



**Republic of Kosovo**  
**Republika e Kosovës - Republika Kosova**  
**Government - Vlada - Qeveria**  
*Ministry of Regional Development*  
*Ministria e Zhvillimit Rajonal*  
*Ministarstvo za Regionalni Razvoj*

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DEPARTMENT FOR REGIONAL SOCIO-ECONOMIC PLANNING AND ANALYSIS

**REPORT ON THE FUNCTIONING OF ECONOMIC ZONES IN KOSOVO**



September, 2022

*This document is a product of the Ministry of Regional Development, drafted in order to serve as a source of information in the process of drafting and developing continuous programs for the support of economic zones in Kosovo, by the Ministry of Regional Development and other institutions of the Republic of Kosovo.*

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## LIST OF ABBREVIATIONS

MRD - Ministry of Regional Development

MIET - Ministry of Industry, Enterprise and Trade

MAFRD - Ministry of Agriculture, Forestry and Rural Development

KIESA - Kosovo Investments and Enterprise Support Agency

EZ - Economic Zones

DR - Development Regions

RDA (North) - Regional Development Agency (North)

RDA (Center) - Regional Development Agency (Center)

RDA (South) - Regional Development Agency (South)

RDA (East) - Regional Development Agency (East)

RDA (West) - Regional Development Agency (West)

PBRD - Program for Balanced Regional Development

DPRSEA - Department for Planning and Regional Socio-Economic Analysis

## INTRODUCTION

Ministry of Regional Development, based on Appendix 15 of Regulation (QRK) No. 02/2021 for the Areas of Administrative Responsibility of the Prime Minister's Office and Ministries, amended and supplemented by Regulation No. 04/2021 and Regulation No. 03/2022 has the mandate to support the development of Economic Zones in coordination with the Ministry of Industry, Enterprise and Trade with the aim of balanced regional socio-economic development.

Through this document, MRD aims to reflect the current state of operation of the economic zones, as well as to identify policies and programs for development in the following years, which are related to the support of businesses operating within the zones. In order to fulfill its mandate and implement the Work Plan for 2022, in May 2022, the Ministry of Education and Culture held meetings with the directors of economic development of the municipalities of: Drenas, Mitrovica, Shtime and Suharekë, where the topic of discussion was the economic zones (The Business Park in Drenas, The Business Park in Mitrovica, The Technology Park in Shtime, as well as the Industrial Zone in Shiroka of Suhareka).

The purpose of holding these meetings by the MRD was to identify the needs and challenges faced by businesses within the economic zones, the projects and ideas that the municipalities have planned for the functionalization of the Economic Zones, as well as all the necessary information related to the management of the Economic Zones , promotional centers of the areas, as well as other aspects of visibility (web pages, social networks, campaigns, etc.).

*From the meetings and consultations that were held, it can be considered that municipalities have an important role to support economic areas, specifically businesses in providing infrastructure conditions, access to public services (water, sewage, garbage), tax breaks, municipal property, allocating requests, promoting them, providing support and cooperation, etc.*

## LEGAL BASIS FOR THE ESTABLISHMENT OF ECONOMIC ZONES AND THEIR CONTRIBUTION TO ECONOMIC DEVELOPMENT

The treatment of the operation of economic zones cannot be passed without elaborating on the genesis of their establishment. The establishment of economic zones, free economic zones is regulated by Law No. 04/L-159 on economic zones, which law creates the basis for the drafting of the national plan for economic zones, the location of economic zones, the way of using economic zones, the promotion of economic zones and the formation of the National Council for economic zones.

The establishment of Economic Zones is realized by decision of the Government of Kosovo. Also, EZs can be established by decision of the Municipalities themselves within their territory and competences defined by law. Upon receiving the consent, MIET gives approval for the establishment of the economic zone if the proposal for the establishment of the economic zone is in accordance with the national plan for economic zones and if the feasibility study justifies the establishment of the economic zone. MIET, with a by-law, defines the procedure for submitting a request for consent and its processing.

The purpose of the creation of Economic Zones is to promote and encourage investments in Kosovo to provide investors with suitable infrastructure for the development of business activities, general economic development, especially the private sector, the opening of new jobs, the concentration and promotion of businesses in a certain country, the expansion of cooperation between businesses, the creation of conditions for easier access to transport, supply of energy, water and services in support of businesses, the increase of competition between local and international business, the circulation of goods and capital, as well as regional development and the expansion of economic relations between the Kosovar market and the international one.

Any business activity that does not violate public order, public health protection, the environment, flora, fauna and national assets of Kosovo can be developed in the economic zones and that does not conflict with the legislation in force. Foreign commercial companies can exercise their activity in the economic zones on the basis of a contract with the founder as the beneficiary of the plot, if they are registered in the Republic of Kosovo for the exercise of the activity which will be realized in the economic zone and will complete the conditions defined by this law. The conditions and facilities for businesses to develop their activity are regulated by by-laws and are developed with the aim of attracting new investments within the Economic Zones.

Through Law No. 04/L-159 for Economic Zones, the conditions for the establishment and operation of Business Incubators as we have established in the Business Park in Drenas are also defined, which serve a lot by creating facilities for new businesses, with a management and support staff which aims to provide physical spaces for work, as well as facilitates and enables support in technical business services. Business incubators cater to start-ups to help them survive the sensitive start-up period when they are in the early stages of their development.

The development of Economic Zones is realized within the framework of the National Plan for the Development of Economic Zones and any other plan from the Government and Municipalities must harmonize their spatial plans with the National Plan for the Development of Economic Zones. The National Council for Economic Zones is an advisory body regarding the development of Economic Zones policies, which is appointed by the Government of the Republic of Kosovo on the proposal of the Minister of the Ministry of Industry, Entrepreneurship and Trade, and consists of representatives of: MIET, MFPT, MZHE, MAFRD, MAPL, a representative of the Association of Municipalities of Kosovo and three representatives of business associations. The working method, scope and organization of the National Council is regulated according to Regulation No. 01/2013, which regulation is approved based on Law no. 04/L-159 on Economic Zones, Article (20), Paragraph (8).

An important role in the support of Special Economic Zones has the Kosovo state agency KIESA, which supports and promotes Economic Zones by: holding discussions at conferences and meetings, cooperating and coordinating with municipalities for the placement of foreign and local investors, accepting, examining and evaluates the applications provided by the EZ developers, provides information on the physical infrastructure within the legalized EZ, examines the complaints of businesses as well as informs the potential investors about the primary and secondary legislation of the Economic Zones.

## **ESTABLISHED ECONOMIC ZONES**

This report deals with ten (10) Economic Zones established throughout the territory of Kosovo, five (5) of these economic zones are functional with businesses operating with their business activities. Meanwhile, other areas are in the process of administrative procedures for setting up businesses, finalizing the physical infrastructure and their operation.

Some of them have not yet been operationalized and have a very small number of established businesses or are in the phase of signing contracts, where the businesses are still unsystematized. Within the framework of economic zones, businesses are concentrated in a certain place, promotion, expansion of cooperation between businesses, businesses are given easier access to transport, electricity, water and other services. The creation of free economic zones in Kosovo is continuously considered as a priority for attracting international investments.

## **GENERAL LIST OF ESTABLISHED ECONOMIC ZONES**

From the sources and information used for the drafting of this report and the data provided by the Ministry of Industry, Enterprise and Trade, we find that we currently have ten economic zones in Kosovo.

Five (5) economic zones are functional, which means they are completed with all the infrastructure and there are businesses in them that exercise business activities. Worth mentioning that the Industrial Park in Lumadh - Vushtrri has fully operationalized the physical infrastructure, the contracts with businesses have been signed and the businesses are in the phase of moving their activities to the area. While the other five (5) areas are in the process of functionalization in terms of completing the infrastructure and providing the environment to do business.

The economic zones which were established at the time when this document is being drafted up by the MRD, are:

<b>Functionalized zones</b>	1. <i>Business Park in Drenas</i>	2. <i>Business Park in Mitrovica</i>	3. <i>Technological Park in Shtime</i>	4. <i>Industrial Zone in Shiroke, Suhareke</i>	5. <i>Industrial Park in Lumadh, Vushtrria</i>
<b>Unfunctionalized zones</b>	1. <i>Industrial Park in Lipjan</i>	2. <i>Agro-Industrial Zone in Suhareka</i>	3. <i>Industrial Park in Vitia</i>	4. <i>Economic Zone in Opterusha, Rahovec</i>	5. <i>Industrial Park in Mitrovica</i>

### FUNCTIONALIZED ECONOMIC ZONES

Within the total number of economic zones, five (5) zones are functionalized with all the prerequisites for providing space to do business and within which businesses with different business activities operate.

The functionalized economic zones in which a significant number of businesses operate are:

<b>Functionalized zones</b>	1. <i>Business Park in Drenas</i>	2. <i>Business Park in Mitrovica</i>	3. <i>Technological Park in Shtime</i>	4. <i>Industrial Zone in Shiroke, Suhareke</i>	5. <i>Industrial Park in Lumadh, Vushtrria</i>
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Considering the mandate of the MRD and the programs it implements every year, the Program for Balanced Regional Development supports businesses as well as through the Regional Development program which aims to support municipalities, the MRD supports Municipal projects in infrastructure, including projects of municipalities to support areas with consent from MIET. These areas have been dealt with in detail by the Department for Planning and Regional Socio-Economic Analysis in the MRD.

### BUSINESS PARK IN DRENAS



## **DESCRIPTION - BUSINESS PARK IN DRENAS**

The Business Park in Drenas was declared an economic zone by Decision no. 06/140 of the Government of the Republic of Kosovo dated 18.08.2010. The park is located on the 16th kilometer along the highway Prishtina - Peja, in the village of Korrotica. The park offers a place with quite good physical infrastructure and qualitative services. It has an area of 24 hectares divided into 56 units of different sizes: 43 plots with an area of up to 3000 m<sup>2</sup>, 7 plots with an area of 3000 to 6000 m<sup>2</sup> and 6 plots with an area of over 6000 m<sup>2</sup>. This area of land was allocated by the Municipality of Drenas and the infrastructure was financed by the budget of the Republic of Kosovo.

Each plot has direct access to the main roads of the Park as well as individual connection to the main network of the park with sewage, water, telephone, internet, etc. Currently, there are 41 businesses with different business activities, starting from: pharmaceutical products, the production of elevators, metalworking, the wood sector, various panels and up to plastic recycling. There are no vacant spaces for new businesses in this park. The specificity of this park is the establishment and construction of the Business Incubator, which unfortunately is not functional and this is considered a major flaw and challenge in the future to be functionalized as soon as possible in order to serve efficiently in the development, functionalization and stimulation of new businesses.

## **RELATION BETWEEN THE MUNICIPALITY OF DRENAS AND THE "BUSINESS PARK" ECONOMIC ZONE**

Based on the legislation in force, we can conclude that the Municipality of Drenas has an important role in supporting the businesses of the "Business Park" economic zone. The municipality provides support to the area and businesses through: providing infrastructural conditions, access to public services (water, sewage, garbage), tax breaks, municipal property, allocation of requests, as well as providing support and cooperation. All requests, needs and information from the businesses themselves were received directly in the Municipality through the Directorate for Economic Development.

Meanwhile, the Municipality of Drenas benefits 70 percent of the rental income from the Business Park in Drenas, while 30 percent belongs to the Ministry of Industry, Entrepreneurship and Trade for municipal expenses, which funds are initially transferred to the account of the Ministry of Industry, Enterprise and Trade. An important role is also played by the RDA (Center) - Regional Development Agency, which, in cooperation with the Municipality, realizes all information sessions for businesses, in terms of calls for grants launched by Ministries and foreign organizations. The application of businesses to be part of the Economic Zones is realized through a public call made by the Municipality where the businesses must fulfill all the required criteria and open competition guidelines. The Municipality of Drenas does not have a Business Center established within it, as some other Municipalities have, so businesses have direct access. The determination of the price for the compensation of construction land is regulated by the Law on Local Self-Government, Article 17 and 40 as well as Article 37.4 and 37.5 in Article 94 of the Municipal Statute. This price is €1 per m<sup>2</sup> on an annual basis and the Directorate for Urban Planning and Environmental Protection is the implementer of this Decision within the Municipality. Tariffs, fines and charges for municipal services and activities are regulated by General Regulations and Provisions where not every business is taxed according to the activity and the monetary value itself varies depending on the business activity. With the increase in the number of requests from businesses to move to the Economic Zone, the need to establish a second Zone in front of the first Zone has emerged, for this the EBRD has allocated 17 million Euros where the feasibility phase has been completed and for the next steps it is competent of MIET.

#### **REALIZATION OF THE MRD MEETING - MUNICIPALITY OF DRENAS**

On 25.05.2022, the Department for Planning and Socio-Economic Analysis within the Ministry of Regional Development, held a meeting with the Municipality of Drenas regarding the Economic Zone "Business Park in Drenas". The purpose of this meeting was to discuss and identify the needs, challenges of the economic zone in Drenas, new initiatives, implementation of projects, ideas for the further functionalization of EZ as well as other very important aspects related to visibility, the center of businesses, promotion and management of the area, etc.

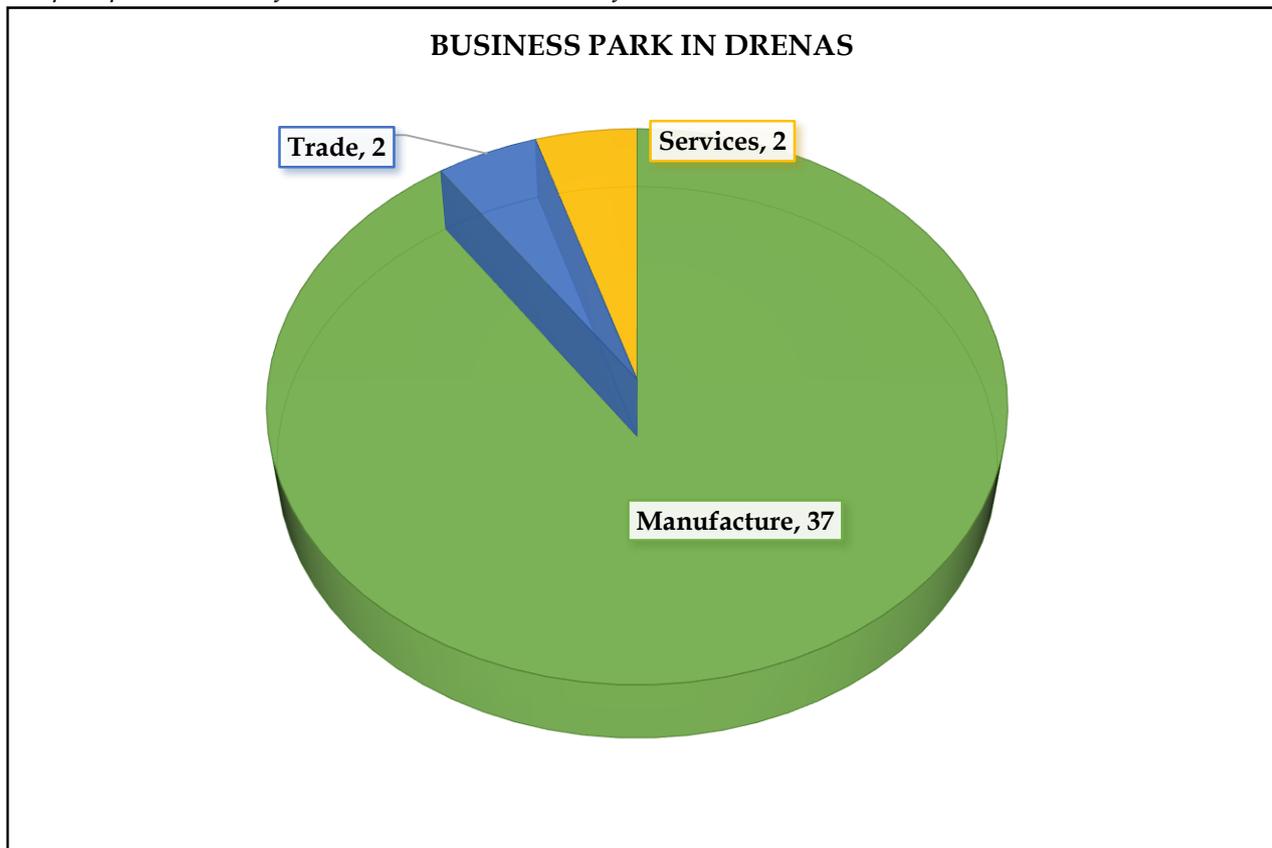
Based on the official data received from Municipality of Drenas, 41 businesses operate within the economic zone and the most distinguished activity in this zone is production with 37 different business profiles, following services and trade, where in total such activities are carried out by 4 businesses. The production sector has the largest number of businesses in the production activity of doors, windows with twelve businesses, followed by the second sector of paper and plastic production with six businesses and the third sector in a row is the manufacturing sector of metals, iron, steel, mortars, etc with four businesses.

In more detail, the most developed sectors can be found detailed in the following table, while as for the number of employees based on data confirmed by the Municipality of Drenas in 2019, out of 41 businesses operating in the Business Park, a total of 388 are employed, where of this total number 281 are male and 107 are female.

*Tabular presentation of activities and the number of businesses in the Drenas Business Park*

ECONOMIC ZONE	MANUFACTURE	TRADE	SERVICES	TOTAL
BUSINESS PARK IN DRENAS	37	2	2	41

*Graphic presentation of activities and the number of businesses in the Business Park in Drenas*



**Conclusions:**

- The Business Park in Drenas has not operationalized the Business Incubator which it has foreseen in this Zone as well as foreseen according to the Law on Economic Zones where the Ministry with a by-law determines the manner of establishment and operation of business incubators.
- There is no functioning promotional center where potential investors, businesses interested in investment will be able to find all the necessary data such as statistical data, of various trends, of activities that would serve them and orient their future investments.
- There is a lack of promotion of businesses and the area itself for different investors, both local and international, both within the Municipality and within the MIET.
- The Municipality of Drenas has not recently developed any idea project or initiative for the functionalization and promotion of the Business Park in the Municipality of Drenas..

- General management of the park

## **BUSINESS PARK IN MITROVICA**



### **DESCRIPTION - BUSINESS PARK IN MITROVICA**

The establishment of the Business Park in Mitrovica was initiated at the request of the business association in 2001 to encourage the municipality to provide a space to support manufacturing businesses as well as to realize their activities. Based on the presented need, the Assembly adopted Decision no. 215/01 dated 21.05.2002 for the allocation of a site of 3.5 hectares for the establishment of this Park. The Assembly of the Municipality of Mitrovica in the meeting held on 13.01.2006 established the Business Park in Mitrovica. In February 2012, the Municipality of Mitrovica conducted the feasibility study of the business park and on 18.05.2012 the Municipality of Mitrovica applied for the creation of the business park. On 08.10.2012, MTI with the decision of the minister creates the business park, while on 17.10.2012 with the decision of the Prime Minister of Kosovo no. 06/95, the Business Park in Mitrovica is declared an economic zone. The total planned value of the investment in the business park in Mitrovica is €5,921,517.00. MIET has financed the business park in infrastructure with the value of €150,000, then the works were continued by AER with the investment value of €380,000.00 and with the support of the European Union office in Prishtina, it was possible that the project of the Business Park in Mitrovica is financed with the Municipality of Mitrovica with a grant in the amount of approximately €336,167.70.

For the activation of the Business Park: €866,167.70 have been invested. In the Business Park, according to the project, 22 plots were allocated with a space of 9.5 acres for each business. In total, 22 businesses are located and there are no free spaces for new businesses to be located in this Park. For the establishment of businesses in this park, the assembly has selected the beneficiaries, the most reasonable businesses to build their facilities for their business activity which have also met all the criteria defined in the public calls of Mitrovica Municipality. The profiles of the businesses that realize their activities are different, such as: wood and metal processors, manufacturers of

doors and windows, glass, marble, paper, food manufacturers, textile manufacturers and waste collectors and processors.

## **RELATION BETWEEN THE MUNICIPALITY OF MITROVICA AND THE BUSINESS PARK IN MITROVICA**

The Municipality of Mitrovica in 2022 established the Directorate for Economy, Development and Tourism, which aims to operationalize and support businesses and economic areas in the Municipality of Mitrovica. Responsible for the management and operation of the business park in Mitrovica is the Municipality of Mitrovica, respectively the Directorate for Economy, Development and Tourism.

Businesses have direct access to the park's main roads as well as individual connection to the park's main network with sewage, water, telephone, internet, etc. The municipality of Mitrovica has the main role in the facilitation and support of businesses regarding the information about the various calls for grants, technical support in the realization of project proposals, the realization of trainings for the training of human capacities to apply for grants, etc.

An issue that is worth mentioning and which emerged from the meeting held with the Directorate for Economic Development of the Municipality of South Mitrovica, is the issue that in this park since 2016 businesses have been operating on an independent basis, without a contract signed by the Municipality. Such a situation has come about on the basis that the 10-year contract signed with the municipality has ended and was never extended after 2016 for reasons that could be political or negligence. Such a situation has led to a problem where businesses have leased properties from the owners to other actors. Businesses do not pay a rental fee, businesses are placed according to the criteria of investment value, timelines and number of employees. In addition, weaknesses/deficiencies in communication between the businesses of this area and the municipality have also been highlighted. So, in general, it can be concluded that there was a delay in the development of a good relationship between the Municipality and the economic zone.

## **REALIZATION OF THE MEETING MRD - MUNICIPALITY OF MITROVICA**

On 26.05.2022 MRD held a meeting with the Municipality of Mitrovica regarding the functionalization, promotion issues, challenges of the economic zones:

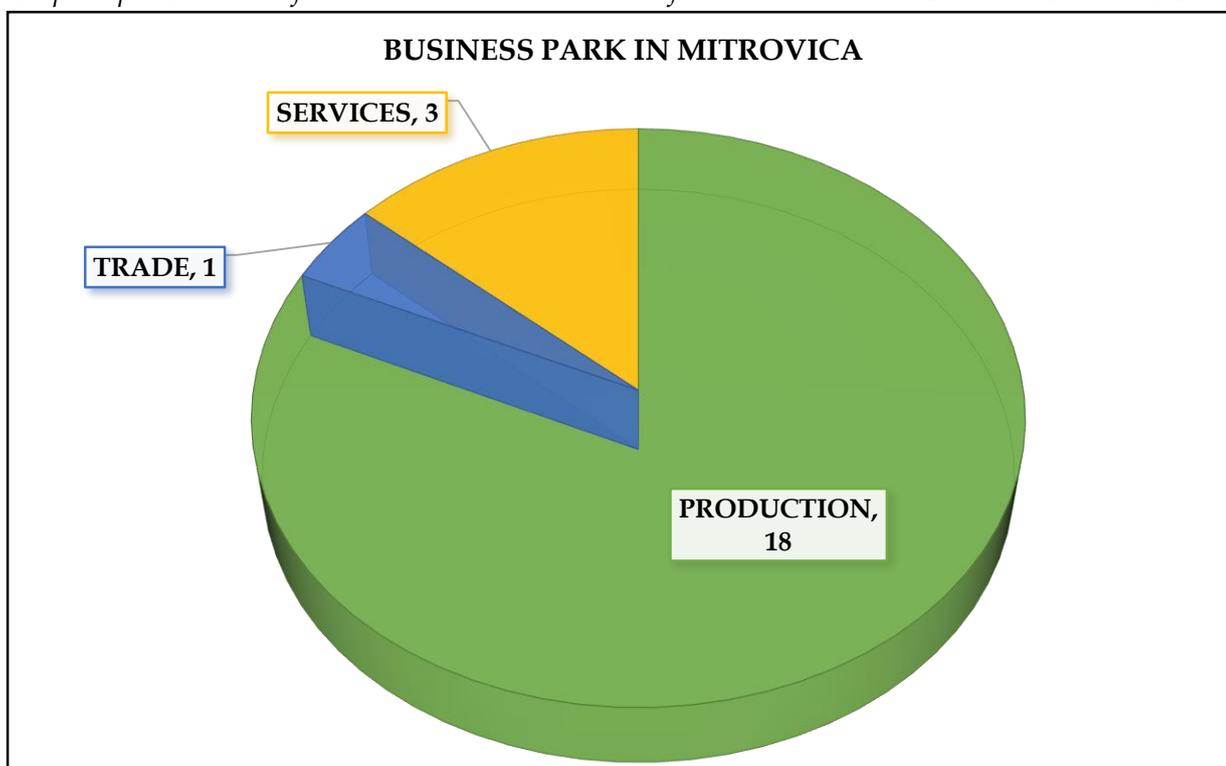
- ✓ BUSINESS PARK IN MITROVICA
- ✓ INDUSTRIAL PARK IN MITROVICA (FRASHER)

The meeting was realized by MRD, respectively DPRSEA officials and the Directorate for Economic Development in Mitrovica, from whom we understood that the situation in the Business Park is the same as in the past, while as for the Industrial Park, this park is divided in accordance with general plan and partially equipped with the necessary infrastructure. A total of 22 businesses operate, where 18 businesses belong to (production), 1 (trade) and 3 businesses (services). As for the number of employees based on data confirmed by, from 22 businesses operating in this park, a total of 299 workers are employed, of which 113 are men and 186 are women.

Tabular presentation of activities and the number of businesses in the Business Park in Mitrovica

ECONOMIC ZONES	MANUFACTURE	TRADE	SERVICES	TOTAL
BUSINESS PARK IN MITROVICA	18	1	3	22

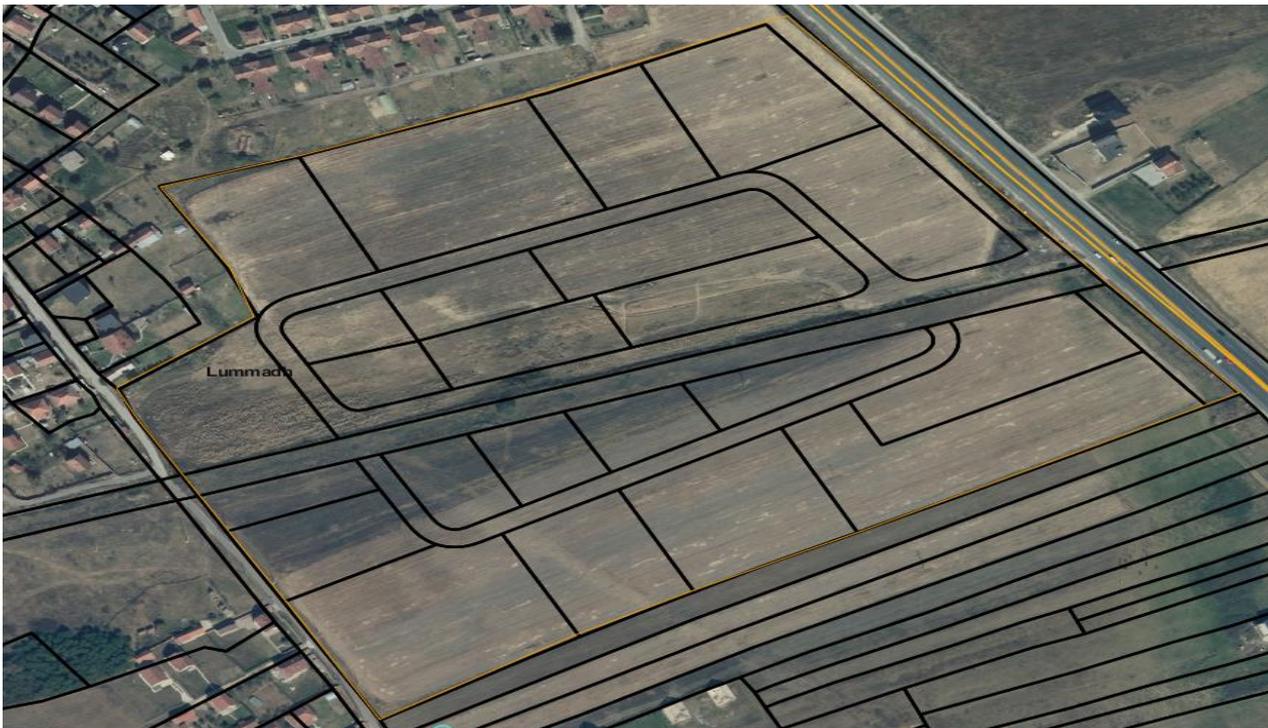
Graphic presentation of activities and the number of businesses in the Business Park in Mitrovica



**Conclusions:**

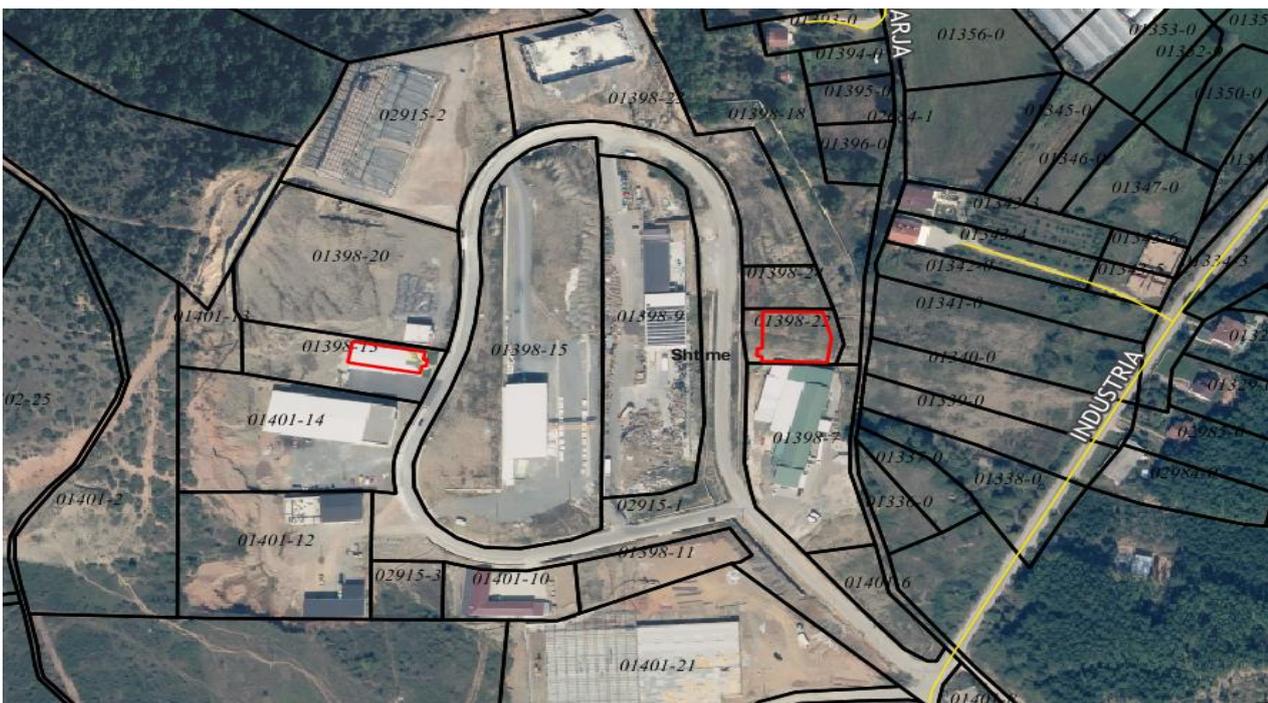
- There is no functioning promotional center or business center where potential investors, businesses interested in investment could find all the necessary data such as statistical data, different trends, activities that would serve and orient them their future investments.
- There is a lack of promotion of businesses and the area itself for various investors, both local and international, within the Municipality as well as in MIET.
- The Municipality of Mitrovica in 2022 has established a new directorate which exclusively deals with economic zones and local economic development and is competent for the management of the Business Park.

## INDUSTRIAL PARK IN LUMADH, VUSHTRRI



The Industrial Park in Vushtrria was established in 2018. It has a total area of 14.86 hectares. This park has a favorable geographical position since it is located near the highway Prishtina - Mitrovica and this allows businesses a more favorable access to the entire territory of the country as well as faster road connections with the countries of the region. The Ministry of Industry, Enterprise and Trade through the Agency for Investments and Enterprise Support in Kosovo (KIESA) has finalized the physical infrastructure: sewerage, water supply and roads within the area itself. The use of spaces with ready physical infrastructure for businesses is ready and 25 is the number of selected businesses.

## TECHNOLOGICAL PARK IN SHITIME



## **DESCRIPTION - TECHNOLOGICAL PARK IN SHTIME**

The Technological Park in Shtime operates within the Municipality of Shtime on an area of 10.70 hectares. This is a municipal property that belongs to the Municipality of Shtime and received consent for its establishment from MIET on 03.12.2013. This park is located in the second kilometer on the highway Shtime-Ferizaj (M-25.3). The Technology Park is located close to the city, near the highway as well as at the crossroads between Skopje - Pristina and Tirana with an organized physical infrastructure (roads, water supply, fecal drainage, atmospheric drainage, sidewalks and lighting). There are eleven (11) businesses that perform their business activity. Based on the data received from the Municipality of Shtime, respectively the Directorate for Economic Development, businesses pay 10 euros annual rent per 100m<sup>2</sup>. The placement of businesses in this park is done by public call, and the public call is realized according to the administrative guide for the Economic Zone. The Technological Park in Shtime no longer has free spaces to accept new businesses since the space foreseen by the Municipality has been completely filled with businesses.

Based on the official data received by the Directorate for Economic Development of the Municipality of Shtime, the activities of metal, wire, concrete, and wood production are singled out the most, with a total number of seven businesses. Also, trade activity is represented by a number of four businesses that operate with their sectors.

## **RELATION BETWEEN THE MUNICIPALITY OF SHTIME AND THE TECHNOLOGICAL PARK IN SHTIME**

The Municipality of Shtime, respectively the Directorate for Economic Development, is the only point of reference for businesses, needs, requests and the allocation of their complaints. The Municipality does not have a business center established within it as a point of reference for all businesses which would also function in cooperation with the Municipality and distribute all activities and information through it. The Agency of Regional Development (Center) also has an important role in terms of organizing information sessions, specific trainings, the ability to apply for local grants or foreign organizations, which works closely with the municipality and businesses to provide the necessary technical and administrative support. The Technological Park in Shtime has a very favorable geographical position, which affects overall economic development. This Park is located 22 km from the Arbër Xhaferi highway and 10 km from the Ibrahim Rugova highway, which gives businesses quick access to places in other regions. During this year, the Municipality has announced tenders for the construction of the laure at the entrance of the Technology Park, because it was the request of the businesses, the arrangement of the road with asphalt inside the Technology Park as well as the construction of some protective walls in PT. General announcements about the Technology Park on the website of the municipality.

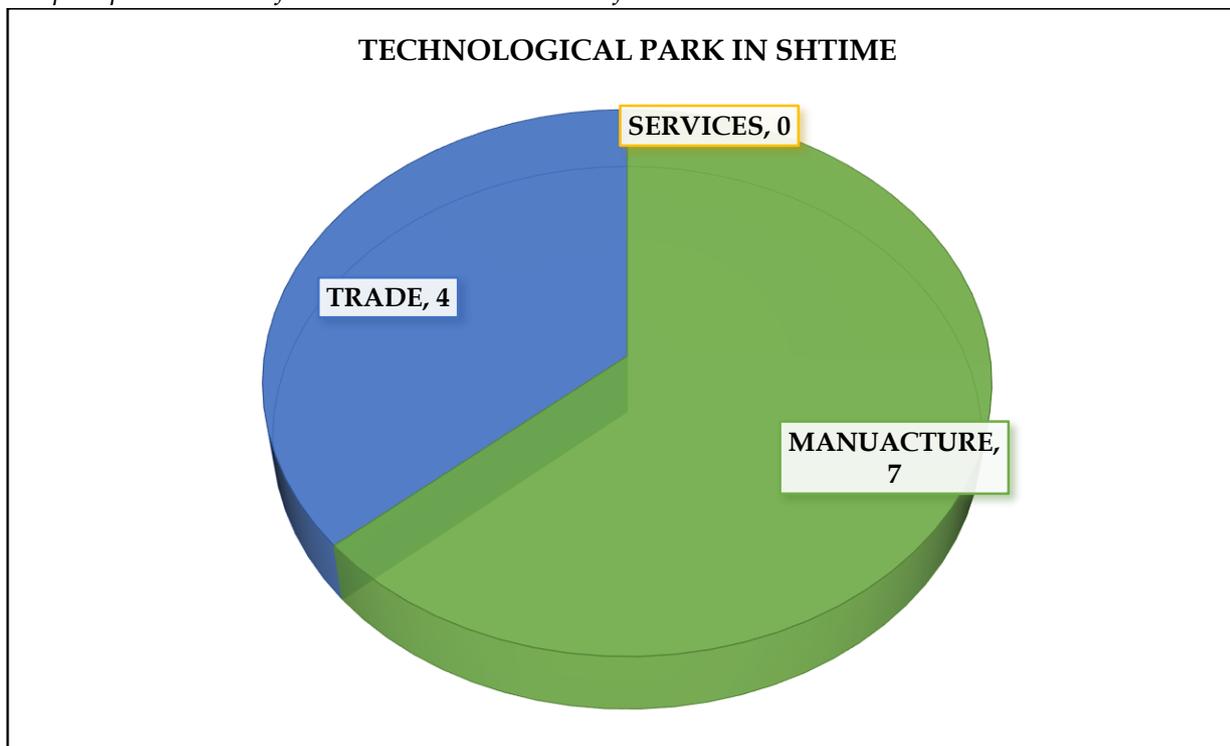
## THE REALIZATION OF THE MEETING BY THE MRD WITH THE MUNICIPALITY OF SHTIME REGARDING THE TECHNOLOGICAL PARK IN SHTIME

In the Technological Park in Shtime, production is singled out as the most developed activity with production profiles: concrete poles, electric poles, glass processing and production from wood and metal. There is no operational business that has the services in its operating profile. Businesses of the vegetable preservation sector, the collection and treatment of fruits and vegetables, as well as carpentry are separated from the trade activity. The infrastructure encountered in the Technology Park in Shtime is good and organized, and businesses are quite satisfied with the infrastructure and strategic positioning of the Park's location. During the year 2022, at the request of businesses, the municipality has announced tenders for the construction of the laura at the entrance of the Technology Park, the arrangement of the asphalt road inside the Technology Park, as well as the construction of some protective walls in the Technology Park. A total of 11 businesses operate, 4 operate in trade and 7 in production. A total of 134 people are employed in the Technological Park in Shtime, of which 93 people belong to the male gender and 41 people belong to the female gender.

*Tabular presentation of activities and the number of businesses in the Technology Park in Shtime*

ECONOMIC ZONES	MANUFACTURE	TRADE	SERVICES	TOTAL
TECHNOLOGICAL PARK IN SHTIME	7	4	0	11

*Graphic presentation of activities and the number of businesses in the Business Park in Mitrovica*



## Conclusions:

- There is no functioning promotional center or business center where potential investors, businesses interested in investment could find all the necessary data such as statistical data, different trends, activities that would serve and orient them their future investments.
- There is a lack of promotion of businesses and the area itself for different investors, both local and international, both within the Municipality and in MIET.
- The municipality of Shtime has recently started several initiatives to develop complementary infrastructure at the request of businesses.
- The Municipality does not have a Business Center established within it as a point of reference for all businesses which would also function in cooperation with the Municipality and distribute any activity, information through it.

## INDUSTRIAL ZONE IN SHIROKA-SUHAREKA



### DESCRIPTION - INDUSTRIAL ZONE IN SHIROKA-SUHAREKA

The Industrial Zone in Suhareka is located in the village of Shiroka in the Municipality of Suhareka, in the east it is bounded by the existing road Suharekë - Prizren, in the south by the existing road of the old industrial zone, in the west by the existing vineyards and in the north by the green spaces. The establishment of the Industrial Zone in Shiroka of Suhareka is based on Decision 01 Ref No. 116, dated 03.03.2017, taken by the Municipal Assembly in 2006. The detailed regulatory plan for the Industrial Zone was taken in 2008. The assessment of businesses in fulfilling the criteria was realized through the commission of seven members by decision of the Municipal Assembly, while the licensing of the industrial zone was done in 2016-2017. The activities located in this industrial zone are: processing of food products, processing of textile and leather products, processing of elements from aluminum, plastic and wood materials, processing of glass, stone, marble and iron elements from concrete, processing of elements / technicians from electricians and electrotechnics, etc.

## **RELATION BETWEEN THE MUNICIPALITY OF SUHAREKA AND THE INDUSTRIAL ZONE IN SHIROKA OF SUHAREKA**

Unlike other municipalities, the Municipality of Suhareka has established the Business Center, which initially started as an initiative of its own businesses, where it was transferred to the Center's charter and has the main role as the first point of reference for all businesses. The business center operates within the Municipality of Suhareka. Businesses become members and pay a symbolic amount for their membership in this Center depending on the size of the businesses. Large businesses pay €180 per year, medium businesses €120 per year and small businesses €60 per year. The business center works closely with the Municipality of Suhareka and plays a very efficient role in the allocation of business applications in the official procedure opened through the Call that the Municipality officially publishes. Businesses can receive all the necessary information regarding municipal competences, allocation of business requests and complaints, calls for applications for grants, etc. Also, this center works closely with the South Regional Development Agency, where businesses are invited to participate in various relevant sessions, capacity building training in applying for various government grants, foreign and local organizations, as well as professional development of staff. MIET has established a Board with each Municipality and the Municipalities are represented by the Mayors of the Municipalities. Based on the data received from the Municipality of Suhareka, businesses pay 0.50 euro annual rent per 100m<sup>2</sup> or 500 euro per hectare or 0.5 euro per m<sup>2</sup> on an annual basis.

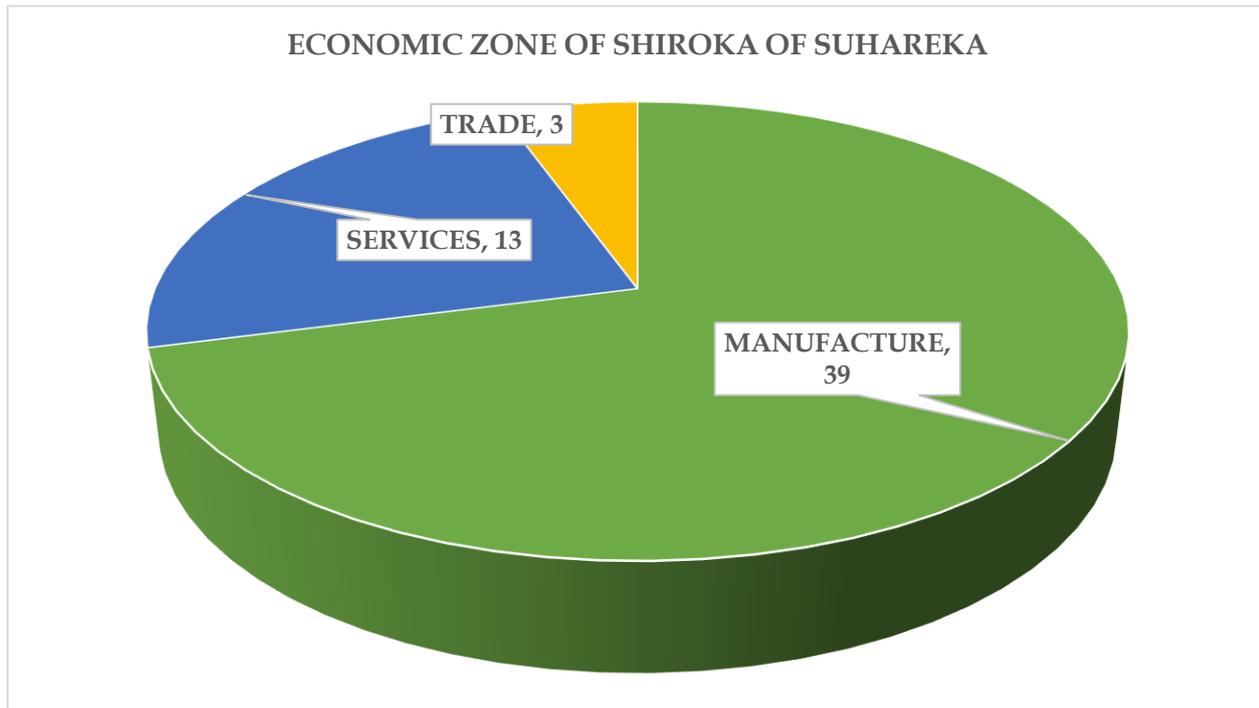
### **THE REALIZATION OF THE MEETING MRD - MUNICIPALITY OF SUHAREKA REGARDING THE INDUSTRIAL ZONE IN SHIROKA-SUHAREKA**

On 25.05.2022, MRD held the next meeting with the Directorate for Economic Development in the Municipality of Suhareka to discuss the needs of the functionalization and promotion of the Industrial Zone in Shiroka-Suhareka. In this Economic Zone, a total of fifty-four (54) businesses operate with their different business activities and profiles. From the official data received by the Municipality of Suhareka, we see that the production activity is one of the activities that has the largest number of businesses with a number of thirty (30) businesses, while the services and trade sector has twenty-four (24) businesses. During discussions with officials from the Municipality of Suhareka, we found that this economic zone also does not have a promotional center for the Zone and activities, challenges in terms of maintenance of the zone, security through camera control, lack of professional staff in the professions of engineers and machinery technicians, there is no management/coordinating office within the area, signaling issues, etc.

*Tabular presentation of activities and the number of businesses in the Economic Zone in Shiroka of Suhareka*

<b>ECONOMIC ZONES</b>	<b>MANUFACTURE</b>	<b>SERVICES</b>	<b>TRADE</b>	<b>TOTAL</b>
<b>ECONOMIC ZONE IN SHIROKA OF SUHAREKA</b>	<b>39</b>	<b>13</b>	<b>3</b>	<b>55</b>

Graphic presentation of activities and the number of businesses in the Economic Zone in Shiroka of Suhareka



### Conclusions:

- There is no functioning promotional center or business center where potential investors, businesses interested in investment could find all the necessary data such as statistical data, different trends, activities that would serve and orient them their future investments.
- There is a lack of promotion of businesses and the area itself for different investors, both local and international, both in the municipality and in MIET.
- Promotion through a professional web page that is only related to the economic zone in Shchiroka of Suahreka, including promotion through social networks where in real life donors and different businesses could generate all the data and information necessary to invest.
- Municipal officials have confirmed the need to establish a business incubator to support start-up businesses.

### THE RELATION OF THE BUSINESS ACTIVITIES OF THE ECONOMIC ZONES WITH THE PROGRAMS OF THE MRD

The MDR implements on an annual basis two (2) regular programs: the Regional Development Program (RDP) and the Program for Balanced Regional Development (PBRD). Through the program implemented every year, the "Program for Balanced Regional Development" finances and supports the private sector by providing grants for start-ups and existing businesses. This program aims to advance balanced regional development in the five development regions in Kosovo.

Through the development of entrepreneurship, PBRD supports new businesses and those with growing potential, supports manufacturing businesses that contribute to import substitution, the generation of new jobs as well as enterprises that operate in the production and processing of products as well as in commercial services, investments in tangible assets related to the purchase

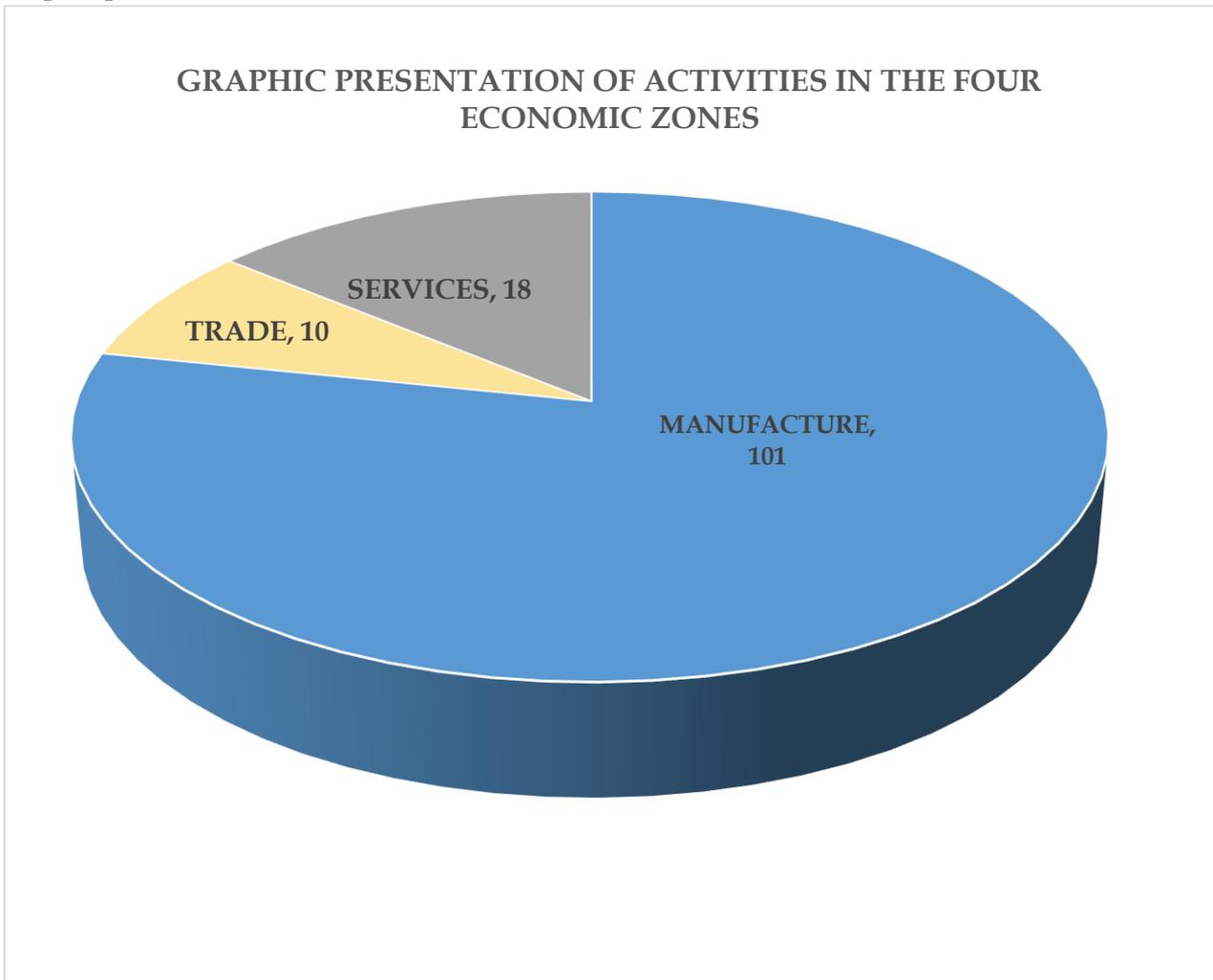
of equipment or machinery, production lines, software, specialized training related to the aforementioned investments, such as for the use of equipment or new technology. Based on the analysis of the data obtained from the meetings and other additional data received from the municipalities where businesses operate in the economic zones, it appears that the largest number of activities belong to the production sector. From this number of businesses operating in the EZ, it can be said that a high % of their declaration of the need to increase production capacities, or to expand production, in other sub-sectors as well as the same ones have then emphasized that this has impact on greatly increasing the likelihood then to increase export.

While through the Program for Regional Development, the MRD supports municipalities every year with infrastructure projects that contribute to a sustainable socio-economic development of the regions. It is also worth mentioning that MRD also offers support to Economic Zones through the Regional Development Program for all projects that come from the Municipalities with the consent of MIET in terms of general infrastructure support inside and outside the Zone. Finally, the economic zones through their businesses and development projects from the municipalities themselves can compete for support from the Ministry of Regional Development, within the framework of any scheme or program that it will develop in the future for their support. In the framework of cooperation with MIET, the Ministry of Regional Development remains committed to supporting economic zones in their proper promotion by stimulating projects with MIET for the development of promotional centers, their promotion through specific web pages, management and functionalization of the centers, etc. In the following, the data for the operationalized economic zones are presented in more detail in the following tables and graphs:

Tabular presentation of activities and the number of businesses in the four Economic Zones

<b>ECONOMIC ZONES</b>	<b>MANUFACTURE</b>	<b>TRADE</b>	<b>SERVICES</b>	<b>TOTAL</b>
BUSINESS PARK IN DRENAS	37	2	2	<b>41</b>
BUSINESS PARK IN MITROVICA	18	1	3	<b>22</b>
TECHNOLOGICAL PARK IN SHTIME	7	4	0	<b>11</b>
ECONOMIC ZONE IN SHIROKA OF SUHAREKA	39	3	13	<b>55</b>
<b>TOTAL</b>	<b>101</b>	<b>10</b>	<b>18</b>	<b>129</b>

Graphic presentation of activities in the four Economic Zones



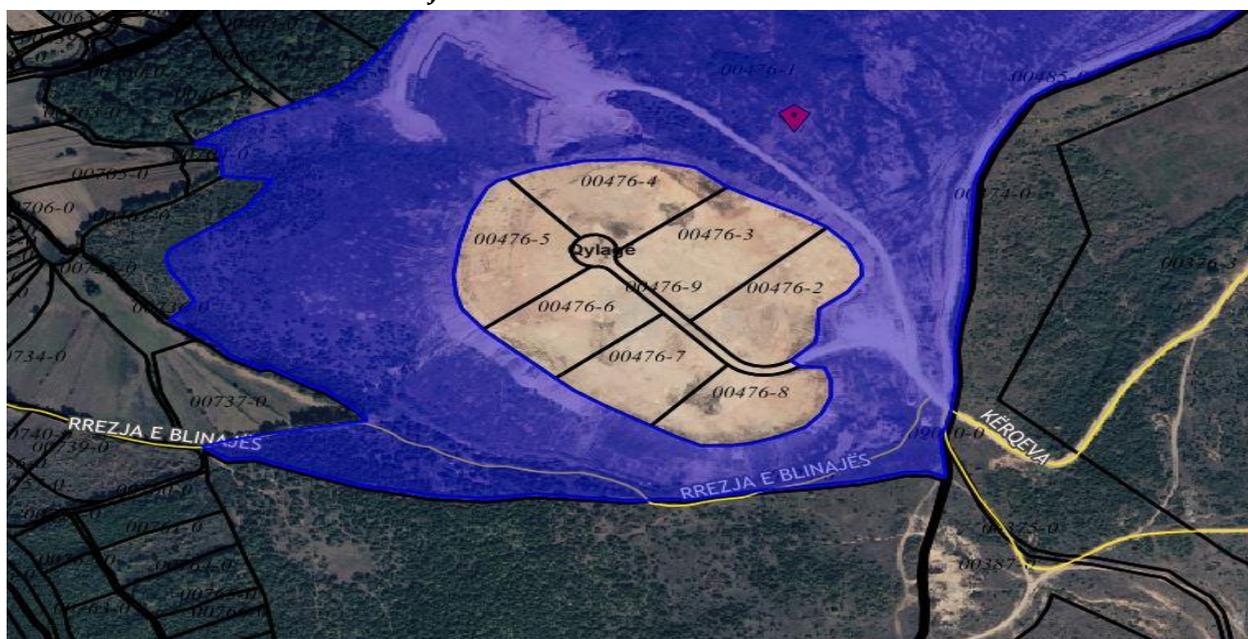
## ECONOMIC ZONES IN THE PROCESS OF FUNCTIONALIZATION

The established economic zones, although they are still in the process of completing the physical infrastructure and making it functional with businesses, are as follows:

<i>Unfunctionalized zones</i>	1. Industrial Park in Lipjan	2. Agro-Industrial Zone in Suhareka	3. Industrial Park in Vitia	4. Economic Zone in Optrusha, Rahovec	5. Industrial Park in Mitrovicë
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Considering that these areas are still in the process of being functionalized and providing the conditions to do business, they are not the potential areas for support from the MRD in 2023.

### INDUSTRIAL PARK IN LIPJAN



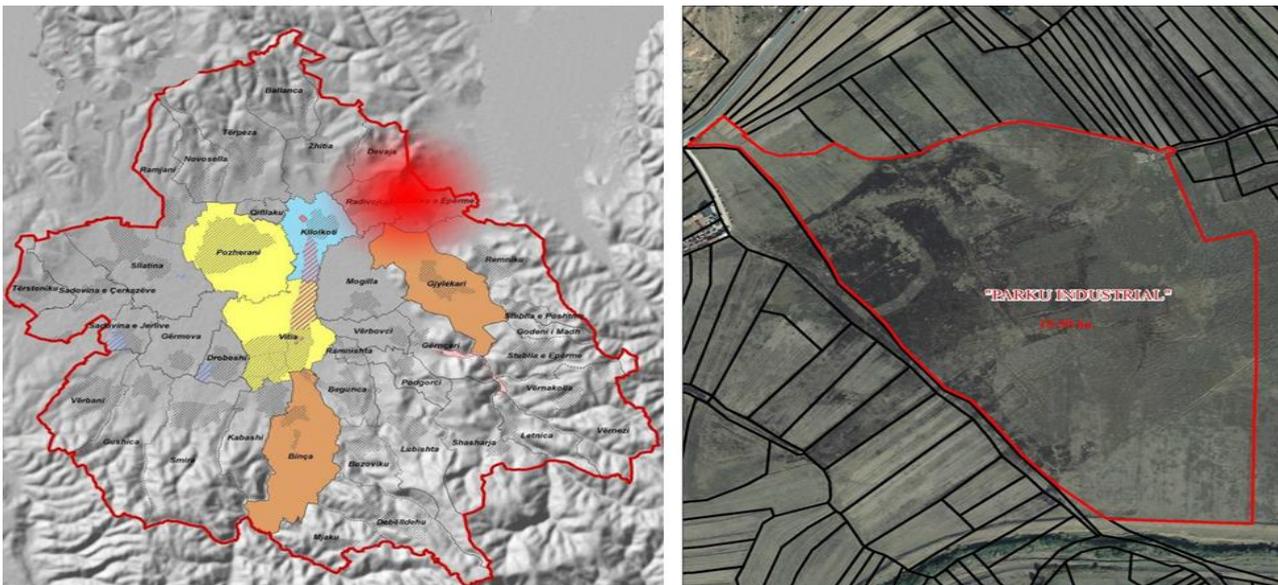
The Industrial Park in Lipjan was created in 2016 with a total area of 56 hectares. The Ministry of Industry, Entrepreneurship and Trade through the Agency for Investments and Enterprise Support in Kosovo (KIESA) is investing in the construction of physical infrastructure, with the aim of establishing local and foreign businesses. development of the area is the second phase of the realism of the project, where the main work is being done on the arrangement of the second plate, with excavation and filling, while on the first plate, work is being done on the finalization of the water supply network, sewerage, road infrastructure and lighting. In addition, the connecting road that will connect the Industrial Zone in Lipjan with the local Lipjan - Airport road is expected to be built in this Park.

## AGRO-INDUSTRIAL ZONE IN SUHAREKA



According to data published by KIESA, the Agro-Industrial Zone was created in 2015 with an area of 28 hectares. The Ministry of Industry, Entrepreneurship and Trade through the Agency for Investments and Enterprise Support in Kosovo (KIESA), together with the municipality, in 2015 started investments in this area, but due to the lack of budget funds, the finalization of the construction of the infrastructure has not yet been achieved, however, the establishment of businesses in this economic zone has begun.

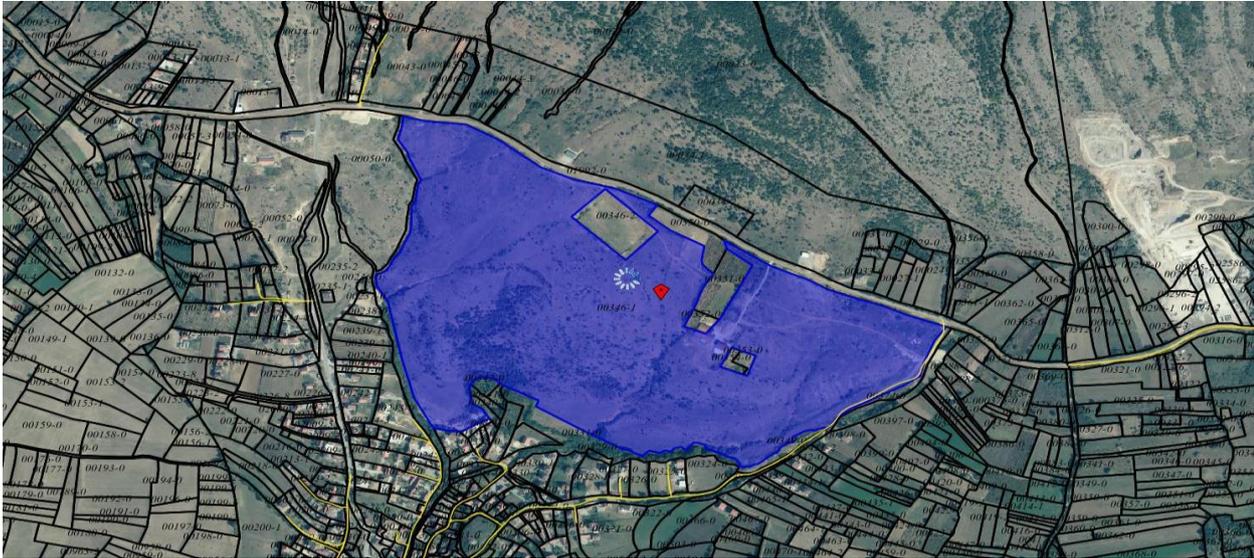
## INDUSTRIAL PARK IN VITIA



This Park was established in 2017, with a total area of 15.50 hectares. The Ministry of Industry, Entrepreneurship and Trade through the Agency for Investments and Enterprise Support in Kosovo (KIESA) is investing in the construction of physical infrastructure in order to establish businesses. This park is considered to be an ideal place for foreign investments for the region of

Vitia and Gjilan, and the investments that are being made will provide ideal conditions for the exercise of business activity. At this stage, work is being done on the physical infrastructure such as: fecal and atmospheric sewage, lighting, electricity and road infrastructure.

## **ECONOMIC ZONE IN OPETRUSHA, RAHOVEC**



The Economic Zone in Opetrusha of Rahovec is a dysfunctional zone. On January 27, 2022, it received approval from MIET and so the surface is fenced. It has an area of 34 hectares, 8500 m<sup>2</sup>. The Ministry of Industry, Entrepreneurship and Technology together with the Municipality of Rahovec have signed a cooperation and financing agreement for a period of three (3) years (2022-2024), where MIET finances the amount of €1,500,000.00 while the Municipality of Rahovec is worth €300,000.00 The total estimated value according to the detailed project is €3,159,000.00

## **INDUSTRIAL PARK IN MITROVICA (FRASHER)**

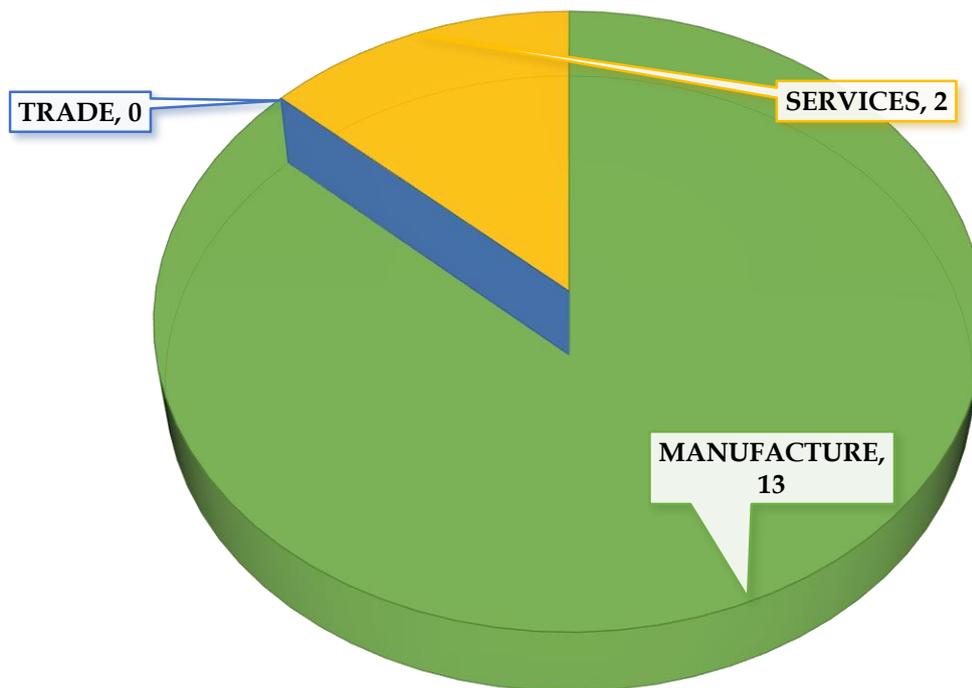


This park is located in the village of "Frasher i Vogel"/"Small Frasher" and was created in 2014. It has a total area of 48 hectares. The Ministry of Industry, Entrepreneurship and Trade through the Kosovo Investments and Enterprise Support Agency (KIESA), together with the Municipality of Mitrovica, in 2014, it started signing contracts for the establishment of several businesses, including various activities such as: the production of furniture, the production of paints and adhesives, the production of wooden doors, the processing of medical waste, etc. The competition for the acceptance of businesses was announced on 30.09.2015 and was open for 30 days, at this stage seven business entities applied to benefit from the plot and they all benefited, while the second competition was announced on 10.02.2016, and the area offered was 5 hectares 4000 m2. In this phase of the competition, twelve entities applied, of which nine met the criteria and benefited. Only two businesses operate in this area, while the other beneficiaries have not yet been decided as the infrastructure has not yet been finalized and it is a non-functional area. The data of the businesses have been received by the Municipality of Mitrovica.

*Tabular presentation of activities and the number of businesses in the Industrial Park in the Municipality of Mitrovica*

ECONOMIC ZONES	MANUFACTURE	TRADE	SERVICES	TOTAL
INDUSTRIAL PARK IN MITROVICA	13	0	2	15

## INDUSTRIAL PARK IN MITROVICA (FRASHER)



### CONCLUSIONS:

The creation of economic zones aims to help the economic development in the country, especially the private one, to promote investments, to open new jobs, to attract advanced technologies, to increase the competitiveness of local business, etc. Such an impact that the Economic Zones have on the overall economic development of the country makes the Ministry of Regional Development, based on its mandate, also develop policies and programs in order to support the EZs and overall balanced regional development in the five development regions: (Center, North, East, South and West).

Every year, the Ministry of Regional Development develops and implements its programs that aim to support businesses as well as municipalities in their general infrastructure, including Economic Zones and businesses that operate in these areas. Based on the close cooperation that the Ministry of Regional Development has with the local level, municipalities and the central level specifically MIET through this report aims to identify the challenges of functionalized economic zones with businesses, their needs, cooperation with municipalities and the role that municipalities have in promoting economic zones, other cooperation in various facilities in tax as well as at the same time identify initiated ideas or ideas that are expected to be financed and support the economic zones in their functionalization based on their important role to develop the country economically and the absorption of potential donors for new investments with favorable conditions. From the data received from the Municipalities, we conclude as follows:

- The Economic Zones do not have an established promotional center or business center where potential investors, businesses interested in investment could find all the necessary

data such as statistical data, different trends, activities that would serve them and orient their future investments.

- The promotion of businesses and the area itself for different investors, whether local or international, is not developed at all both within the Municipality and also by MIET, MIET within KIESA.
- Promotion through a professional website that is only related to the economic zone specifically, including promotion through social networks where in reality donors and different businesses could generate all the data and information necessary to invest. Promotion of Economic Zones it is also provided by the Law on Economic Zones in Article 15 in order to attract investors.
- Support of economic zones in the functioning of Business Incubators as facilitating tools for businesses that enable support in technical business services, especially for start-ups, helping them to survive in the sensitive initial period when they are in the initial phase. The establishment of Incubators is foreseen with Article 19 of the Law on Economic Zones.
- Supporting businesses in the activity of services, production and processing, promoting competitiveness for further development between areas.
- Supporting areas with infrastructure projects in coordination with municipalities and MIET.

## REFERENCES:

- ✓ <https://gzk.rks-gov.net/ActDetail.aspx?ActID=8654> - Official Gazette of the Republic of Kosovo No. 6/12 March 2013, Prishtina - Law No. 04/L-159 for Economic Zones.
- ✓ <https://kiesa.rks-gov.net/desk/inc/media/8B7B0232-0CD8-463F-AEF3-A71ECCDB69A9.pdf> - Regulation No. 01/2013 for the work of the Council for Economic Zones

<https://kiesa.rks-gov.net/> - The official website of the Agency for Investments and Enterprise Support in Kosovo

<https://kiesa.rks-gov.net/page.aspx?id=1,65>

- ✓ Data received from MTI/ 16 December 2019
- ✓ Data received from Municipality of Drenas/ 2022
- ✓ Data received from Municipality of Mitrovica/ 2022
- ✓ Data received from Municipality of Shtime/2022
- ✓ Data received from Municipality of Suhareka/ 2022
- ✓ Data received from Municipality of Vushtrria /2022
- ✓ Data received from Municipality of Rahovec /2022
- ✓ Data received from Agency for Regional Development - North/ 07 November 2019

