East, West, South and North. Operation of MRD with five (5) development regions, continues to be done until otherwise decided either with the approval of the Zoning Map of Kosovo by the Assembly of Kosovo, or a decision on the number of regions approved by the Government of the Republic of Kosovo.

2. INTRODUCTION

Balanced regional development as a policy is considered both on economic, social and political grounds. Balanced regional development policy intervenes to correct inequalities between different regions of a country and also to raise the standard of living to a higher level at an equal rate.

The Regional Development Strategy reflects the challenges, problems and setbacks in Kosovo in the field of regional development that need to be addressed in order to promote equitable development and alignment with EU regional development policies. In this sense, the strategy envisages a number of activities to be implemented to address challenges and setbacks in the field of regional development in Kosovo.

This strategy has been drafted in accordance with Annex 21 of Regulation (NRC) No. 16/2017 amending and supplementing Regulation No. 02/2011 on Areas of Administrative Responsibility of the Office of the Prime Minister and Ministries, as amended and supplemented by Regulation No. 07/2011

and Regulation No. 14/2017, which states that the Ministry of Regional Development is responsible for designing, implementing, and coordinating regional development policies.

This document has also taken into account the applicable legislation related to regional development, national and sector strategies. This document has been developed by taking into account Government priorities (indicate which ones) and following strictly the guidance given in the Manual for Planning, Development and Monitoring of Strategic Documents and their Action Plans.

The Regional Development Strategy is correlated with the Program of the Government of the Republic of Kosovo 2020-2024, with the pillar of the Developed Economy and Modernization of the State;

- The Regional Development Strategy is correlated to the National Development Strategy (NDS), in terms of addressing the main obstacles to Kosovo's development and represents a document of development initiatives which are national objectives that have a broad social consensus;

- The Strategy for Regional Development is correlated to the Medium-Term Expenditure Framework (MTEF) 2019-2021, because it is the main document on the basis of which the budget of the Government of the Republic of Kosovo is drafted. The main purpose of the MTEF is to provide a grounded analysis of the macroeconomic environment in the country, in order to establish the basis for budget planning for the coming years in line with the Government's strategic priorities;

- Among other things, the Regional Development Strategy is correlated to the SAA, mainly with the point that states that “The Parties shall seek to identify measures to strengthen regional and local development cooperation, with the objective of contributing to economic development and reducing regional imbalances.

2.1. Current Laws

Current legislation which covers the area of economic development and inter-municipal cooperation in the absence of law on regional development.

Law No. 04/L-010 on Inter-municipal Cooperation – regulates inter-municipal cooperation between the municipalities of the Republic of Kosovo for the purposes of exercising their own and enhanced competencies in accordance with the Constitution of the Republic of Kosovo, the applicable law and the European Charter of Local Self-Government of the Council of Europe. It also regulates the cooperation of the municipalities of the Republic of Kosovo with municipalities or other local government institutions outside the Republic of Kosovo within the framework of twinning or other forms of cooperation within the municipalities’ own and enhanced competencies. This law also provides for inter-municipal cooperation agreements, where two or more municipalities have the right to conclude agreements for their common purposes in the field of public utilities and local development.

- Local mutual interest
- Performance of one or more of the municipalities' own or enhanced competencies
- Free will of municipalities to establish inter-municipal cooperation
- Sharing roles and responsibilities between municipalities and pooling municipal resources for collaborative purposes
- Improving efficiency and cost effectiveness of utilities for citizens

Regulation on Promoting Inter-Municipal Cooperation – regulates the promotion and support of inter-municipal cooperation and regional socio-economic development. In particular, it sets out the areas/competences and criteria for cooperation including: Local and regional socio-economic development, land development and use, urban and rural planning, environmental protection, promotion and development of tourism, promotion and preservation of cultural heritage, development of inter-municipal infrastructure, as well as other issues that fall within the municipal own competencies.

Regulation on the Procedure of International Municipal Cooperation – determines the form and procedure of international municipal cooperation between the local self-government institutions of the Republic of Kosovo with municipalities and other local self-government institutions outside the Republic of Kosovo. Municipalities have the right to conclude cooperation agreements of an administrative and technical character with other local government institutions abroad. International cooperation may be related to areas such as economic development, urban and rural planning, land development and utilization, protection of the local environment, standard construction and control, provision of public education, pre-school, primary and secondary education, public health, public housing, infrastructure development, promotion and protection of human rights, and many other issues that fall under the jurisdiction of municipalities with applicable legislation in Kosovo.

However, most municipalities in Kosovo do not yet have the capacity to create an effective environment for private sector development and job creation for all communities.

Law No. 03/L-040 on Local Self-Government – defines the full power of local authorities in terms of local interests. This law also defines clear competencies regarding the organization and functioning of municipal bodies, financing of municipalities, inter-municipal relations, inter-municipal and cross-border cooperation as well as relations between municipalities and the central level. The Law on Local Self-Government lists the areas in which local authorities have exclusive powers and these are exercised in accordance with the standards set forth in the applicable law. According to this law, municipalities have the right to cooperate and establish partnerships with other municipalities of the Republic of Kosovo, within the scope of their competencies to perform functions of common interest. Municipalities also have the right to conclude cooperation agreements with foreign bodies of local self-government.

Law No. 05/L-079 on Strategic Investments in the Republic of Kosovo

The purpose of this law is to promote, attract and create the conditions for the realization of strategic investments in the Republic of Kosovo, as well as to define the administrative procedures and criteria for the evaluation, selection, implementation and supervision of strategic projects as well as the definition of procedures for allocating for use the Republic of Kosovo property for the purpose of implementing strategic investment projects. The status of a strategic investment or strategic investment project can be obtained according to the criteria and procedures set out in the Law, for projects from priority sectors of economic and social development that contribute to economic growth, employment and implementation of new technologies, increased competitiveness of Kosovo's economy, increased exports and reduced trade deficits which generally affect the well-being and living conditions of citizens of the Republic of Kosovo in sectors such as: Energy with infrastructure and mining, Transport and telecommunications, Tourism, Processing industry, Agriculture & Food Industry, Health, Industrial & Technological Parks, Wastewater & Waste Management.

Law No. 02/L-33 on Foreign Investment

The main purpose of this law is to promote and encourage foreign investment in Kosovo by providing foreign investors with basic and enforceable rights and guarantees that provide assurance to foreign investors that they and their investments will be protected and treated fairly and in full compliance with the rule of law and internationally accepted standards and practices. By promoting and encouraging foreign investment in Kosovo, this law aims to assist overall economic development in Kosovo, especially the development of a strong, competitive and engaged private sector in various branches of the economy.

Law No. 04/L-159 on Economic Zones

This law aims at establishing economic zones, free economic zones, creating the basis for drafting a national plan for economic zones, location of economic zones, manner of use of economic zones, promoting economic zones, drafting a national plan for economic zones, and the formation of a national council for economic zones. This law defines the rights and obligations of developers, users/operators and other entities that carry out activities related to economic zones, the type of activities carried out within economic zones, manner in which goods are moved, and the fiscal facilities provided within them. The creation of economic zones is aimed at: promoting and encouraging investment in Kosovo by providing investors with appropriate infrastructure for the development of business activities; encouraging private investment in manufacturing activities; assisting overall economic development in Kosovo, especially in the private sector; creating new jobs and generating income, focusing businesses on a given place and promoting them; creating conditions for businesses for easier access to transport, energy, water and business support services; increasing competition in local and international business; attracting advanced technologies and increasing the competitiveness of local products and services; accelerating regional development and expanding Kosovo's economic links with the international market, accelerating the flow of goods and capital.

Law No. 04/L-176 on Tourism

This law defines the legal basis and institutional framework, principles and rules for the development and promotion of tourism, setting and developing standards of tourist services. Scope: This law regulates the relations between public institutions and private entities, domestic or foreign, natural or legal persons, which carry out tourism activities, defines the rights and obligations of the parties involved in the field of tourism in accordance with the standards established by the legislation in force. The principles of this law are: economic efficiency, investment in tourism, voluntary registration, preservation of cultural heritage, environmental protection, and consumer protection.

Law No. 03/L-098 on Agriculture and Rural Development

The purpose of this law is to define policies for the development of agriculture and rural development. This law defines the objectives, measures and program of agricultural and rural development policies based on the Rural and Agricultural Development Plan. This law sets out the provisions for the delivery of public agricultural services, vocational research and training, databases and information in the field of agricultural policy and rural development. With the measures for the implementation of agricultural policy and rural development, the following overall objectives of the law are to be achieved

General objectives of the law:

Competition in agricultural and rural production, which enhances its competitiveness both for domestic and foreign markets, which is enabled through increased productivity and efficiency of economic activities in rural areas;

Increase of incomes for the rural population, increasing its well-being by improving working and living conditions, and creating equal opportunities for all marginalized groups. Economic stability, ensuring that agricultural production is sustainable;

The quality of food products ensuring that the food chain is of a consistent quality and meets established standards;

3. METHODOLOGY

The drafting of the Regional Development Strategy has been identified as one of the priorities of the Government of the Republic of Kosovo, based on the Action Plan ... on the Implementation of the Government Program, the work plan of the Government of the Republic of Kosovo for 2017-2021 and Concept Paper on Regional Development in Kosovo approved by Government Decision No. 13/61 dated 22.08.2018. As a first step taken to draft this strategy, an Inter-Ministerial Working Group was established, consisting of institutional representatives, civil society, donors, and external experts.

During the process of drafting this strategy, 7 meetings were held, municipalities, line ministries, SPO and civil society were also consulted. The document has also passed through the online platform for

public consultation. The collection of data for the drafting of the document was done through the preparation of preliminary analysis of the situation, research of other strategic documents, as well as comments received during the consultative processes.

To draft this strategy, an Inter-Ministerial Working Group was established, including the following institutions:

- Ministry of Regional Development;
- Ministry of Local Government
- Office of the Prime Minister - Office of Strategic Planning;
- Office of European Integration/OPM;
- Ministry of Finance;
- Ministry of Education, Science;
- Ministry of Economy and Environment;
- Ministry of Trade and Industry;
- Ministry of Labour and Social Welfare;
- Ministry of Agriculture, Forestry and Rural Development;
- Ministry of Foreign Affairs and Diaspora;
- Ministry of Infrastructure;
- Kosovo Agency of Statistics;

Part of the working group from the civil society were as following:

- Association of Kosovo Municipalities;
- Regional Development Agency "North"
- Regional Development Agency "South"
- Regional Development Agency "Centre"
- Regional Development Agency "East"
- Regional Development Agency "West"

4. Analysis of the current situation and the main challenges:

4.1. Background

The origins of Regional Development in Kosovo have been recognized before, but in terms of more structural use of EU funds it has been recognized since 2008. At the initiative of the Ministry of Local Government Administration and with the support of the European Union Office in Kosovo (EUO), five inter-municipal partnership agreements have been signed for the establishment of five Regional Development Agencies. These agreements were signed on 16 December 2008.

In addition, the Government of Kosovo in 2009 started the process of planning EU-funded Cross-Border Cooperation Programs with neighbouring countries (Kosovo-Albania; Kosovo-Macedonia) and one year

later Kosovo-Montenegro. In all of these programs, the regions proposed for inclusion as eligible areas in the program have followed the European classification of NUTS III regions (although Kosovo does not apply the same classification). The classification of regional statistical areas or nomenclature of territorial units for statistics is known by the abbreviation NUTS (Nomenclature of Territorial Units for Statistics). According to the Directive of the European Parliament and of the Council (REGULATION EC No. 1059/2003, May 2003) this classification has its own hierarchy. According to this hierarchy there is: - central level NUTS-0; - the lowest level of statistical regions NUTS-1 and NUTS-2; and - the lowest NUTS-3 level (consisting of several municipalities).

Such a classification aims at: measuring, reflecting and comparing values for various socio-economic development indicators, as well as raising funds that will be used as accompanying instruments of certain policies, which contributes to improving and balancing developments across statistically classified regions (NUTS). - Number of Population - is the only criterion for regional division by EU regulation. The economic regions represented by RDAs are taken as a basis for this:

Inter-Municipal Cooperation Agreement Centre - Economic Region Centre

Inter-Municipal Cooperation Agreement East - Economic Region East

Inter-Municipal Cooperation Agreement West - Economic Region West

Inter-Municipal Cooperation Agreement South – Economic Region South

Inter-Municipal Cooperation Agreement North – Economic Region North

This model was created to initiate an interface between stakeholders and local governments through the establishment of operational and inclusive partnership structures to assist stakeholders in absorbing development funds and grants in order to achieve sustainability and equal opportunities for all.

Kosovo is one of the countries of the Western Balkans. It borders Serbia (352 km) to the north and east, Macedonia (159 km) to the south, Albania (112 km) to the west and Montenegro (79 km) to the northwest. Kosovo has an area of 10,905.25 sqm². The basic population of the Republic of Kosovo according to the "Population estimate for 2017" the number of resident population in Kosovo at the end of 2017 is estimated at a total of 1,798,506 inhabitants, a number which is taken as basic data to estimate the number of population.

4.2. Analysis of the situation according to the statistical regions of KAS and according to the regions of the Ministry of Economy and Environment

In the following, we present the table with statistical data according to the 7 largest statistical regions of Kosovo: **Prishtina, Mitrovica, Peja, Prizren, Ferizaj, Gjilan and Gjakova.**

Table of statistical regions in Kosovo

Statistical regional areas NUTS-3	Municipalities covered	Surface Area (in sqm ²)	% of participating area	No. of population	% of participating population
Regional area of Prishtina	Municipality of Prishtina – main regional centre with constituent municipalities: Drenas, Fushe Kosova, Graçanica, Lipjan, Obiliq and Podujeva.	2081	19.0	469.583	26.4
Regional area of Mitrovica	Municipality of Mitrovica South – main regional centre with constituent municipalities: Mitrovica North., Leposaviq, Skenderaj, Vushtrri, Zveçan and Zubin Potok.	2051	18.8	323.833	13.1
Regional area of Peja	Municipality of Peja– main regional centre with constituent municipalities: Deçan, Istog and Klina.	1660	15.2	214.254	12.0
Regional area of Prizren	Municipality of Prizren – main regional centre with constituent municipalities: Dragash, Mamusha and Suhareka.	1433	13.1	277.007	15.6
Regional area of Ferizaj	Municipality of Ferizaj – main regional centre with constituent municipalities: Hani Elezit, Kaçanik, Strpce and Shtime	1021	9.4	185.695	10.4
Regional area of Gjilan	Municipality of Gjilan – main regional centre with constituent municipalities: Kamenica, Kllokot, Novobrdo, Ranillug, Partesh and Viti.	1413	13.0	188.188	10.6
Regional area of Gjakova	Municipality of Gjakova – main regional centre with constituent municipalities: Junik, Malisheva and Rahovec.	1247	11.4	211.461	11.9

4.3. Development regions according to the clustering of municipalities by MRD that has followed the logic of development programs that the EU currently applies: Development Region Centre, East, West, South and North.

4.3.1. Development Region Centre

Development Region Centre borders with Region South in southeast, Region North in northeast, with Region East in southeast, and Serbia in the northeast. **Surface of the region;** Development Region Centre consists of eight municipalities: Prishtina, Podujeva, Lipjan, Obiliq, Drenas, Shtime, Fushe Kosova and Gračanica. Development Region Centre has a total surface of 2,215.52 km² or 20.31% of the total area of Kosovo. **Structure of the territory;** Of the total area, the utilized surface of the agricultural land is 87,348.08 hectares, while the arable land is 47,663.32 hectares, the gardens in the whole territory of Region Centre are 237.89 hectares, and unused agricultural land is 3,427.71 hectares. Forest lands comprise a total of 16,801.72 hectares while non-agricultural lands constitute a total of 3,680.09 hectares. **Population of Development Region Centre;** This region has a population of 511,562 inhabitants or 28.44% of the total population of Kosovo, the population density is 230 inhabitants per km² and the total number of settlements is 299 settlements in this region. This indicates a much higher concentration of population in Region Centre than elsewhere when it is known that Region Centre accounts for about 20.31% of the entire territory of Kosovo. **Infrastructure;** The level of infrastructure in Development Region Centre is at a better level compared to other regions. The percentage of local roads paved in this region exceeds 60% while 70% of settlements are included in the drinking water system. The percentage of settlements in the wastewater treatment system is 25%. Vermica-Merdare highway passes in Region Centre, connecting Kosovo with Albania and Serbia through Serbia with EU countries, as well as the Prishtina-Skopje highway connecting Kosovo with Macedonia, and through the highways of Macedonia, Kosovo is connected with Greece and Serbia. Prishtina - Fushe Kosova – Peja railway passes through this area and the Prishtina International Airport is located in this area as well. This region has the most developed infrastructure in Kosovo, well-developed local roads, the crossroads of international railways and the International Airport is in this region. **Economic situation;** The most prominent business profiles in Region Centre are those of individual businesses following on with limited liability companies and general partnerships. The most developed sectors are wholesale and retail trade, construction, and services. The economic/business zones in this region are: Business Park in Drenas which is declared economic zone by decision of the Government of Kosovo on 18.08.2010. The Park lies on the 22nd kilometre along the Prishtina - Peja highway, in the village of Koretice e Eperme. The Park offers an ideal location with physical infrastructure and quality services. It has a surface of 24 ha which offers locations of various sizes for businesses, mainly for production and service sectors. There are about 40 businesses. Each parcel has direct access to the main Park roads and has individual connection to the main Park network of sewage, water, telephone, internet, etc. Industrial Park in Qylage - Lipjan was established in 2016, with a surface of 56 ha. Ministry of Trade and Industry together with the Municipality of Lipjan has started investing in the regulation of physical infrastructure in this economic zone - the first phase. It is planned that MTI will continue to co-invest and finalize physical infrastructure in the coming years in order to create

better conditions for businesses. This Industrial Park is in the early stages of infrastructure investment and there is a small number of businesses in this Industrial Park. Technology Park in Shtime was established in 2013, with a surface of 10.70 ha. The Technology Park in Shtime is located the second kilometre on the Shtime-Ferizaj highway (M-25.3). The Technology Park is located near the city, near the highway, at a crossroad between Skopje - Prishtina and Tirana. This Technological Park has Physical Infrastructure (roads, water supply, sewerage, atmospheric sewage, sidewalks and lighting). This Technology Park offers exemption from construction permit tax and municipal tax for business activity, space available depending on business demand, there are two businesses operating their business and three other businesses in the contracting phase. There are also Economic Zone in Lipjan near QMI, Economic Zone in Babush. In addition to infrastructure in some industrial zones, attracting investment is still a challenge having known a set of procedures to provide a space in industrial zones which demotivates potential investors. It is important to review and reassess the policies, procedures and support provided to local and foreign investors based on best practices in the region. Development Region Centre has the largest concentration of businesses because it has the capital of Kosovo and most of the local and foreign businesses are concentrated in the capital. There are 68,133 businesses registered in Development Region Centre. While the types of businesses include those of the most diverse; individual businesses, foreign companies, agricultural cooperatives, publicly, socially owned enterprises, partnerships, general partnerships, joint stock companies and limited liability companies. Individual businesses have the largest number in the Region Centre with a number of 45,626 followed by limited liability companies of 17,667 and general partnerships with a number of 1,822 businesses.

Employment; Development Region Centre has the greatest economic potential for job creation, given the concentration of state institutions, foreign representations and organizations, as well as local and international business companies. Yet even Development Region Centre is facing unemployment. According to data from the Employment Agency, 2017 report, the total number of jobseekers in Development Region Centre is 24,457 while the job offer is 2,327, so here we have a large difference and ratio of supply and demand for labour, though one should take into account the fact that this data does not reflect the reality on the ground, most of the workforce is not even registered in employment offices.

Average unemployment rate; According to the Labour Force Survey there are data on unemployment by age, education, duration, methods of research, previous work experience, economic activity, occupation, then data on inactive population by age and education, but these data are only in at the general level, there is no data on the level of unemployment at the local and regional level. The lack of official data on the average unemployment rate at local and regional level, as well as local and regional GDP statistics which are essential indicators for calculating the level of regional development and imbalances between regions, is a challenge that should be addressed in the future.

Education system; The infrastructure and quality of educational services in Development Region Centre is at a very good level. A large number of school and university institutions have been built and repaired. According to public education statistics 2017-2018 the number of schools in the Development Region Centre in primary and lower secondary education is 244, while in upper secondary education is 32. Total schools in Development Region Centre of primary, lower secondary, and upper secondary education are 276. As for the number of special schools in Development Region Centre according to public education

statistics 2017-2018, there are 2 special schools. The Ministry of Labour and Social Welfare through the Employment Agency of the Republic of Kosovo manages eight Vocational Training Centres (VTCs) with 69 workshops and 30 different professions. These centres provide training and re-training of persons who are registered as jobseekers, unemployed and those who receive career guidance services at all municipal employment offices. According to statistics on public higher education, Bachelor level, in Development Region Centre, there is 1 public university at the bachelor level while at the private higher education, Bachelor level, there are 14 private colleges. **Natural resources;** Development Region Centre is rich in natural resources of lakes and rivers. The main artificial lakes in Development Region Centre are Batllava Lake (Podujevo) with a size of 3.27 km² and Badovc Lake (Prishtina) with a size of 2.57 km². These two lakes are mainly used for drinking water, but also for irrigation. Development Region Centre is rich in mineral resources, especially lignite and ferronickel, but also has reserves of lead, zinc, etc. The existence of mineral resources represents a good opportunity for the development of the mineral and energy industry. The Municipality of Obiliq is known to be rich in natural resources which make it an economically advantageous area, large coal resources are exploited and used for electricity generation in Kosovo A and B. In the Municipality of Podujeva there is also the mine of Drazhnje, which is located in the village of Hertica. This mine is rich in lead, silver, gold and zinc. There are two mineral resources in the “Old Çikatova” nickel mine: “Dushkaja” and “Suka”. Geological reserves in the two mines (Gllavica and Çikatova) are estimated to be about 13 Mt with an average nickel content of 1.31% and cobalt 0.06%. **Tourism;** Urban and cultural tourism is mainly developed in Development Region Centre because it is the capital and attracts visitors from different countries. The Ethnological Museum, the residential complex “Emin Gjiku” is located in the old core of the city of Prishtina, the Newborn monument and the idea of colouring it every February 17th make this monument an annual attraction for tourists who appreciate the idea of changing the colours of this object, the Kosovo Museum, which contains more than 50,000 different exhibits, was founded in 1949, and its Austro-Hungarian style building dates back to 1989, and the Kosovo Art Gallery. Prishtina has over 30 other tourist spots. The Municipality of Podujeva has suitable areas for tourism. Batllava Lake is a tourist attraction. 66% of the territory of the Municipality of Podujeva includes mountains where they are another attraction to visit and suitable for mountaineering. Ulpiana is a cultural heritage monument of great historical value in the vicinity of Gracanica, a city founded at the beginning of the II century. Archaeological excavations give traces of pre-Roman life and prove that Ulpiana is a continuation of an Illyrian settlement and that the city reached its peak of economic and cultural development by the end of the III century and the beginning of IV century. All these make Ulpiana one of the most popular tourist spots in Kosovo. In this region there are other tourist sites of religious cultural heritage such as various mosques and churches.

Development potentials:

- Economic-cultural relations and cooperation in various areas are driven by the fact that Prishtina, the capital of Kosovo, belongs to this region, and plays the role of a national and international administrative, economic and cultural centre and has many potentials compared to other regions;

- Capitals are centres of competition and employment and can be seen as drivers of innovation and growth, as well as centres for education, science, social, cultural and ethnic diversity, providing a range of services and cultural attractions in the area around them.
- This region offers a favourable environment for innovation and business due to the concentration of financial, material and human resources (positive trends in terms of population growth) in the region and in the capital in particular and also in the availability of qualified professionals in various sectors of the economy;
- Business, commerce and tourism development is supported by infrastructure and conditions for doing business, road, railway transport, network of major roads and highways and Prishtina International Airport;
- Development Region Centre remains one of the largest and most important regions in the Kosovo construction sector as it is estimated to have the largest number of active companies in Kosovo, other potential sectors are the food processing sector, ICT businesses, manufacturing of textile products and agriculture;

Main challenges

- Strengthening economic zones, business parks and business incubators, creating technical infrastructure, facilitating procedures and creating a supportive employment scheme for local and foreign businesses that would be attractive for attracting strategic investment in manufacturing with export being the specific goal. Currently, policies are not conducive to attracting investment in these areas.
- Generating new sustainable jobs, especially for young people and new graduates, establishing partnerships with public and private sector actors to support sustainable internship and employment programmes.
- Creating conditions for establishing regional Business Groups/Clusters is considered to enhance the productivity with which companies can compete, regionally, nationally, and globally. Clusters/Groups have the potential to impact by increasing the productivity of companies in group, fostering innovation in the area and stimulating new businesses in the area.

4.3.2 Development Region East

Surface of the region consists of eleven municipalities: Ferizaj, Gjilan, Hani i Elezit, Kacanik, Novoberde, Shterpe, Viti, Klokot, Ranilug and Partesh. It covers about 2,298.50 km² or 21% of the total area of Kosovo. The Development Region East has 293 settlements. It borders with Development Region Centre on the north, Serbia on the east, development region south on the west and Macedonia on the south. **Population of socio-economic region;** is inhabited by about 327,960 inhabitants or 18.23% of the total population. The density in this region is 142 inhabitants per km². **Structure of the territory;** utilized land area of the agricultural land is 87,555.12 hectares. The total area of arable land in the region east is 34,365.61 hectares. In terms of garden areas, the Development Region East has a total of 266 hectares of gardens, the meadows and pastures are 51,759.88 hectares, while the forest lands in the east region comprise a total area of 12,476.52. **Infrastructure;** Existing roads in the region east, extend

along the traffic lines of Albania-Kosovo-Serbia-Macedonia. Infrastructure in the region east has improved significantly in recent years on both regional and local roads. The "Route 6" which includes the segment Prishtina - Hani i Elezit (Arber Xhaferi) on the border with Macedonia is about 65 kilometres long and is a highway of European standard implemented in the period 2015-2019. This highway is the connecting bridge of South East Europe's main transport network. The railway line that is part of the international railway line includes these cities of the eastern region of Ferizaj, Kacanik and Hani i Elezit. The percentage of local roads in the Development Region East exceeds 63% of paved roads, and also the extension of the water supply network is at a good level and extended to 58% of the territory. **Economic situation;** Economic zones established in this region are; industrial park in Viti. Municipality of Viti has initiated the creation of an Industrial Park in Upper Budrika with an area of 15.5 ha. It is in the phase of completing the documentation according to the legislation on economic zones. Business incubator in Gjilan, industrial area in Ferizaj. There are different profiles of businesses in the region east. Development Region East is the region with the largest number of municipalities. 34109 businesses are registered in the east region. While the types of businesses include the most diverse ones; Individual businesses, foreign companies, agricultural cooperatives, public, socially owned enterprises, partnerships, general partnerships, joint stock companies and limited liability companies. Individual businesses have the largest number in the east region with a number of 28574 followed by limited liability companies of 4746 and general partnerships with a number of 642 businesses. **Education system;** education system in the region east is similar to other regions with a good infrastructure. According to public education statistics 2017-2018², the number of schools in the region east in primary and lower secondary education is 200 while in upper secondary education it is 27. There are 227 schools in the public education in the region east. The Ministry of Labour and Social Welfare through the Employment Agency of the Republic of Kosovo manages eight Vocational Training Centres (VTCs) with 69 workshops and 30 different professions. There are two public and one private university in this region. **Employment;** New human resources in the east region represent an important factor for the development of economic activities. The economic challenge facing this region is unemployment. The phenomenon of unemployment is mostly present in young people. The overall demand for labour greatly exceeds the opportunities offered by the labour market. So, it is considered that employment opportunities are limited especially to young people after graduation. According to data from the employment agency, the 2017 report the total number of job seekers in the east region is 20,905 job seekers, while the job offer is 1831. So here is a large ratio and difference of supply and demand for work, although one should take into account the fact that these data do not reflect the reality on the ground as most of the workforce is not directed to the employment offices for registration. **Average unemployment rate;** According to the Labour Force Survey there are data on unemployment by age, education, duration, methods of research, previous work experience, economic activity, occupation, then data on inactive population by age and education, but these data are only at the general level, there is no data on the level of unemployment at local and regional level. Lack of official data on average unemployment rate at local and regional level, as well as local and regional GDP statistics, which are essential indicators for calculating the level of regional development and imbalances between regions, is

²<http://ask.rks-gov.net/sq/agjencia-e-statistikave-te-kosoves/add-neës/statistikat-e-arsimit-20172018>

a challenge that needs to be addressed in the future. **Natural resources;** Natural resources represent a very important factor for economic development, the Development Region East has lakes and rivers through which it can create conditions for the development of various economic activities. This region is characterized by satisfactory capacity of water and other natural resources. The largest rivers in the Region are: Lepenci, Nerodime and Morava e Binçes. This region is also rich in minerals and ores such as: lead, zinc, silver, gold, copper, chromium, iron, magnesium, lignite, ornamental stone, marble, kaolin, granite, quartz sand, clay. In this region is distinguished Artana mine with high percentage of these minerals and ores. The most important Mn resource, according to the Trepca Complex, is located in the area of the existing Artana mine where the Pb-Zn alienation has formed the Mn-Fe mineralization. The estimated manganese resources at this source are about 5 million tons of ore, containing about 22% Mn. Valorisation of Mn ore from this site should be preceded by technical reviews of the state and accessibility of the Mn closed mine, as well as programmatic research of the possibility and effects of Mn concentration from ore to concentrate, by flotation methods and by magnetic concentration methods.

Tourism;

Development potentials:

- Favourable location, well-maintained natural environment, cultural and historical heritage enable tourism development and growth potential for the tourism industry. Winter tourism, rural tourism, mountain tourism are potentials that need empowerment in this region. Winter tourism makes this region very competitive internationally as well, with its geographical position Brezovica lies at a strategic point where the distance can be reached within an hour's drive from two international airports: Prishtina Airport (60 km) and Skopje Airport (70 km);
- Agriculture, processing of agricultural products is some of the potentials of this region, stimulating policies for promoting agricultural land use and creating conditions for businesses in the field of food processing and production;
- Environmental quality and clean nature make this region more attractive for residential, business or tourism purposes;
- The region will benefit from "Route 6", which includes the Pristina - Hani i Elezit segment (Arben Xhaferi) on the Macedonian border, is about 65 kilometres long and is a highway of European standard implemented in the period 2015-2019. This highway is the connecting bridge of the main transport network of South East Europe and Western Europe;
- There is potential for cross-border, interregional and transnational co-operation, due to the region's strategic and key location along the routes of land and rail transport corridors that connect the South East European highways and the rail system with Greece and the port of Thessaloniki;

Main challenges

- Capacity building for the utilization of natural resources;

- Lack of official data on the average unemployment rate, at local and regional level, as well as local and regional GDP statistics which are essential indicators for calculating the level of regional development and imbalances between regions;
- Establishment of infrastructure for new businesses and capacity building of existing businesses in the field of production and processing in rural areas, which would result in increased employment in these areas;
- Creating Regional Business Clusters. Clusters are considered to enhance the productivity with which companies can compete, nationally, regionally and globally. Clusters have the potential to impact by increasing the productivity of group companies, fostering innovation in the field and stimulating new businesses in the field.

Following the classification as a statistical area according to the criteria of NUTS-3, the East area has two major regional statistical centres, or in other words the regional area of Ferizaj

-Municipality of Ferizaj - main regional centre with constituent municipalities: Hani Elezit, Kaçanik, Strpce and Shtime. Area in (sqm2) -1021-% participating area 9.4- No. of population 185,695 -% of the participating population 10.4.

-Regional area of Gjilan

Municipality of Gjilan - main regional centre with constituent municipalities: Kamenica, Klllokot, Novobrdo, Ranillug, Partesh and Viti. Area in (km 2) -1413-% of participating area 13.0- No. of population 188.188-% of the participating population 10.4.

4.3.3 Development Region West

Surface of the region consists of six municipalities: Istog, Klina, Peja, Junik, Deçan and Gjakova with a total of 314 settlements included in the region. With a total area of 2,324.38 km², this region covers about 21.31% of Kosovo's surface. It borders with Montenegro in the northwest, while in the southwest with Albania, in the northeast with the economic region north, and southeast with the economic region south. The region west is mainly covered by the Dukagjini Plain which is bordered by the high mountains of the Albanian Alps. **Population of the socio-economic region;** This region has a population of 323,588 inhabitants or 17.99% of the total population of Kosovo. The population density is 139 inhabitants per km². **Structure of the territory;** The region west of Kosovo is estimated to have about 89346.75 hectares of agricultural land in its six municipalities, while arable land about 37376.21 hectares, 12729.67 hectares of forests, 50434 hectares of meadows and pastures, and 3294.75 hectares of non-agricultural land. **Economic situation;** The economic zones established in this region are; "American Economic Zone" in Gjakova with an area of 500 hectares of land and it is in the early stages and there are no businesses yet established in this area and the Industrial Park in Gjakova. There are 17,626 businesses registered in the north. While there are different types of businesses; Individual Businesses, Foreign Companies, Agricultural Cooperatives, Publicly Owned, Socially Owned Enterprises, Partnerships, General Partnerships, Joint Stock Companies and Limited Liability

Companies. Individual businesses have the largest number in the north region with a number of 15432 businesses followed by limited liability companies of 1732 businesses, and general partnerships with a number of 332 businesses. **Employment;** The human resources and labour market in the western region also represent an important factor for the development of economic activities. In the west region we have 17500 job seekers and a market offer of 1520 vacancies based on the statistics derived from the employment report for 2017. The ratio between supply and demand is quite large due to the problem of lack of access and registration of jobseekers in employment offices and lack of data on unemployment at local level. **Average unemployment rate;** According to the Labour Force Survey there are data on unemployment by age, education, duration, methods of research, previous work experience, economic activity, occupation, then data on inactive population by age and education, but this data is only at the general level, there is no data on the level of unemployment at local and regional level. Lack of official data on average unemployment rate at local and regional level, as well as local and regional GDP statistics, which are essential indicators for calculating the level of regional development and imbalances between regions, is a challenge that needs to be addressed in the future. **Education system:** The public and private education system in the western region is at four levels, primary and lower secondary education, upper secondary education, Bachelor and Master level. Based on public education statistics 2017-2018³, there are 187 schools in the region west. 164 schools represent primary and lower secondary education, and 23 schools represent the upper secondary education. The Ministry of Labour and Social Welfare through the Employment Agency of the Republic of Kosovo manages eight Vocational Training Centres (VTCs) with 69 workshops and 30 different professions, training and re-training of those registered as jobseekers, unemployed and those receiving career guidance services at all municipal employment offices. Higher education institutions in Kosovo, respectively the western region, offer Bachelor and Master studies in public and private institutions. According to public education statistics 2017-2018 there are two public universities, and two private colleges. **Infrastructure;** The infrastructure in the region west of the Republic of Kosovo is relatively developed. This region is the focal point of Kosovo bordering Albania (Gjakova and Junik), Montenegro (Decani and Peja), and Serbia (Istog Municipality). In recent years, much has been invested in local roads, water supply, sewerage, power system and public lighting. The power system covers almost the entire western region. The local infrastructure in the western development region is good, over 60% of the local roads are paved and about 80% of the settlements have access to the drinking water system. **Natural resources;** The western development region is rich in natural resources and has a considerable number of lakes such as: Radoniq and Erenik Lake in the municipality of Gjakova, two natural lakes of Gjeravica in Junik, Liqenati lake and Drelaj lake in the municipality of Peja and "Liqeni i pafund" "Liqeni leqe leqe" and Gjorvica lake in Decan. Other water resources of this region are the large number of rivers like: Drini i Bardhe, Lumbardhi i Peja, Klina River, Mirusha River, Istog River, Erenik River, Lloqan River etc. In addition, there are lignite reserves in Istog municipality, covering an area of 100 km² and a thickness of 30-50 meters up to 230 meters deep. Whereas Klina Municipality has mineral and non-mineral natural resources such as: 2 billion tons of lignite reserves, 2 million tons of bauxite ore. **Tourism;** The western development region has tourism as one of the potential areas for the development

³<http://ask.rks-gov.net/sq/agjencia-e-statistikave-te-kosoves/add-neës/statistikat-e-arsimit-20172018>

and generation of new jobs in the western region of Kosovo. The identified tourism branches are mountain tourism with sports and recreational elements, mainly in Peja, Deçan, Junik, Gjakova and Istog. Exploratory cave tourism (speleology) is developed in Peja, Gjakova Decan and Klina; Health and welfare tourism starting from thermo-mineral waters in Istog and other suitable locations for the development of rehabilitation centres throughout the region; water, land, mountain and aerial sports and recreational activities for which the western region offers the most suitable conditions; agro-tourism in places with rich landscapes and active rural life; and also of particular importance, cultural tourism and heritage. Despite this potential for tourism development and the development of appropriate hospitality services that will support and enrich the tourism offer, what has been achieved so far is still far from achieving the full potential of this sector.

Development potentials

- Development Region West is one of the regions with the greatest potentials in the field of tourism. Tourist potentials of this region include the mountainous terrains that cover the Bjeshkët e Nemuna National Park. Also, cultural heritage is an important element for attracting visitors to this region;
- There is potential for cross-border, inter-regional and trans-national cooperation, due to the strategic and key location of the region along the routes of land transport corridors and linkage to maritime transport through Albania and Montenegro, the borders of this region with two states regional and local transport infrastructure are well developed;
- Easily accessible social and technical infrastructure and the concentration of vocational and secondary schools present some opportunities for the region's economy;

Main challenges

- Capacity building for tourism development in mountainous areas which include territories covering the National Park, capacity building for utilization of rural tourism and agro tourism capacities;
- Capacity building of SMEs in the field of hotel services, tourism, agro-industrial products processing and food processing;
- Attracting strategic investments and investments in established industrial areas, and supporting businesses established in these areas;
- Support of marginalized groups in rural areas, creation of better infrastructure for businesses in the field of production and processing of agro-industrial products and processing of products in rural areas in order to stimulate employment in these areas;
- Employment of young people after graduation, creation of conditions for internships and sustainable work;
- Creating Independent Regional Business Clusters. Clusters are considered to enhance the productivity with which companies can compete, nationally, regionally and globally. Clusters have the potential to impact by increasing the productivity of group companies, fostering innovation in the field and stimulating new businesses in the field.

4.3.4 Development region south

Surface of the region; The south development region consists of six municipalities: Rahovec, Malisheva, Prizren, Suhareka, Dragash and Mamusha. The southern region lies in the southwestern part of Kosovo. It is bordered by Albania to the southwest, Macedonia to the southeast, the development region to the east, the economic centre to the northeast, and the western economic region to the northwest. This region has 239 settlements on its territory. The development region south has 2,015.01 km² or 18.47% of the total area of Kosovo. **Population of Development Region South;** is the second most populous region in Kosovo, with 409,449 inhabitants or 22.76% of the total population of Kosovo. The density is 203 inhabitants per km². **Structure of the territory;** The utilized land area is 95,108.77 hectares, arable land and fields are 31,396.26 hectares, gardens 209.07 hectares, unused land 5214.34 hectares, forest land 13380.39 hectares, non-agricultural land 2973.91 hectares. Viticulture is typical of this region and deserves special care. This sector dominates in Rahovec but also extends to the municipalities of Suhareka and Prizren. Appropriate agro-climatic conditions create considerable potential for further development of grape cultivation and wine production. Vegetables and orchards also have potential for development and are largely cultivated in this region. **Infrastructure;** Development region south is characterized as one with the most developed local, regional and highway networks. This region possesses the Prishtina-Tirana highway which is a highway with European standards. The highway connects Kosovo and the countries of the region and the port of Durres, and it is a strategic route for the development of maritime and road transport, a very important segment for Kosovo's economy. The development region south has very well-organized local infrastructure i.e., over 75% of local roads are paved and regulated in this region. 61.94% of the settlements in this region have access to the drinking water system. While the percentage of settlements that have access to the wastewater treatment system is quite low. **Economic situation;** In the development region south, several industrial zones have been established which aim to attract investors and businesses in the field of production and processing. The Economic Zones in the development region south are: The industrial area in Suhareka which is located in Shiroka and bounded on the east by the existing Suhareka - Prizren road, to the south by the existing old industrial zone, to the west by existing vineyards and to the north by the green belt. Activities envisaged to be set up in the industrial zone are: Food processing, processing of textile and leather products, processing of elements from aluminium, plastic and wood, processing of glass, stone, marble and iron elements from concrete, processing of elements/techniques from electrical and electronics, etc. Another area in this municipality is Agro-Industrial Zone in Suhareka, created in 2015 with a surface of 28 ha. The Agro-industrial zone is located in the village of Samadrexha - Suhareka. Investments have begun in this economic area, initially in electricity and water supply. In the economic zone respectively "Agro - Industrial Zone" there are currently three (3) contracts signed and five (5) other beneficiaries are in the phase of signing contracts. Investments in physical infrastructure are continuing, even this year. The municipality of Suhareka has planned facilities for the property that it lends to long-term use in the Agro Industrial Zone in Samadrexha for businesses. The municipality of Dragash, although a small municipality, it has an economic zone in Mejdan of Shajma village. There are 23,710 businesses registered in the region south, while the types of businesses include the most diverse ones; Individual businesses, foreign companies, agricultural

cooperatives, public, socially owned enterprises, partnerships, general partnerships, joint stock companies and limited liability companies. Individual businesses have the largest number in the region south with a total of 20,500 businesses followed by 2076 limited liability companies and general partnerships with a total of 390 businesses. **Employment;** Based on the employment report for 2017, we can say that the development region south has 18,037 job seekers and an offer of 1588 vacancies showing again a large gap between supply and demand due to the problem of lack of access to and registration of jobseekers in employment offices and lack of data on unemployment at local level. **Average unemployment rate;** According to the Labour Force Survey there are data on unemployment by age, education, duration, methods of research, previous work experience, economic activity, occupation, then data on inactive population by age and education, but this data is only at the general level, there is no data on the level of unemployment at local and regional level. Lack of official data on average unemployment rate at local and regional level, as well as local and regional GDP statistics, which are essential indicators for calculating the level of regional development and imbalances between regions, is a challenge that needs to be addressed in the future. **Education system;** According to public education statistics in the region south of 2017-2018, the number of schools in primary, lower secondary education is 42 while in secondary education 28 schools, which means a total of 70 schools. Bachelor and Master Studies at a public university are offered in public higher education institutions. **Natural resources;** The development region south has a large percentage of good quality land, favourable climatic conditions, which in combination with opportunities for further irrigation advancement, make the region suitable for integrated agricultural development. Waters in the region south including rivers and lakes are valuable sources of this region, most of the rivers flowing into the White Drini River, which flows at a length of 122 kilometres to the western part of the region. Small natural lakes in this region are Livadice Lake, Jazhinca Lake, Dragaqina Lake. This region is known for its limestone. Limestone appears in red and brown, while red limestone present more economic interest. The limestone reserve is thought to have a volume of 382,913 m³. Minerals such as Cobalt, Nickel and Copper are located in the Red Stone surroundings where the Nickel-Cobalt ore layer is found. The chromium mineral is thought to be found along the Drini i Bardhe valley at an area of about 60 km² and in the localities of Qendresa, Gradisht, Rimmik stream valley. **Tourism;** Development region south has great tourist potential that still remains relatively unused. The specific location, geography, natural resources, numerous examples of cultural and historical heritage, as well as diverse folklore, make the region south an ideal place for sustainable tourism development. There is great potential for sustainable development of mountain tourism and camping on weekends. Tourism development including rural tourism can become an important source of well-being for a growing part of the region's population. This region has great tourist potential that still remains relatively unused. The municipality of Prizren is a jewel of tourism which is one of the areas of development of this municipality. Prizren is one of the strategic tourist cities for foreign and local visitors. Sharr Mountains contain hundreds of meters of areas that are not fully utilized and present great potential for winter tourism development. The Koretnik and Pashtrik Mountains have great natural potentials for mountain tourism development, such as mountaineering and hunting, as well as the many rivers in the region that offer the opportunity for water sports and fishing.

Various cultural and artistic festivals and organizations and agri-business fairs are typical of this region and attract many local and foreign visitors.

Development potentials:

- The development region has great potentials in the fields of cultural heritage tourism, rural tourism and mountain tourism. This region is known for organizing various artistic cultural festivals and various agri-business fairs. Tourism contributes to the full growth and development of this region by bringing numerous economic values and benefits and helping to build the region's image and identity and brand.
- Agro-cultures and viticulture are a typical sector of the region, the development of competing agro-industries is crucial for generating employment and income opportunities. Agro-industries have the potential to provide employment to the rural population not only in agriculture but also off-farm activities such as handling, packaging, processing, transporting and marketing of food and agricultural products;
- The good road infrastructure and the Vermica-Merdare highway that passes through this region creates development potential in the field of transport and services as well as facilitating the enterprises of this region, and this region will benefit from this highway given that the highway connects to the port of Durrës and affects the attraction of productive investments for export.

Main challenges

- Creation of mechanisms and their support for regional socio-economic analysis in the field of employment and regional GDP, creation of policies and mechanisms to promote employment in marginalized areas.
- Capacity building of SMEs in the field of tourism, regional promotion enterprises, hotel, transport and service businesses, and creation of schemes for certified guides.
- Capacity building of SMEs in the field of agro-industries production and processing of agro-industrial products, attraction of investments in Agro-industrial zone in Suhareke, and other economic areas.
- Supporting marginalized groups in remote areas creating employment opportunities through grant schemes and creating sustainable new businesses.
- Creating Independent Regional Business Clusters. Clusters are considered to enhance the productivity with which companies can compete, nationally, regionally and globally. Clusters have the potential to impact by increasing the productivity of group companies, fostering innovation in the field and stimulating new businesses in the field.

4.3.5 Development Region North

Surface of the region; Development Region North consists of seven municipalities: south Mitrovica, Leposaviq, Zveçan, Zubin Potok, Vushtrri and Skenderaj. Region north has a surface of 2,051.84 km² or 18.81% of the entire territory of the Republic of Kosovo. Development Region North is bordered by

Serbia to the north, development region central to the northeast and Development Region West to the west. The region north has 361 settlements. **Population of socio-economic region;** the region north development has 225,938 inhabitants or 12.56% of the total population of the Republic of Kosovo. The population density is 110 inhabitants per km². **Structure of the territory;** the utilized area of agricultural land is 48,148.73 hectares (The area of north Mitrovica, Leposavic and Zubin Potok municipalities is missing). The types of tourism that can be developed in the Shala region are: mountain tourism, cultural tourism, rural tourism and eco-tourism. In the Development Region North, several industrial zones have been established; Business Park in south Mitrovica with a surface of 3.5 hectares, Industrial Park in Frashër-Mitrovica with an area of 48 hectares, Business Park in Dolane in Zvecan municipality, Business Park in Vushtrri. **Infrastructure;** speaking of the region north, we can say that regional and local road infrastructure is at an average level of development compared to other regions, although infrastructure investments are increasingly growing. The highway in this region passes west of the city, along the Ibar River and Gazivoda Lake to Montenegro and the Adriatic Sea, while the Pristina-Mitrovica highway is under construction. Regarding the local road infrastructure, the Development Region North stands at a good percentage of development, based on 2017 performance statistics, there is a lack of data on northern municipalities of the territory. **Employment;** the Development Region North has sufficient potential to ensure labour force, since unemployment is an existing and prominent element in this region. According to the employment report statistics for 2017 the total number of jobseekers in the region north is 13950 while the job offer is 1138, which indicates a huge difference between supply and demand for job, always taking into account that the data does not reflect the reality on the field. **Average unemployment rate;** according to the labour force Survey there are data on unemployment by age, education, duration, methods of research, previous work experience, economic activity, occupation, then data on inactive population by age and education, but these data are only at the general level, there is no data on the unemployment rate at the local and regional level. The lack of official data on the average unemployment rate at local and regional level, as well as local and regional GDP statistics which are essential indicators for calculating the level of regional development and imbalances between regions is a challenge that should be addressed in the future. **Education system;** the educational system in this region is organized along ethnic lines. Schools in south Mitrovica, Vushtrri, Skenderaj are under the authority of Kosovo's Ministry of Education and Science, and schools in the municipalities of Zubin Potok, Zvecan, Leposavic and north Mitrovica function as a parallel system. According to the 2017-2018⁴ public education statistics in the region north, there are a total of 141 schools in both lower secondary and upper secondary education levels. At the level of primary and lower secondary education in the region north there are 126 schools, while at the level of upper secondary education there are 12 schools. **Economic situation;** The Development Region North is known for mining and the metallurgical industry being the leading employer in the region. Mitrovica is rich in minerals especially lignite, metals such as lead, zinc, ferronickel, magnesium, etc. The current technological state of these ores, for the time being, does not allow for the effective exploitation of the ores, while the built processing capacities also have a technological degeneration. Exploiting these ores depends on the interest of strategic investors. There are over 17626 registered businesses in this region, the largest

⁴ <http://ask.rks-gov.net/sq/agjencia-e-statistikave-te-kosoves/add-neës/statistikat-e-arsimit-20172018>

number of registered businesses is in the field of individual business then limited liability businesses and general partnerships. The operating business parks in the region are as follows: Mitrovica Business Park, established in 2012, with a surface of 3.5 ha. The Business Park was the first initiative in Kosovo by the Municipality of Mitrovica supported by MTI, designated as a pilot project for a business area of producers. Its implementation was a model for attracting donations and encouraging businesses. To this end, the Municipality has allocated 3.5 hectares of land for the purpose of implementing the “Business Park” project, with a total of 22 businesses being beneficiaries, Business Park in Dolane, municipality of Zvecan, Business Park in Vushtrri. Business Park in Skenderaj has not been operational and in 2018 a new initiative has been taken to relocate and make it operational. Industrial Park in Frashër-Mitrovica, was created in 2014 with a surface of 48 ha. It has been invested in the regulation of physical infrastructure, 10 ha of which have been levelled and regulated for advertisement, 7 contracts have been signed to start the investment and of those 7 applications, one investor has already started the investment. The Industrial Park in Frashër has been developed in Phases I, II, III & IV, and is currently being worked on Phase V. **Natural resources;** this region has underground mineral resources, forest land, fertile land, rich water resources and tourism potential. The Development Region North is very rich in water resources, highlighting the rivers Iber and Sitnica and the largest artificial lake of Ujman in Zubin Potok one of the largest water reservoirs of its kind in Europe. Trepca mine has a good infrastructure according to the modern model of underground mines, it has three servile and ventilation wells, it is developed on 12 horizons, and ramps have been developed between the last three horizons that enable application of modern mechanization in preparation and operation of ores. The mine, with its own infrastructure as well as modern methods of filling, has an ore utilization capacity of 500,000 to 650,000 tonnes of ore per year. The Stanterg mine with its surrounding reserves has reserves of about 35 Mt, or expressed through the amount of ores metals, 1,349,579 tonnes of lead, 1,080,504 tonnes of zinc and 2,280,224 kg of silver, and is currently one of the most significant potentials of sulfite ores of Pb and Zn in the region.⁵ **Tourism;** the north developmental region has potential for tourism development. High mountains like Mokra, Gora, Shala, Bajgora, and Çyçavica with their beautiful nature present great potential for development of eco-tourism and winter tourism. The Ibar Valley can be used for various recreations and sports activities. Ujman Lake is attractive to visitors during the summer. The types of tourism that can be developed in the Shala region are: mountain tourism, cultural tourism, rural tourism and eco-tourism. Mountain tourism - the mountains of Bajgora. One of the tourist potentials of Shala is the out-of-function mines in Trepca, which are interesting points for tourism development. The Crystal Museum was founded in 1964 with over 1,300 exhibits of various types of crystals turning the museum into an object of great national importance for Kosovo both in terms of values and tourism. Vushtrri is one of the most ancient cities in Kosovo, which in the Roman period is referred to as the Vicianum Shopping Centre. In the Municipality of Skenderaj are historical towers, memorial complexes and tourist attractions which are visited by many local and foreign tourists.

Development potentials

⁵http://www.kryeministri-ks.net/repository/docs/Strategjia_Minerare_e_Republikes_se_Kosoves_2012-2025.pdf p. 22

- This region is rich in underground mineral resources, has great potentials in exploiting natural mineral resources, Trepca mine has a good infrastructure following the pattern of underground mining.
- The Development Region North has the potential for development of rural and mountain tourism, with high mountains such as Mokra, Gora, Shala e Bajgores, Çyçavica, as well as Lake of Ujman being an attractive destination for tourism development. Vushtrri is one of the most ancient cities in Kosovo with many tourist spots, and Skenderaj has potential for tourism as well.

Main challenges

- Strengthening economic zones, improving infrastructure, creating infrastructure in economic and industrial zones, attracting investment and strategic investments in established industrial zones, supporting businesses established in these areas, facilitating procedures and establishing a supportive employment scheme for domestic and foreign businesses.
- Developing the sectorial model of production, increasing exports, revenues and employment rate. Creating Regional Business Clusters. Clusters are considered to increase the productivity with which companies can compete, nationally, regionally and globally. Clusters have the potential to impact in increasing the productivity of group companies, fostering innovation in this field and stimulating new businesses in this field.

4.4. Problem presentation and driving factors

Problem definition: Kosovo currently lacks legal infrastructure and regional development policies. Therefore, the following are the driving factors for drafting the document "Regional Development Strategy":

1. Lack of system for measuring regional performance by development regions;
2. Lack of development policies to foster greater competition in the region;
3. Lack of links between government sectoral development policies and activities in development regions;
4. Limited access to regional cooperation programs;
5. Kosovo's non-classification by NUTS statistical regions;
6. Lack of necessary mechanisms for coordination of regional development.

4.5 Region Countries Practices

Albania - In the case of Albania, based on the institutional analysis of this country, there have been a number of reasons that have driven them to take steps in drafting a regional development strategy, where first ranked:

- Internal migration which has resulted in massive internal inequality.
- Stimulating sustainable and balanced socio-economic growth between the regions of Albania, in general, and the mountainous and suburban areas, in particular, in order to support the rapid development of the whole country and accelerate the processes of integration and enhancing socio-economic cohesion in the country.

In addition to the strategic document and the objectives drafted, the institutions of Albania should bear in mind that in order to promote balanced regional development, in addition to the strategy divided into objectives, they have aimed and still aiming at advancing these policies through the issuing the Law on Regional Development and relevant sub-legal acts by developing the necessary institutional structures to manage regional policies. The concept of the 'agreement on district development': a multi-year agreed financial, operational and strategic plan laying out central government support for development priorities in each of the districts has been one of the steps taken by institutions.

The second instrument of the Regional Development Cross-Cutting Strategy (RDCCS) aims at reducing inequalities between disadvantaged areas and the average of Albania by facilitating (enabling) national, regional and local stakeholders to make cooperative efforts to increase the development potential of these areas.

The main elements or features of this program are;

A standardized basis for determining regional disadvantages through the use of an accepted model of their level of socio-economic development;

- Determination of disadvantaged areas for a period of 5 years;
- A government plan for the development of disadvantaged areas and the allocation of a separate budget line.

Through the decision of the Council of Ministers no. 438, dated 18.7.2018 has transferred the functions of the National Agency for Regional Development (NARD), Regional Economic Development Agency (REDA) and Regional Development Agencies (RDAs) to the Albanian Development Fund (ADF).

The Albanian Development Fund is a development organization that responds to its challenges and partners in the function of sustainable development of the country. The ADF is an institution established with the mission of poverty reduction in rural areas, infrastructure development, urbanization, tourism and cross-border cooperation.

Croatia - The Regional Development Policy of the Republic of Croatia, like most countries in terms of purpose or overall objective of regional development policy, is to contribute to the socio-economic development of the Republic of Croatia, in accordance with the principles of sustainable development, by created conditions that will enable competition in all parts of the country and realize their development potentials.

In order to achieve this goal through development policy, institutional commitments have been particularly focused on trying to secure the link between local and regional institutions by linking the central level development priorities and the goals of the European Union's cohesion policy, with a particular emphasis on the support for less developed areas for optimal growth and service. A meaningful element in regional development policy, Croatia is dedicated to measures for the balanced and sustainable development of local and regional self-government units with particular emphasis on border areas; encouraging territorial cooperation and efficient use of funds. The Republic of Croatia's Regional Development Strategy is based on three elements:

1. Increasing the life quality by promoting successful territorial development including synergy of different aspects of society, spatial and environmental development, uniting the measures related to improving regional and local development capacities and raising the level of knowledge and capabilities to improve the quality of life, measures to provide and improve basic local and regional infrastructure. The objective also allows the continued implementation of specific policies for the development of assisted areas as well as areas with developmental characteristics that are not necessarily underdeveloped but are specific to development.

2. Developing the competitiveness of the regional economy and employment, supporting the development of regional and local economies, improving economic infrastructure, creating a stimulating business environment and strengthening human resources, and promoting education on the needs of the economy at regional and local levels.

3. The content of the regulatory development system contains various aspects of regional development management aimed at ensuring an appropriate institutional environment and supporting the development of relevant thematic areas. The aim is to regulate the process of planning, implementing, monitoring and evaluating the development policy implementation at all levels of governance, then harmonizing public policies and laws at national and regional level across sectors and strengthening the financial and administrative capacity of stakeholders at the regional and local level.

The objectives are multidimensional, integrative and adhere to principles of sustainable development. Priorities are set for each of the strategic objectives, which are then processed into a number of appropriate regional development measures.

Macedonia - Also, in the case of Macedonia, the need for regional development planning in the country has been imposed mainly due to the large inequalities between Skopje and other parts of the country. This situation has greatly contributed to the long absence of a regional development policy that resulted in a mono-centric development model where the centres for their economic and other social characteristics are substantially separated from other settlement areas. Moreover, the process of approximation with the EU has contributed to raising awareness among the relevant institutions regarding the importance of regional development planning, as a prerequisite for reducing the inequalities in between regions, which will enable meeting faster the economic criteria for EU accession.

Key principles on which Macedonia's regional development policy is based are:

1. **Programming principle** - building a multi-year programming system and implementing a regional development policy that includes identifying policy priorities and measures, financing, managing and controlling them;
2. **Partnership principle** - cooperation in the preparation, implementation, monitoring and evaluation of planning documents for regional development between central and local government, economic and social partners and other relevant civil society representatives;
3. **Harmonization principle** - goals, priorities and measures in the planning documents for regional development should be in line with the objectives, priorities and measures in existing strategic development documents and the program of national documents for Macedonia's integration into the European Union;
4. **Co-financing principle** - Co-financing policy measures to promote balanced regional budget development, local government budgets, EU funds and other international sources, as well as funds from local and foreign legal entities, and individuals;
5. **Transparency principle** - regular, timely and objective informing of the public on policy measures to promote balanced regional development, as well as ensuring free access to stakeholder information;
6. **Subsidiary principle** - preparation, implementation, monitoring and evaluation of regional development programs and activities carried out and planned by regions and local government units, if not excluded from their competence, or not under the jurisdiction of state bodies; and
7. **Sustainability principle** - adhering to economic, social and environmental components of development in establishing a policy for promoting balanced regional development.

Bulgaria - Bulgaria's National Strategy for Regional Development 2012-2022 is the basic document that sets out the strategic framework of the government's policy for achieving a balanced and sustainable development of the country's regions and for overcoming within and inter-regional differences or inequalities in terms of the European policy of social and economic cohesion.

This strategic document sets out the long-term goals and priorities of the regional development policy, which is integral, enables the coordination of sectorial policies in the respective territory and supports synchronization or interaction between them.

As in most countries promoting this public policy, also Bulgaria through this policy, as well as through the legislation in force, aims at achieving the goals of regional development policy, namely by reducing within and inter-regional inequalities in economic, social and spatial development scope; then providing conditions for accelerated economic growth and a high level of employment, as well as the development of territorial cooperation. In addition to the structural aspects and objectives, Bulgaria has carried out a very detailed analysis of its regions, and on the basis of the evaluation of resources and economic potentials have been able to emphasize the territorial priorities of the various regions, which have grouped them into these elements.

- Support for a polycentric and balanced territorial development;
- Promoting integrated development in urban, rural and specific areas;
- Territorial integration into cross-border and transnational functional regions;
- Ensuring the competitiveness of regions in the global market through strong local economies;
- Improving territorial connectivity between individuals, communities and businesses;
- Managing and linking the environmental, landscape and cultural assets of the regions

4.6 Policy development through addressing the problem

Regional development policy is a set of measures planned and promoted by local and central public administration authorities with different actors as partners (private, public, voluntary) to ensure dynamic and sustainable economic growth through the effective use of local and regional potentials in order to improve living conditions. The key issues addressed by regional development policies are:

Private sector development and especially small and medium enterprises (SMEs) in the direction of balanced regional socio-economic development;

A more efficient and balanced labour market in all development regions;

Attract and stimulate investment by ensuring balanced distribution in all development regions;

Improving local and regional infrastructure;

Sustainability and improving the quality of the environment, rural development, health, education and culture, in the context of regional development.

The European Union's (EU) regional policy, also referred to as the Cohesion Policy, is a policy with the stated aim of improving the economic well-being of regions in the EU and also avoiding regional inequalities. More than a third of the EU budget is dedicated to this policy, which aims to remove economic, social and territorial inequalities across the EU, restructure declining industrial areas and diversify rural areas that have agricultural decline.

In recognition of the importance of regional policy, the Treaty on the Functioning of the European Union (EU) dedicates five articles to "economic, social and territorial cohesion" (Articles 174 - 178). The policy aims to reduce economic, social and territorial disparities between EU regions by supporting job creation, competitiveness, economic growth, improving quality of life and sustainable development.

4.7 Structure and objectives of the Regional Development Strategy

Goals of the strategy;

1. Supporting competitive growth of regions;

2. Establishing territorial cohesion and preventing marginalization processes in problem areas;
3. Establishing conditions for effective implementation and partnership of targeted development activities in socio-economic regions;

Regional Development Strategy 2020-2030 is structured in accordance with the provisions and contains the following sections:

- Socio-economic analysis of regions based on available data;
- Goals and priorities of regional development to be achieved over a period of time;
- Overall assessment of the resources needed to achieve the goals of the strategy;
- Performance criteria for strategy implementation;
- Strategic guidelines for elaborating regional development plans for a predetermined period or periods;
- Description of the actions needed to implement the partnership principle and ensure awareness and transparency;

4.8 Strategic challenges

Kosovo is committed to EU integration. It is therefore necessary to improve the economic and institutional environment in order to reduce the unemployment rate and to balance regional inequalities. Until then, the lack of a clearly defined framework for regional development policies results in:

- Lack of socio-economic development instruments through incentives that promote greater competition between regions, based on the results of monitoring regional performance;
- Regional inequality between certain regions with substantial differences in terms of socio-economic indicators;
- Lack of links between policies and activities for regional socio-economic development and non-stimulation of interregional, cross-border and international cooperation;
- Kosovo's non-classification by NUTS statistical regions; and
- Lack of clear mechanisms and competent institutions of resource management to address the specific needs of each region.

4.9. Swot analysis

STRENGTHS	WEAKNESSES
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<p style="text-align: center;">Political and institutional factors</p>	<ul style="list-style-type: none"> • Establishment of Ministry of Regional Development, (MRD); • MRD, MLGA and MEI are fully committed to regional development; • Most municipalities are actively involved in regional development; • Regional Development Agencies - RDAs, have gained the necessary experience to design and implement an effective and sustainable strategic approach to regional development; • Law on Inter-Municipal Cooperation, Law on Strategic Investments, Law on Tourism, Law on Economic Zones, Law on Foreign Investment, Law on Agriculture and Rural Development, Law on Agriculture and Rural Development, etc.; these laws provide the basis for regional development activities; • In many municipalities strategies on local development exist. Regional development strategies have been developed for five regions in the past by RDAs; • Establishment of universities and higher schools in all regions; • Opportunity to promote the regions in cooperation with Diplomatic/Consular Missions of the Republic of Kosovo in foreign countries - Comment by MFA. • Line ministries have established their agencies in all regions; • Easy access to civil service offices and business registration. Kosovo is second in the region "Doing Business in Kosovo"; • Fiscal policy with the best conditions in the region 	<ul style="list-style-type: none"> • Lack of legal framework for regional development; • Insufficient government commitment to regional development policy; • Slow processes of involvement in territorial cooperation processes. • Lack of regional profiles; • Lack of regional performance management system; • Insufficient capacity for local economic development;
<p style="text-align: center;">Economic factors</p>	<ul style="list-style-type: none"> • Privatization of public companies in the process; • Sufficient capacity in public and business 	<ul style="list-style-type: none"> • Insufficient coordination between public institutions involved in economic, regional and local development; Poor coordination

	<p>infrastructure;</p> <ul style="list-style-type: none"> • Economic zones in all regions; • Continuous economic growth; • Geographical position with access to the CEFTA regional market and the European Union; • Favourable geostrategic position; • Transport and infrastructure present throughout the territory; • Establishment of regional brands in the process; • Promotion of regional brands at international fairs and organizations by various state and private sector agencies; • Natural resources 	<p>replaced by insufficient or inadequate coordination - Comment by MFA</p> <ul style="list-style-type: none"> • Poor capacities of intermediary organizations (Entrepreneur Associations) to coordinate and promote local and regional development; • Inequality between rural and urban areas in the field of economic development;
<p>Socio cultural factors</p>	<ul style="list-style-type: none"> • Good relations and strong cultural interconnections with neighbouring countries; • Young age population and labour cost on favourable conditions; • Availability of a number of well-educated professionals who have graduated abroad. 	<ul style="list-style-type: none"> • Fragmented awareness about the possibility of regional development among stakeholders. • Poor cooperation between stakeholders at local, regional and national level; • Improvement of planning and implementation capacities in municipalities; • Poor cooperation between enterprises, new innovative sectors; • Limited participation of NGOs in regional development program activities;
<p>Technological factors</p>	<ul style="list-style-type: none"> • Communication network and telecommunication infrastructure at the appropriate level; • Satisfactory ICT infrastructure and rapid and advanced IT development; 	<ul style="list-style-type: none"> • Outdated technologies and underdeveloped agro-industrial infrastructure. • Lack of efficient training and re-qualification system. • Ineffective land use management • Inexperience in sustainable management of natural resources • Lack of a platform for generating information and data regionally.

	OPPORTUNITIES	RISKS
Political and institutional factors	<ul style="list-style-type: none"> • The need for full commitment to regional development; • Government allocation of funds and resources for regional development policy has a multiplier potential effect on economic development; • Possible revitalization and reactivation of specific industries in the region; • Increase collaboration between stakeholders by applying incentives and reward mechanisms; • Creating a solid PPP framework; • Creating a donor community for regional development; • Increasing and developing policies for the purpose of cultural activities of international character; 	<ul style="list-style-type: none"> • Political instability, frequent elections and policy change; • Constant migration of the population, especially among the young people in the urban centres; • Population migration; • Unclear role-sharing between business support stakeholders;
Economic factors	<ul style="list-style-type: none"> • Knowledge and competencies as very important factors of production; • Increasing development potential in local small enterprises; • New job opportunities within the private service sector, fostering competition and innovation; • Access to global and regional markets; • Tourism potential and the unique cultural heritage of the regions; • Natural resources potential of the regions; 	<ul style="list-style-type: none"> • Lack of skilled workforce; • Constantly high levels of unemployment and marginalization; • Unfair competition, the tendency for monopolization of the market by large businesses and damage to small businesses;
Socio-cultural factors	<ul style="list-style-type: none"> • Utilizing diaspora knowledge for regional development; • The growth and development of international cultural activities; 	<ul style="list-style-type: none"> • Availability of a small number of well-educated professionals who have graduated abroad; • Inconsistency of education curriculum with market needs;

<p style="text-align: center;">Technological factors</p>	<ul style="list-style-type: none"> • Organizing activities to management; conservation and protection of biodiversity are tools for generating new jobs and can provide further cooperation opportunities. 	<ul style="list-style-type: none"> • Increased pollution due to insufficient investment in infrastructure in rural areas; • Insufficient coordination between institutions and private companies; • Rapid IT developments and inability to track ICT investments; • Lack of advanced data collection system; • Lack of fibre optic network extension;
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5. VISION AND STRATEGIC OBJECTIVES

5.1. Vision

“Balanced and sustainable regional development, with increased socio-economic and territorial cohesion, based on EU best practices and local development specifics in the Republic of Kosovo”.

5.2. Strategic Objectives

Strategic Objective: 1. Coordination of regional development policies

Strategic Objective: 1.1 Drafting of primary and secondary legislation regulating the scope of mechanisms for balanced regional socio-economic development.

Strategic Objective: 1.2 Establishment of institutional mechanisms for regional development, for designing, monitoring and evaluation of programs/projects and regional performance.

The Ministry of Regional Development, taking into account the legislation in force, is competent for the preparation of public policies, drafting of legal acts, adoption of bylaws and setting mandatory standards in the field of regional development and implements them. Therefore, in the framework of policy making, special attention is paid to the drafting of primary and secondary legislation, in order to legally regulate regional activities and the functioning of mechanisms that will deal with the planning, implementation and monitoring of regional socio-economic activities.

MRD aims to create an efficient system for monitoring and monitoring of socio - economic developments in development regions. The application of this system and the engagement of persons will not be possible without preparing a legal basis in advance. The Law on Regional Development will be a general and very important resource in this regard, which will clearly define the regional socio-economic activities, their planning and implementation through the engagement of persons / mechanisms established especially for monitoring these activities. Balanced regional development will be a well-regulated chapter of regional development legislation. The types of projects, the nature and the field in which they will be implemented, the reflection of investments through socio-economic analysis, will also be topics described by the primary and secondary legislation.

	Base value 2020	Target 2021	Target 2025	Target 2030
Coordination of regional development policies				
Drafting of primary and secondary legislation regulating the scope of mechanisms for balanced regional socio-economic development.	0%	50%	100%	
Establishment of institutional mechanisms for regional development, for the design, monitoring and evaluation of programs/projects and regional performance.	20%	50%	100%	

Strategic Objective: 2. Balanced regional development and regions capable of inter-regional competition;

Specific Objective: 2.1 Increasing the level of socio-economic development of the regions by prioritizing assessments.

Specific Objective: 2.2 Reducing inequalities through balanced financial aid to the private and public sectors

Specific Objective: 2.3 Promoting development policies that influence the growth of balanced regional socio-economic development

Specific Objective: 2.4 Expanding inter-regional cooperation through transnational programs.

Ensuring sustainable and balanced development between regions and municipalities, through comprehensive policies, continues to remain a challenge in Kosovo. At the central level, there is no mechanism for coordinating capital investments between line ministries in development regions. MRD, through the preparation of annual analyses for capital investments by development regions and analyses for subsidies and grants for businesses, aims to promote balanced regional development, municipalities and sectors in which less is invested, i.e. reducing inequalities in terms of investment.

Through socio-economic analysis, MRD also aims to provide important resources for line ministries, which can use them in the investment planning phase for the coming years. In the coming years, MRD aims to influence the prioritization of capital investments in development regions through the system of regional performance and reflection of investment needs. Much work will be done in determining the financial allocations from the line ministries, based in advance on continuous identification and assessment of the needs and potentials of the development regions. MRD currently has a very good climate of cooperation with line ministries, municipalities and five (5) regional development agencies (RDAs), in coordinating and cooperating activities in the field of regional development. This cooperation will deepen in the realization of numerous activities, creating joint bodies for their planning and implementation. Addressing regional inequalities, strategic orientations of the MRD in this area and cooperation with other non-institutional actors, will be another topic which will be continuously discussed with Civil Society and functional organizations in Kosovo. Involvement of civil society in almost all activities that will be carried out by the MRD in the future, is an issue that has already been decided and which has existed since the establishment of MRD and will continue in the future.

	Base value 2020	Target 2021	Target 2025	Target 2030
Balanced regional development and regions capable of interregional competition				
Increasing the level of socio-economic development of the regions by prioritizing assessments	0%	10%	20%	30%
Reducing inequalities through balanced financial aid to	0%	5%	20%	70%

the private and public sectors				
Promoting development policies that influence the growth of balanced regional socio-economic development	0%	20%	50%	90%
Expanding inter-regional cooperation through transnational programs.	0%	20%	30%	80%

Strategic Objective: 3 Utilization of natural, cultural and human resources in the service of sustainable regional development;

Specific Objective: 3.1 Sustainable and promoted natural, economic, cultural and human resources.

Specific Objective: 3.2 Building human capacity and CSOs for the use of all resources that contribute to regional socio-economic development.

Specific Objective: 3.3 Development of economic zones for the purpose of balanced regional socio-economic development.

The Ministry of Regional Development will coordinate activities with municipalities, mechanisms dealing with economic issues, civil society, international partners, etc., in order to create a national database of natural, cultural and human resources that the development regions possess. Certainly, it will be continuously updated through data reporting and disclosures, then with analytical documents.

MARD in coordination with the Ministry of Trade and Industry, will continuously coordinate activities to support the development of economic zones. In this process, the municipalities in whose territory the economic zones are located will be included, in order to review the facilities or difficulties in cooperation: EZ - Municipality.

	Base value 2020	Target 2021	Target 2025	Target 2030
Utilization of natural, cultural and human resources in the service of sustainable regional development;				
Sustainable and promoted natural, economic, cultural and human resources.	0%	30%	70%	100%
Building human capacity and CSOs for the use of all resources that contribute to regional socio-economic development.	0%	10%	20%	60%
Development of economic zones for the purpose of balanced regional socio-economic development.	0%	10%	20%	30%

5.3. Performance indicators

No.	Objective / Indicator	Base value (year)	Medium-term (year 2025)	target Last year's target (year 2030)
1.	Strategic Objective: 1. Coordination of regional development policies			
1. a	Approved regional development policy package, as well as functionalized mechanisms for regional development.	Value 0%	Value 100%	Value 100%
1.1	Specific Objective: 1.1 Drafting of primary and secondary legislation regulating the scope of mechanisms for balanced regional socio-economic development.			
1.1 a	Legal framework for regional development completed	Value 0%	Value 100%	Value 100%
1.2	Specific Objective: 1.2 Establishment of institutional mechanisms for regional development, for designing, monitoring and evaluation of programs / projects and regional performance.			
1.2 a	Inter-institutional mechanisms established and in function of measuring and developing regional policies.	Value 20%	Value 50%	Value 100%
1.2 b	Balanced socio-economic development in regional performance.	Value 0	Value 5	Value 10
2	Strategic Objective: 2. Balanced regional development and regions capable of inter-regional competition.			
2. a	Annual performance evaluation report of the regions.	Value 0	Value 5	Value 10
2.1	Specific Objective: 2.1 Increasing the level of socio-economic development of the regions by prioritizing assessments.			
2.1 a	Reflection of regional performance in the field of capital investments by development regions	Value 1	Value 5	Value 10
2.1 b	Rate of performance change in regions according to the evaluation report on an annual basis.	Value 0%	Value 20%	Value 30%
2.2	Specific Objective: 2.2 Reducing inequalities through balanced financial aid to the private and public sectors.			

2.2 a	The ratio of infrastructure upgrading by region	Value (0%)	Value (1.5%)	Value (3%)
2.2 b	Percentage of subsidies in the private sector by regions that contribute to employment growth.	(0%)	(.5%)	(3%)
2.3	Specific Objective: 2.3 Promoting development policies that influence the growth of balanced regional socio-economic development			
2.3 a	Number of activities to promote development policies	Value 0	Value 15	Value 30
2.4	Specific Objective: 2.4 Expanding inter-regional cooperation through transnational programs.			
2.4 a	Membership in transnational programs	Value 0	Value 3	Value 5
3	Strategic Objective: 3. Utilization of natural, cultural and human resources in the service of sustainable regional development;			
3. a	Regional sustainability through the implementation of development programs	Value (0%)	Value (15%)	Value (30%)
3.1	Specific Objective: 3.1 Inventory of natural, economic, cultural and human resources.			
3.1 a	Regional natural resources, economic and cultural resource assessment report	Value 0	Value 5	Value 10
3.1 b	Number of persons certified in professional fields through non-formal training or education for professions that are considered as a need of the labour market.	Value 0%	Value 7,500	15,000
3.2	Specific Objective: 3.2 Building human capacity and CSOs for the use of all resources that contribute to regional socio-economic development.;			
3.2 a	Number of projects implemented for capacity building for resource use	Value 0	Value 75	Value 150
3.3	Specific Objective: 3.4 Development of economic zones for the purpose of balanced regional socio-economic development.			
3.3 a	Number of infrastructure projects in economic zones	Value 0	Value 15	Value 30
3.3 b	Number of businesses supported in economic zones	Value 0	Value 25	Value 50

6. KEY STRATEGY INTERVENTIONS

- Development of instruments that promote greater competition between regions;
- Reducing regional inequality in terms of socio-economic development;
- Coordination of policies and activities for regional socio-economic development and stimulation of interregional, cross-border and international cooperation;
- Kosovo classification by NUTS statistical regions; and
- Creating resource management mechanisms to address the specific needs of each investment region.

7. MONITORING AND EVALUATION OF STRATEGY IMPLEMENTATION

7.1 Monitoring and reporting of the Strategy

The Regional Development Strategy 2020-2030 also has its own action plan that covers the period 2020-2022 which consists of activities, indicators, responsible institutions.

The Strategy action plan will be reviewed on an annual basis in the framework of the monitoring planning set out in the Strategy.

The structure for monitoring the implementation of the Regional Development Strategy 2020-2030 consists of measurement indicators, which are set at the level of specific objectives in the strategy for 2020 and 2022.

The regional development strategy is the basic framework which defines the objectives and priorities for meeting the strategic goals. The strategy sets out policies and measures for balanced regional development, which will be beneficial for economic development, employment and social welfare. The process of implementing the Strategy includes an inevitable mechanism, under which the MRD will be able to define its policies, share tasks and take specific actions, as well as monitor the implementation of the Strategy.

The implementation process will be carried out according to the activities defined within the specific objectives, and determines the deadlines for their implementation, the institution responsible for such implementation, and the institutions that support the activities, the implementation cost and the total planned cost and source of financing.

Monitoring and evaluation mechanisms will be performed by serving two basic functions:

- informing about what the strategy has achieved, and whether implementation is on track, and making this information available to decision makers;
- supporting constructive involvement and stakeholder participation through transparent communication and promoting trust building. The monitoring mechanism should be able to capture and follow the relevant expected changes, which are foreseen in each of the thematic pillars, by means of an appropriate choice of final results/outcomes and context indicators.

The monitoring and evaluation approach will play an important role. On the one hand, it will encourage regular communication between regional development actors. On the other hand, it will provide actors with data on the results of public interventions. This will contribute to systematic learning and continuous improvement of regional development policies and programs, as well as confidence building.

The monitoring and evaluation approach puts its focus on monitoring the results and their contribution to regional development policy as a whole. Therefore, the monitoring system should allow, through monitoring of selected performance indicators, their evaluation against the objectives and change the policy approach in case of failure.

7.1.1. Responsibilities and Duties

Effective implementation of the Regional Development Strategy will be the key to success. Therefore, the implementation process includes appropriate institutional arrangements and monitoring approaches. The Ministry of Regional Development (MRD) is responsible for the ongoing monitoring of the implementation of the Strategy, and will take all necessary steps to ensure the timely and efficient implementation of the activities set out in the action plan.

The main actions under the leadership of MRD are:

- Establish an effective monitoring and reporting mechanism in line with monitoring and reporting requirements and ensure its implementation.
- Collection of information from the participating ministries in the implementation of the strategic document and its action plan.
- Preparation of regular annual reports on the implementation of the strategic document, and semi-annual reports on the implementation of the action plan.
- Initiate discussions on issues that can be addressed through this strategy.
- Publication of regular reports on the website of the ministry after its approval by the relevant body.

All these activities initiated by the MRD will be operationalized in close cooperation with regional development actors. The responsible mechanism is the most appropriate body for monitoring the implementation process through:

- Regular meetings and discussions on the progress achieved in the implementation of the objectives, indicators and actions of the relevant strategic document.
- Identifying challenges and obstacles for successful implementation, and proposing corrective measures to be taken by the MRD.
- Discussions and approvals of regular reports

8. FINANCIAL IMPACT OF THE IMPLEMENTATION OF THE STRATEGY

8.1 Overall cost estimation of activities

The action plan of the Regional Development Strategy 2020-2030 for the activities foreseen according to the action plan 2020-2030 has a total cost of the action plan of: € **8,838,600.00**. This cost is distributed across activities according to the strategic and specific objectives that are envisaged to achieve the goals and vision of

the strategy. This strategy has real costs of activities foreseen in the action plan based on real calculations according to the allocated budget.

8.2 Cost estimation according to strategic and specific objectives

The cost of strategic and specific objectives of the action plan is summarized in the following table:

Cost of the Regional Development Strategy action plan			
No.	Year 2020	Year 2021	Year 2022
Strategic Objective 1	52,000.00	74,500.00	62,700.00
O1.1	9,900	9,900	11,900
O1.2	42,100	64,600	50,800
Strategic Objective 2	3,341,400.00	1,643,900.00	2,675,400
O2.1	21,400	21,400	9,400
O2.2	3,300,000	1,607,000	2,650,000
O2.3	10,000	9,500	10,000
O2.4	10,000	6,000	6,000
Strategic Objective 3	432,900.00	282,900.00	272,900.00
O3.1	22,900	22,900	9,400
O3.2	100,000	50,000	50,000
O3.3	310,000	210,000	213,500
Total of Strategic and Specific Objectives	3,826,300.00	2,001,300.00	3,011,000.00
Total general of the Strategy	€ 8,838,600.00		

8.3 Sources of funding of the Strategy

Funding of the Action Plan 2020-2022 of the Regional Development Strategy 2020-2030 in total cost of € **8,838,600.00** is covered by the budget of the Ministry of Regional Development, but some of the activities will be carried out in cooperation with donors and line ministries. This funding plan will be reviewed every three years to align with the Medium-Term Expenditure Framework to ensure sustainable funding for the implementation of the strategy.

9. ACTION PLAN

No.	Strategic and specific objectives, indicators and actions	Base value	Temporary target [year]	Last target year's target [year]	Outcome
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Strategic Objective: Coordination of regional development policies;

1	Indicator: Regional Development Policy Package, as well as functionalized mechanisms for regional development	NO [2020]	Partly 2021	YES 2022	Law on Regional Development and two adopted bylaws, as well as functional mechanisms for monitoring and evaluation of regional performance
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I.1 Specific Objective: 1.1 Drafting of primary and secondary legislation regulating the scope of mechanisms for balanced regional socio-economic development.

1	Indicator: Completed Regional Development Legal Framework	NO [2020]	Partly 2021	YES 2022	Law on Regional Development and two adopted sub-legal acts
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No.	Action	Deadline	BUDGET			Source of funding	Governing and supporting institution	Output	Reference documents
			2020	2021	2022				
I.1.1	Drafting and adopting the legal framework for balanced regional development	2022	9,900	9,900	9,900	BRK	MRD MoF, MEI, KAS	Law on Balanced Regional Development and sub-legal	

								acts adopted	
1.1.2	Drafting of 2022 explanatory documentation of balanced regional development legislation				2,000.00		MRD	Explanatory document	
1.1.3	Overall Budget for Specific Objective I.1:		9,900	9,900	11,900				
I.2	Specific Objective: 1.2 Establishment of institutional mechanisms for regional development, for designing, monitoring and evaluation of programs / projects and regional performance.								
1.2.1	Indicator: Inter-institutional mechanisms established for the purpose of measuring and developing regional policies	3 [2020]		2 (2021)		1 (2022)	6 mechanisms have been established for the collection, reporting and data system in the regional performance system.		
1.2.2	Indicator: Balanced socio-economic development based on regional performance.	2 [2020]		3 (2021)		6 (2022)	Measuring regional performance, through annual socio-economic analysis.		
Nr.	action	Deadline	Budget			Source of	Governing and	Output	Reference

			2020	2021	2022	funding	Supporting Institution		documents
I.2.1	Establishment of 2022 institutional mechanisms for designing, monitoring, and evaluating programs / projects		38,400	38,400	38,400	BRK	MRD	Functional institutional mechanism	Decision on the establishment of coordination mechanisms Three-year indicative plan of MRD
I.2.2	Analysis on the 2022 evaluation of areas needed for investments with regional impact		1,200	1,200	2,400	BRK	MRD, Municipalities	1 drafted analysis	
I.2.3	Development of a 2022 system for measuring regional performance		2500	25000	10000	BRK	MRD, Municipalities	Functional performance system	
	Overall Budget for Specific Objective I.2:		42,100	64.600	50.800				
No.	Strategic and specific objectives, indicators and actions	Base value			Temporary target [year]	Last target year's target [year]	Outcome		
					47				

Strategic Objective: 2. Balanced regional development and regions capable of inter-regional competition;

1	Indicator: Regional annual performance evaluation report.	0 (2020)	3 (2021)	6 (2022)	The performance of the regions monitored, according to the number of fields.	
I.2.1	Specific Objective: 2.1 Increasing the level of socio-economic development of the regions by prioritizing assessments.					
1	Indicator: Reflection of regional performance in the field of capital investments by development regions	1 [2020]	3 (2021)	3 (2022)	Orientation of capital investments towards the elimination of regional disparities. Compilation and publication of the Annual Analysis for capital investments and other analytical documents.	
2	Indicator: Rate of performance change in regions according to the evaluation report on an annual basis.	0 [2020]	3 (2021)	6 (2022)	Prioritization of regional development areas	
No.	Action	Deadline	Budget	Source	Governing and Output	Reference

		e	2020	2021	2022	of funding	Supporting Institution		documents
I.2.1.1	Creation of regional database with socio-economic data.	2022	16,000	16,000	4,000	BRK	MoF, MRD, KAS	Regional database created with regional socio-economic data.	Indicative Government Work Plan
I.2.1.2	Identification of public investments from the central level by development regions, disaggregated also by municipalities.	2022	1,200	1,200	1,200	BRK	MRD, MIT, MLGA	Assessment and recommendation report on capital investments at local level	Annual Municipal Performance Report
I.2.1.3	Reflection by natural resource development regions.	2022	4,200	4,200	4,200	BRK		Evaluation report	
	Overall Budget for Specific Objective II.1:		21,400	21,400	9,400				

I.2.2 Specific Objective: 2.2 Reducing inequalities through balanced financial aid to the private and public sectors;									
No.	Action	Deadline	Budget			Source of funding	Governing and Supporting Institution	Output	Reference documents
			2020	2021	2022				
1	Indicator: Public infrastructure level increase ratio by region.		0.5% [2020]		1.5 (2021)		3% (2022)	Improved and balanced public infrastructure by development regions.	
2	Indicator: Percentage of subsidies in the private sector by regions contribute to employment growth		0.5% [2020]		2% (2021)		4% (2022)	Increase employment in a balanced way by development regions.	
I.2.2.1	Analysis of capital investments by 2021 development regions			3,500		BRK	MRD,	Analytical document of capital investments in socio-economic regions	Completed analysis of capital investments
I.2.2.2	Analysis of the allocation of grants in the private sector from the central level to	2021		3,500		BRK	MoF, MRD	Analytical document of the allocation of grants and subsidies in the private sector by socio-economic	Completed analysis of the allocation of grants to businesses in development

	the regions								regions	regions
I.2.2.3	Design and implementation of a regional development program with grants to municipalities to improve public infrastructure.	2022	1,900,000	900,000	1,350,000	BRK,	MoF, MRD	Capital investments in municipalities and joint inter-municipal projects.	Annual capital investment report	
I.2.2.4	Design and Implementation of the grant-Balanced Regional Development Program in the Private Sector	2022	1,400,000	700,000	1,300,000	BRK,	MoF, MRD	Grants and subsidies allocated to the private sector in order to reduce regional disparities. Annual reports.	Annual BRDP report completed	
	Overall Budget for Specific Objective II.2:		3,300,000	1,607,000	2,650,000					
I.2.3	Specific Objective: 2.3 Promoting development policies that influence the growth of balanced regional socio-economic development;									
1	Indicator: Number of activities to promote development		5 [2020]		15 (2021)		30 (2022)	Regional development policies promoted and in function of development, through the implementation of 30 promotional activities.		

No.	Action	Deadline	Budget			Source of funding	Governing and Supporting Institution	Output	Reference documents
			2020	2021	2022				
I.2.3.1	Development of policies for balanced regional development	2021	5,000	3,500	3,500	BRK	MRD, MEI	Specific regional development policies developed and approved (Law on regional development, sub-legal acts, explanatory documents, programs, Concept Documents)	Two programs: Regional Development Program and the Balanced Regional Development Program
I.2.3.2	Development of a program to promote the development policies of socio-economic regions	2022	5,000	6,000	6,500	BRK	MRD	Schedule for the promotion of development policies of socio-economic regions	Number of policies promoted
	Overall Budget for Specific Objective II.3:		10,000	9,500	10,000				MTEF 2020-22
I.2.4	Specific Objective: 2.4 Expanding inter-regional cooperation through transnational programs.								
1	Indicator: Membership in transnational	0 [2020]						Membership in transnational programs	

No.	Action	Deadline	Budget			Source of funding	Governing and Supporting Institution	Output	Reference documents
			2020	2021	2022				
I.2.4.1	Preparing the membership program and applications for membership in the programs: BALKANMED, ADRION and DANUB.	2020	3,500	3,500	3,500	BRK	MRD, MEI	Membership in the transnational programs BALKANMED, ADRION and DANUB.	Participation in transnational programs.
I.2.4.2	Preparing the Cooperation Plan with the secretariats of transnational programs: BALKANMED, ADRION and DANUB.	2022	6,500	2,500	2,500	BRK	MRD, MEI	Participation in programs, benefiting from IPA funds	Number of projects benefiting from IPA funds
	Overall Budget for Specific Objective II.4:		10,000	6,000	6,000				
No.	Strategic and specific objectives, indicators	Base value			Temporary target [year]	Last year's target	Outcome		

	and actions	[year]			
Strategic Objective: 3. Utilization of natural, cultural and human resources in the service of sustainable regional development;					
1	Indicator: Regional sustainability through the implementation of development programs	3 [2020]	3 (2021)	3 (2022)	Implementation of three (3) three-year programs: - Regional Development Program/Capital Investments; - Balanced regional development program/business grants; - Special program for economic recovery;
I.3.1	Specific Objective: Sustainable and promoted natural, economic, cultural and human resources.				
1	Indicator: Report on regional natural, economic and cultural resources, drafted;	1 [2020]	2 (2021)	2 (2022)	Regional natural, economic and cultural potentials, identified.
2	Indicator: Number of persons certified in professional fields through non-formal training or	100 [2020]	250 (2021)	400 (2022)	750 trained persons

education for professions that are assessed as labour market needs.

No.	Action	Deadline	Budget			Source of funding	Governing Supporting Institution	and Output	Reference documents
			2020	2021	2022				
I.3.1.1	Creating a database for the Inventory of natural, economic and cultural resources by development regions.	a 2021	13,500	13,500		BRK, Donor	MRD, MTI, MESP, Database of natural and cultural resources by socio-economic regions	Indicative Government Work Plan	
I.3.1.2	Creating a database for the identification of human resources according to professional profiles by development regions.	a 2022	9,400	9,400	9,400	BRK, Donor	MRD, MLSW/AP, ASK, Database by socio-economic regions for labour force according to professional profiles.	Indicative Government Work Plan	

Overall Budget for Specific Objective III.1: 22,900 22,900 9,400

I.3.2 Specific Objective: 3.2 Building human capacity and CSOs for the use of all resources that contribute to regional socio-economic development.

No.	Action	Deadline	Budget			Source of funding	Governing and Supporting Institution	Output	Reference documents
			2020	2021	2022				
1	Indicator: Number of projects implemented for capacity building for the use of resources		21 [2020]		10 (2021)	10 (2022)	Implementation of 41 CSO projects		
I.3.2.1	Building human capacity at the local level for the use of natural resources, through financial support	2022	50,000.00	25,000.00	25,000.00	BRK		The program for capacity building for the use of resources at the level development	Indicative Government Work Plan
I.3.2.2	Organizing trainings for capacity building among young people for identifying self-employment	2022	50,000	25,000	25,000	BRK, Donor	MRD NGO	Trainings organized, program report.	Indicative Government Work Plan

	opportunities and creating start-up businesses.								
	Overall Budget for Specific Objective III.2:		100,000.00	50,000.00	50,000.00				
	Of which capital:								
	Of which current:								

I.3.4 Specific Objective: 3.3 Development of economic zones for the purpose of balanced regional socio-economic development.

1	Indicator: Number of infrastructure projects in economic zones	2 [2020]		4 (2021)	4 (2022)		Implementation of 10 infrastructure projects in economic zones		
2	Indicator: Number of businesses supported in economic zones	5 [2020]		8 (2021)	10 (2022)		Supporting 23 businesses in economic zones		
No.	Action	Deadline	Budget			Source of funding	Governing and Supporting Institution	Output	Reference documents

2020	2021	2022
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I.3.3.1	Allocation of grants in cooperation with municipalities for the improvement of public infrastructure (Capital investments) of economic zones	2022	200,000	100,000	100,000	BRK	MRD, Municipalities	Separate grants, impact report	MTEF 2020-22
I.3.3.2	Allocation of grants for increasing the production capacities of businesses in economic zones with special emphasis on balanced regional socio-economic development	2022	100,000	100,000	100,000	BRK	MRD, Municipalities	Separate grants, impact report	MTEF 2020-22
I.3.3.3	Promotion of regional policies and conditions that are offered for attracting foreign investors	2022	10,000	10,000	10,000	BRK	MRD, MTI	Publication of profiles of economic zones by socio-economic regions.	Indicative Government Work Plan

	in development regions							
I.3.3.4	Analysis of 2022 investments from the central level to economic zones			3,500	BRK		Analytical document on the impact of capital investments in economic zones and recommendations	Indicative Government Work Plan
	Overall Budget for Specific Objective III.3:	310,000	210,000	213.500				
	Of which capital:							
	Of which current:							
	Overall Budget for the Action Plan:	3,826,300.00	2,001,300.00	3,011,000.00				
	Of capital:							
	Of which current:							