



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

Balanced Regional Development Program

2025 - 2027

January 2025

Table of contents

EXECUTIVE SUMMARY	4
I. INTRODUCTION	6
II. METHODOLOGY	7
III. BACKGROUND	8
4.1 Background of regional development in Kosovo	8
IV. SWOT ANALYSIS	12
V. SUMMARY OF PROBLEM ANALYSIS	13
5.1. Political instability and governance	13
5.2. Economic constraints	13
5.3. Social and human resource issues	14
5.4. Environmental and infrastructural challenges	14
5.5. Technological and industrial development	14
5.6. Regional disparities and urban-rural balance	14
5.7. Cross-border and international cooperation	15
VI. RELATION WITH OTHER DOCUMENTS	15
VII. VISION AND OBJECTIVES	19
VIII. PROGRAM MEASURES	20
IX. IMPLEMENTATION, MONITORING, AND REPORTING	22
X. FINANCIAL PROJECTION FOR PROGRAM IMPLEMENTATION	22
XI. ANNEX	23
Summary of the challenges in implementing the BRDP	23

List of tables

Table 1. Project implementation data by category for the period 2018-2024	5
Table 2. Regional Development Centers in Kosovo and their grouping by municipalities	10
Table 3. Statistics of Development Regions	11
Table 4. SWOT Analysis	12
Table 5. MRD budget by economic categories, 2025 - 2027	22

List of figures

Figure 1. The process of completing documentation for regional development	7
Figure 2. Map of Kosovo by Development Regions	9

List of abbreviations

RDA	Regional Development Agency
EU	European Union
CBC	Cross-Border Cooperation
GDP	Gross Domestic Product
DPRA	Department of Performance and Regional Analysis
DRDPC	Department of Regional Development Planning and Coordination
LPFMA	Law on Public Financial Management and Accountability
LPPK	Law on Public Procurement of Kosovo
MRD	Ministry of Regional Development
NUTS	Nomenclature of Territorial Units for Statistics
SMEs	Small and Medium-sized Enterprises
EO	Economic Operator
CSO	Civil Society Organization
OP	Operational Plans
PPP	Public-Private Partnership
BRDP	Balanced Regional Development Program
RDC	Regional Development Centers
RDS	Regional Development Strategy
OSP	Office for Strategic Planning
RD	Regional Development

EXECUTIVE SUMMARY

The Balanced Regional Development Program 2025-2027 is a document emerging from Law No. 08/L-190 on Balanced Regional Development, which defines the medium-term goals and priorities of Regional Development Policy and enables the coordination of other sectoral policies for balanced socio-economic regional development in Kosovo. In this context, the vision of this program is balanced regional development, creating sustainable development regions adaptable to changes that drive socio-economic development and prosperity for all. This program includes clearly defined objectives, foresees the implementation of actions, and the functioning of mechanisms that enable the achievement of these strategic priorities in the area of regional development and inter-institutional coordination.

The Balanced Regional Development Program 2025-2027 is built upon three strategic objectives, stemming from the Regional Development Strategy 2020-2030, as follows:

- *Coordination of regional development policies*, where the drafting and approval of primary and secondary legislation also achieves clear coordination of activities for balanced regional development policies. It defines areas for regional development, investment needs, coordination of investments and the functioning of mechanisms involved in the planning and implementation of programs, among others.
- *Balanced regional development and regions capable of inter-regional competition*, aimed at reducing socio-economic disparities and improving the quality of life in development regions through genuine inter-regional competition¹, achieving higher levels of productivity, employment, and prosperity.
- *Sustainable regional development based on natural, economic, cultural, and human resources*, which play a vital role in local and regional economic development.

The strategic orientation of the Ministry of Regional Development is aligned with the concept of the Organization for Economic Co-operation and Development (OECD), which aims to develop policies that promote prosperity, equality, opportunity and well-being for all. The OECD is an international organization that encourages free exchange, competition, innovation resources and productivity growth and, in particular, recommends labour market regulation to combat unemployment. Furthermore, the policies and strategic orientations are

¹ Regional competitiveness refers to a region's ability to offer an attractive and sustainable environment for businesses and residents to live and work.

aligned with the priorities of regional development policies based on Chapter 22 of the EU Acquis.

Within the components of the Pre-Accession Instruments, the Government of the Republic of Kosovo is also committed to deepening Cross-Border Cooperation (CBC), which is an EU-funded instrument co-funded by cooperating countries, supporting and enabling border countries to cooperate in economic, social, environmental and cultural areas. Kosovo is currently part of cross-border cooperation with its neighbouring countries: Albania, North Macedonia and Montenegro. The Ministry of Regional Development is working closely with other government stakeholders to encourage and promote cross-border cooperation to foster sustainable economic growth on both sides of the border.

The Balanced Regional Development Program 2025-2027 aims to implement its integrity through measures to achieve balanced development for all regions of the Republic of Kosovo in line with sustainable development principles and socio-economic inclusion. This program consists of four measures designed to ensure the reduction of inequalities between Development Regions and improve the standard of living to a higher level.

As a result of concrete efforts, since 2018, progress has been made in supporting the balanced regional development component. The table below presents data on the total number of financed projects and their amounts by program for the period 2018-2024.

Table 1. Project implementation data by category for the period 2018-2024

	Category	No. of projects	Total amount in €
Capital Investments	Projects in municipalities	157	13,998,097.05
Subsidies and Transfers	Businesses	1477	15,076,935.38
	CSO	230	843,830.77

Source: DPRA, processed by DRDPC - MRD

The statistics of Development Regions in the Republic of Kosovo, as defined by the Kosovo Agency of Statistics (KAS), identify Development Region 01 as the largest in terms of both the overall share of the country's area (19.08%) and the overall share of the local population (27.42%). However, in terms of settlements, Development Region 01 ranks second with 270 settlements, as Development Region 02 has a greater number with 336 settlements. The smallest Development Region by total area is Region 05, covering 9.36%, while Region 06 has

the smallest share of the total population, with 9.15%. Development Region 05 has the fewest settlements, totaling 126.

I. INTRODUCTION

Balanced regional development focuses on the socio-economic foundation. The balanced development policy aims to reduce disparities between regions and raise the standard of living to a higher level at a balanced rate.

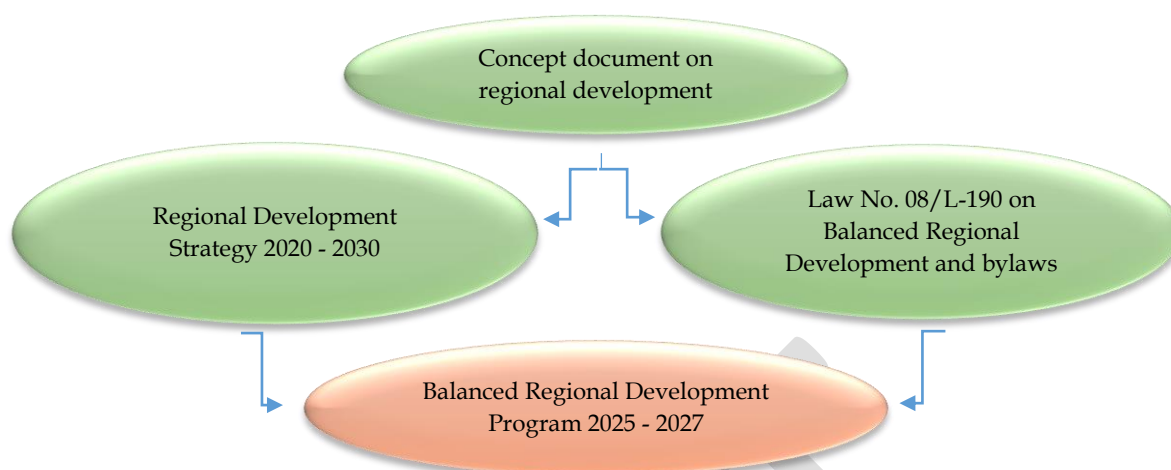
The Balanced Regional Development Program 2025-2027 addresses challenges, issues and setbacks in Kosovo's regional development area with the goal of promoting balanced development and alignment with EU regional development policies. In this regard, the program outlines a series of activities to address the challenges and delays in Kosovo's regional development.

It aims to enhance the industrial sector, technology access and innovation, promote research and development, improve regional competitiveness, ensure balanced rural-urban development, advance tourism development and environmental contributions, support businesses and promote employment, develop human resources and infrastructure, strengthen inter-municipal and inter-regional cooperation, manage operational plans for regional development, and advance social and cultural development in line with the Law on Regional Development.

In the context of drafting legal and strategic documentation, the Regional Development Program aligns with Law No. 08/L-190 on Balanced Regional Development, bylaws and the Regional Development Strategy 2020-2030, through which the Ministry aims to continue supporting the sustainability of local community development toward balanced improvement across Development Regions.

The Balanced Regional Development Program further generates additional documents that specify and clarify the implementation process as clearly and practically as possible.

Figure 1. The process of completing documentation for regional development



II. METHODOLOGY

The drafting of the Regional Development Program 2025-2027 has been established as one of the priorities of the Ministry of Regional Development (MRD), based on Law No. 08/L-190 on Balanced Regional Development. The first step in drafting this Program was the establishment of an Inter-Ministerial Working Group.

During the process of drafting this program, 6 meetings were held, and a preliminary consultation process was conducted with municipalities, line ministries, the Office of the Prime Minister, and civil society. The document also went through an online platform for public consultations. Data collection for the document was carried out through the preparation of preliminary situational analyses, research of other strategic documents and comments received during the consultation processes.

An Inter-Ministerial Working Group was established for drafting this program, including the following institutions:

- Ministry of Regional Development;
- Office of the Prime Minister;
- Office for Strategic Planning;
- Ministry of Finance, Labour and Transfers.

Using a combined methodology that includes both qualitative and quantitative methods, the MRD ensured that the drafting process of the BRDP 2025-2027 was inclusive and comprehensive regarding discussions and consultations.

The Working Group drafted the BRDP 2025-2027 based on the procedures for drafting strategic documents and the methodology outlined in the manual for planning, drafting and monitoring strategic documents and their action plans.

The Working Group took into account various documents, such as primary and secondary legislation, analyses, statistical reports and different strategic documents related to the area of regional development, including meetings with focus groups to conceptualize the Balanced Regional Development Program.

III. BACKGROUND

4.1 Background of regional development in Kosovo

Regional development in Kosovo has been recognized since 2008 when the Ministry of Local Government began working to support the European Union Office in Kosovo. A year later, in 2009, five inter-municipal partnership agreements were signed to establish five Regional Development Agencies (RDA) as a measure to ensure balanced economic development across all regions of Kosovo.

The primary task of the RDA network was initially to develop five Regional Development Strategies for their respective regions and the Implementation Plans for these strategic documents, serving as a basis for information for drafting Calls for Proposals for the EU Regional Economic Development Program, as well as guiding other developmental investments.

With the establishment of the Ministry of Regional Development in 2017, the policy framework for regional development in Kosovo began to take shape, and among its primary activities was regional development through its specific programs. In this context, a significant number of analytical documents for regional socio-economic development have been drafted, such as those in the area of capital investments; support to entrepreneurs; inventory of natural, economic and cultural resources; feasibility studies; and regional performance indicators, among others. It is also worth noting the organization of international and regional conferences within the context of cooperation and regional development.

The Ministry of Regional Development implements its policies and programs by taking into account statistical regions according to KAS, which have been harmonized into seven (7)

Development Regions, as illustrated in Figure 2, the role and function of which are determined by the respective regulations.

Figure 2. Map of Kosovo by Development Regions



Source: KAS, September 2021

From the existing programs, various projects have been implemented in different municipalities, numerous businesses have been supported, which continue to operate successfully both domestically and abroad, and concrete projects by Civil Society Organizations have been supported in encouraging youth and women to enhance their capacities in the area of regional socio-economic development, advancing and expanding balanced regional socio-economic development and promoting regional socio-economic development.

With the entry into force of Law No. 08/L-190 on Balanced Regional Development and the drafting of secondary legislation, Regional Development Centers (RDC) have been established for the seven Development Regions. The establishment of RDCs in the seven Development Regions of Kosovo, from five that were in the early days of regional development work in Kosovo, aims to unify with all other relevant institutions operating in Kosovo, as well as to foster cooperation between stakeholders and local governments to create an operational and inclusive partnership structure to assist stakeholders in attracting development funds and grants, aiming for sustainability and equal opportunities for all.

The regional division has been made based on the classification of statistical regional zones or the nomenclature of territorial units for statistics, known by the acronym NUTS. Such a classification aims to measure, reflect and compare values for various socio-economic development indicators, as well as to raise funds that will be utilized as accompanying instruments for specific policies, affecting the improvement and balancing of developments across classified statistical regions, where population size is the only criterion for regional division according to EU regulations. The economic regions represented by the RDCs are taken as the basis, as shown in Table 2.

Table 2. Regional Development Centers in Kosovo and their grouping by municipalities

01	02	03	04	05	06	07
Prishtina	South Mitrovica	Peja	Prizren	Ferizaj	Gjilan	Gjakova
Podujeva	Vushtrri	Istog	Suhareka	Shtime	Vitia	Rahovec
Gllgovc	Skenderaj	Deçan	Dragash	Kaçanik	Kamenica	Malisheva
Lipjan	North Mitrovica	Klina	Mamusha	Hani i Elezit	Ranillug	Junik
Fushe Kosova	Leposavic			Shterpce	Partesh	
Obiliq	Zveçan				Novoberde	
Graçanica	Zubin Potok				Klllokot	

Source: KAS

Kosovo is one of the seven countries in the Western Balkans, covering an area of 10.906 km². According to the “Population Estimate for 2021”, the baseline population of the Republic of Kosovo is estimated at 1,773,971 residents, a number that serves as a fundamental basis for evaluating the population size. The table below presents data related to the statistics of Development Regions, aiming to reflect and compare information regarding the area,

population count, Gross Domestic Product (GDP), settlements and the share of area and population by development Regions in the Republic of Kosovo.

Table 3. Statistics of Development Regions

<i>Region</i>	<i>Area (km²)</i>	<i>Number of residents (2021)</i>	<i>GDP per capita in €</i>	<i>Settlements</i>	<i>Share of area (%)</i>	<i>Share of population number (%)</i>
01	2,081	486,396	8,128	270	19.08	27.42
02	2,051	220,398	2,612	336	18.81	12.42
03	1,660	221,055	3,034	220	15.22	12.46
04	1,433	289,464	3,127	154	13.14	16.32
05	1,021	183,898	3,629	126	9.36	10.37
06	1,413	162,305	3,484	192	12.96	9.15
07	1,247	210,455	2,935	171	11.43	11.86
Total:	10,906	1,773,971	26,958	1,469	100.00	100.00

Source: KAS, processed by DRDPC - MRD

IV. SWOT ANALYSIS

Table 4. SWOT Analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • <u>Strategic location:</u> Kosovo's position in the Balkans facilitates trade and economic exchanges with Central and Southern Europe. • <u>Youth population:</u> A youthful demographic provides a dynamic workforce capable of driving innovation and economic growth. • <u>Natural resources:</u> Rich deposits of minerals such as lignite, lead, zinc and silver offer significant mineral potential. • <u>Cultural heritage:</u> A rich cultural history and diverse ethnic communities can boost tourism and cultural industries. • <u>Industrial and technological improvement:</u> Ongoing efforts to enhance industrial sectors and access to new technologies modernize the economy. 	<ul style="list-style-type: none"> • <u>Political instability:</u> Ongoing political tensions and unresolved issues related to independence hinder foreign investments and long-term planning. • <u>Weak infrastructure:</u> Inadequate transportation, energy and telecommunications infrastructure impede economic development. • <u>Limited access to finance:</u> Challenges in accessing sufficient funding restrict business growth and development projects. • <u>High unemployment rate:</u> Especially among youth, high unemployment remains a persistent issue, leading to economic inefficiencies and social challenges. • <u>Environmental protection:</u> Insufficient measures for environmental protection may lead to unsustainable practices and health hazards.
OPPORTUNITIES	RISKS
<ul style="list-style-type: none"> • <u>EU integration:</u> Progress toward EU integration offers significant financial assistance, investments and institutional support for development projects. • <u>Diaspora engagement:</u> Leveraging the Kosovo diaspora can enhance investments, knowledge transfer and economic ties with more developed markets. • <u>Green energy:</u> Investing in renewable energy sources such as solar and wind can address energy shortages and contribute to sustainable development. • <u>Regional cooperation:</u> Strengthening cooperation with neighbouring countries can lead to joint infrastructure projects and expanded economic opportunities. • <u>Research and development:</u> Promoting research and development can foster innovation and economic competitiveness. • <u>Balanced rural-urban development:</u> Ensuring balanced development between rural and urban areas encourages equitable growth. • <u>Tourism development:</u> Promoting tourism can diversify the economy and create new job opportunities. • <u>Support for underdeveloped areas:</u> Targeted support for underdeveloped regions can reduce inequalities and promote inclusive growth. 	<ul style="list-style-type: none"> • <u>Economic dependency:</u> Heavy reliance on remittances from abroad makes the economy vulnerable to external economic fluctuations. • <u>Corruption and governance issues:</u> Ongoing corruption and weak governance structures pose significant risks to the effective implementation of development policies. • <u>Environmental degradation:</u> Unsustainable mineral practices and the lack of appropriate environmental regulations threaten natural resources and public health. • <u>Global economic instability:</u> External economic shocks, such as those from financial crises, global events or pandemics, can severely impact Kosovo's economic stability and development prospects. • <u>Infrastructure development:</u> Inadequate progress in improving infrastructure can hinder economic activities and living standards. • <u>Cross-border and inter-regional cooperation:</u> The lack of effective cross-border and inter-regional cooperation may limit the potential to address common issues and promote regional stability.

V. SUMMARY OF PROBLEM ANALYSIS

Regional development in Kosovo faces numerous challenges and opportunities that require a comprehensive approach to achieve sustainable growth. This analysis identifies key issues affecting regional development in Kosovo, considering political, economic, social and environmental factors. The analysis is based on the Kosovo Regional Development Strategy 2020-2030, the European Commission's 2023 Report, the World Bank reports for 2023, and economic indicators including GDP by region.

5.1. Political instability and governance

The political landscape in Kosovo is marked by ongoing instability and unresolved issues related to its independence status. Political tensions, especially in the northern regions, hinder foreign investments and essential long-term planning for regional development. Furthermore, persistent corruption and weak governance structures pose significant risks to the effective implementation of development policies.²

5.2. Economic constraints

The economy of Kosovo faces several constraints, including a high unemployment rate, particularly among young people. The heavy reliance of the economy on remittances from abroad makes it vulnerable to external economic fluctuations. Furthermore, limited access to finance restricts the growth of businesses and developmental projects. These economic challenges are accompanied by inadequate infrastructure, including transportation, energy and telecommunications.³

The Gross Domestic Product (GDP) of Kosovo in 2023 was approximately 8 billion Euro, with significant regional disparities. The Prishtina region contributes the most to the GDP, reflecting better infrastructure and investment opportunities, while regions like Mitrovica and Gjiilan lag behind in economic performance.⁴

² European Commission (2023), Kosovo 2023 report. Retrieved from https://neighbourhood-enlargement.ec.europa.eu/kosovo-report-2023_en

³ World Bank (2023), Kosovo: Key Reforms Can Boost Growth and Raise Living Standards. Retrieved from <https://www.worldbank.org/en/country/kosovo/publication/kosovo-key-reforms-can-boost-growth-and-raise-living-standards>

⁴ Kosovo Agency of Statistics (2023), Regional GDP data. Retrieved from <https://ask.rks-gov.net/en>

5.3. Social and human resource issues

The high unemployment rate and limited opportunities for young people lead to economic inefficiency and social challenges. Despite having a youthful demographic structure that could drive innovation and growth, there is a significant need for investment in human resources to enhance skills and productivity.⁵ Furthermore, social protection programs require reforms to effectively reduce poverty and increase equity.⁶

5.4. Environmental and infrastructural challenges

Kosovo faces significant environmental challenges, including unsustainable mining practices and inadequate measures for environmental protection. These issues threaten natural resources and public health.⁷ Furthermore, poor infrastructure hampers economic development and lowers the quality of life for residents. Infrastructure improvements are necessary to support economic activities and enhance living standards.⁸

5.5. Technological and industrial development

Kosovo industrial sectors and technological access are underdeveloped. The growth of these sectors is critical for modernizing the economy and improving competitiveness. There is also a need for increased focus on research and development to foster innovation.⁹

5.6. Regional disparities and urban-rural balance

Regional disparities exist significantly among the various regions in Kosovo. Ensuring balanced development between rural and urban areas is essential for equitable growth. The development of underdeveloped regions requires targeted support to reduce disparities and promote inclusive growth.¹⁰

⁵ World Bank (2023), Kosovo: Key Reforms Can Boost Growth and Raise Living Standards. Retrieved from <https://www.worldbank.org/en/country/kosovo/publication/kosovo-key-reforms-can-boost-growth-and-raise-living-standards>

⁶ World Bank (2023), Kosovo: Key Reforms Can Boost Growth and Raise Living Standards. Retrieved from <https://www.worldbank.org/en/country/kosovo/publication/kosovo-key-reforms-can-boost-growth-and-raise-living-standards>

⁷ European Commission (2023), Kosovo 2023 report. Retrieved from https://neighbourhood-enlargement.ec.europa.eu/kosovo-report-2023_en

⁸ World Bank (2023), Kosovo Country Partnership Framework 2023-2027. Retrieved from <https://www.worldbank.org/en/country/kosovo/publication/kosovo-country-partnership-framework-2023-2027>

⁹ Ministry of Regional Development (2020), Regional Development Strategy 2020-2030. Retrieved from <https://mzhr.rks-gov.net>

¹⁰ Ministry of Regional Development (2020), Regional Development Strategy 2020-2030. Retrieved from <https://mzhr.rks-gov.net>

5.7. Cross-border and international cooperation

Regional development in Kosovo can significantly benefit from expanded cross-border and international cooperation. Effective cooperation can address common issues and promote regional stability, fostering joint infrastructure projects and economic opportunities.¹¹

The Kosovo Regional Development Program must address these multifaceted challenges through a coordinated and inclusive approach. By focusing on political stability, economic diversification, social inclusion, environmental sustainability and expanded cooperation, Kosovo can create a favourable environment for sustainable regional development.

VI. RELATION WITH OTHER DOCUMENTS

The Balanced Regional Development Program 2025-2027 is closely related to Law No. 08/L-190 on Balanced Regional Development, the Regional Development Strategy 2020-2030, Regulation No. 21/2024 on the Management of the Balanced Regional Development Program and Regulation No. 32/2024 on the Establishment, Organization and Monitoring of Regional Development Centers in development regions.

In addition, the current legislation covering the area of economic development and inter-municipal cooperation is listed as follows:

- **Law No. 08/L-190 on Balanced Regional Development** defines the fundamental principles, guidelines, institutional responsibilities, financial instruments and rules for balanced regional development in the Republic of Kosovo¹²;
- **Regulation No. 21/2024 on the Management of the Balanced Regional Development Program** defines the conditions, criteria and procedures for managing the financial resources of the program, including the funding formula, criteria, evaluation, management and monitoring of the implementation of projects funded by the Balanced Regional Development Program, in accordance with the relevant Ministry's documents for Regional Development, as well as the planning and budgeting documents of the Government and the responsible Ministry for finance and the approved budget¹³;

¹¹ European Commission (2023), Kosovo 2023 report. Retrieved from https://neighbourhood-enlargement.ec.europa.eu/kosovo-report-2023_en

¹² <https://gzk.rks-gov.net/ActDetail.aspx?ActID=79080>

¹³ <https://gzk.rks-gov.net/ActDetail.aspx?ActID=96683>

- **Regulation (GRK) - No. 32/2024 on the Establishment, Organization, Operation and Monitoring of Regional Development Centers in Development Regions;**
- **Law No. 03/L-048 on Public Finance Management and Accountability** aims to improve budgetary, capital and operational expenditures, financial management, accounting, budgetary responsibilities and the financial reporting system for public authorities and public enterprises in Kosovo. It also outlines the competencies and duties of the relevant Ministry of Finance and other public authorities regarding these matters.¹⁴;
- **Law No. 04/L-042 on Public Procurement in the Republic of Kosovo** aims to ensure the most efficient, transparent and fair use of public funds and resources, as well as all other funds and resources of contracting authorities in Kosovo. It establishes the conditions and rules to be applied, the procedures to be followed, the rights to be respected, and the obligations to be fulfilled by individuals, economic operators, enterprises, contracting authorities, concessionaires and public authorities involved in, participating in, or interested in procurement activities, or those connected with such funds and/or resources¹⁵;
- **Law No. 04/L-010 on Inter-Municipal Cooperation** regulates inter-municipal cooperation and the cooperation of municipalities within the Republic of Kosovo with municipalities and other local government institutions outside the Republic of Kosovo¹⁶.
- **Regulation on Promoting Inter-Municipal Cooperation** encourages and supports inter-municipal cooperation to drive socio-economic regional development.
- **Regulation on International Municipal Cooperation Procedure** defines the form and procedure for international municipal cooperation between local self-governance institutions in the Republic of Kosovo and municipalities or other local governance institutions outside the Republic of Kosovo. This regulation grants municipalities the right to establish administrative and technical cooperation agreements with foreign local governance institutions.
- **Law No. 03/L-040 on Local Self-Government** defines the full authority of local institutions over local interests.

¹⁴ <https://gzk.rks-gov.net/ActDetail.aspx?ActID=2524>

¹⁵ <https://gzk.rks-gov.net/ActDetail.aspx?ActID=2772>

¹⁶ <https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=2749>

- **Law No. 05/L-079 on Strategic Investments in the Republic of Kosovo** aims to promote, attract and create conditions for strategic investments in the Republic of Kosovo, detailing administrative procedures and criteria for evaluating, selecting, implementing and monitoring strategic projects, as well as defining the procedures for allocating for use state property for strategic investment projects in the Republic of Kosovo.
- **Law No.04/220 on Foreign Investments** aims to regulate the protection, promotion, and encouragement of foreign investments in the Republic of Kosovo, offering basic rights and guarantees to foreign investors, ensuring that their investments are protected and treated fairly according to recognized international standards and practices.
- **Law No. 08/L-074 on Tourism** defines the basic principles, standards and rules for the development and promotion of sustainable tourism in the Republic of Kosovo. This law is fully aligned with Directive 2015/2302 of the European Parliament and of the Council of 25 November 2015, concerning package travel and related travel arrangements amending Regulation (EC) No. 2006/2004 and Directive 2011/83/EU of the European Parliament and of the Council and repealing Council Directive 90/314/EEC.
- **Law No. 08/L-072 on Agriculture and Rural Development** aims to to regulate the formulation and implementation of national policies for agriculture and rural development, as well as to regulate partnerships with social and economic partners in the field of agriculture and rural development, aligning partially with EU acts.
- **MoF Regulation - No. 04/2017 on the Criteria, Standards and Procedures for Public Funding of NGOs** - aims to define the criteria, standards and funding procedures of NGOs.

VII. VISION AND OBJECTIVES

Balanced regional development, sustainable development regions that are adaptable to changes, fostering socio-economic growth and prosperity for all.

1. *Increase in economic diversification and competitiveness*

1.1. Promotion of economic diversification and competitiveness through support for SMEs, innovation and technological advancement.

Actions:

- Facilitation of access to finance and markets for SMEs.
- Creation of innovation centers and technology parks.
- Provision of incentives for research and development activities and startups.
- Improvement of vocational training programs to align skills with market needs.

2. *Improvement of infrastructure and environmental sustainability*

2.1. Development of sustainable infrastructure and enhancement of environmental protection to support economic activities and improve quality of life.

Actions:

- Identification of projects focused on green initiatives and energy efficiency.
- Engagement in research and development projects for sustainable infrastructure and environmental protection.
- Cooperation with the business community to fund and implement renewable energy projects.
- Development of eco-tourism infrastructure that highlights Kosovo's natural beauty.

3. *Promotion of Social Inclusion and Human Capital Development*

3.1. Increasing social inclusion and human capital development by improving education, healthcare and social protection systems.

Actions:

- Offering professional training, employment services and access to healthcare.
- Creation of practical programs for youth and marginalized groups.
- Provision of programs/training and financial assistance for SMEs to enhance their capacity to employ and train employees.
- Development of tourism initiatives that provide employment opportunities for local communities, including marginalized groups.

VIII. PROGRAM MEASURES

Measure	Sub-measure	Purpose	Objective	Relation to other measures	Beneficiaries	General conditions
Measure 1: Financial support for municipalities in capital investments	Sub-measure 1.1: Investments in municipal public infrastructure; Sub-measure 1.2: Investments in infrastructure digitalization; Sub-measure 1.3: Projects for sustainable development, tourism and cultural heritage;	Reducing disparities among municipalities and Development Regions by improving socio-economic infrastructure, eliminating the lack of incentives to encourage enterprises and decreasing the internal migration of youth and businesses from less developed regions to larger centers. This measure aims to support the ecosystem for sustainable and inclusive development through effective public policies.	1. Improving socio-economic infrastructure and digitalizing processes in less developed regions to create better living conditions and economic development. 2. Improving socio-economic and digital infrastructure in less developed regions to create better living conditions and promote economic development.	This measure is related to actions aimed at enhancing regional capacities by establishing a strong foundation for economic development and improving living conditions in Development Regions.	All municipalities in the Republic of Kosovo. Local institutions, including Regional Development Centers and other local-level institutions. Civil Society Organizations and private organizations operating in the areas of socio-economic development, digitalization, tourism and cultural heritage.	Municipalities and other potential beneficiaries must submit project proposals that align with the priorities of the annual program. The distribution of funds will be based on the assessment of regional potential and the needs of beneficiaries.
Measure 2: Financial support for micro and small-sized enterprises.	Sub-measure 2.1: Support for craft activities; Sub-measure 2.2: Support for start-ups and new business ideas; Sub-measure 2.3: Support for existing businesses.	The aim of this measure is to support regional economic development by providing financial assistance to micro and small-sized enterprises, thereby contributing to reducing inequalities among municipalities and regions. This measure seeks to create incentives for promoting new enterprises, especially for youth and women, to support craft activities and preserve cultural heritage, as well as to assist existing businesses in expanding production capacities, promoting exports, and reducing dependency on imports.	1. Support for sustainable development is provided through the promotion of traditional and craft activities, preserving cultural heritage while adapting it to modern needs. 2. Encouraging innovation and new enterprises by providing support for start-ups, particularly for young people and women, improves employment opportunities and economic development. 3. Increasing the capacities of existing businesses aims to enhance economic performance, reduce imports, and strengthen exports, contributing to sustainable regional development.	This measure is related to balanced regional development programs, supporting enterprises that contribute to the socio-economic development of municipalities and regions while improving socio-economic conditions in Kosovo.	Micro and small-sized enterprises in all municipalities of the Republic of Kosovo. Start-ups and new business ideas that involve youth and women. Organizations and other interested parties active in the economic and innovation sectors.	Applicants, including existing enterprises and new business ideas, must submit proposals that meet legal criteria and align with the program's priorities. The distribution of funds will be based on the assessment of business capacity and potential for economic growth.

Measure 3: Financial support for Regional Development Centers	<p>Sub-measure 3.1: Provision of technical and financial support for Regional Development Centers (RDCs) in developing and implementing balanced regional policies.</p> <p>Sub-measure 3.2: Coordination and implementation of regional operational plans.</p> <p>Sub-measure 3.3: Increasing the capacities of the Regional Development Centers.</p>	<p>The purpose of this measure is to support the development and strengthening of the capacities of the Regional Development Centers (RDCs) in Kosovo to create better coordination among regions, ensure equitable development and implement projects that strengthen the balance between urban and rural areas.</p>	<ol style="list-style-type: none"> 1. Improving the capacities of RDCs to develop and implement sustainable regional policies that are aligned with Kosovo's development priorities. 2. Implementation of operational plans for regional development that promote balanced development between urban and rural areas, while also supporting socio-economic and digital investments. 3. Enhancing the technical and managerial skills of RDCs to identify and implement projects that improve regional development and inter-municipal cooperation. 	<p>This measure is closely related to actions aimed at developing socio-economic and digital infrastructure (Measure 1) and supporting micro and small-sized enterprises (Measure 2). RDCs will play a key role in coordinating regional efforts to ensure that development is inclusive and balanced among municipalities and regions.</p>	<p>The Regional Development Centers established under the Law on Regional Development and relevant regulations.</p>	<p>Eligibility for each Regional Development Center created through inter-municipal cooperation agreements.</p>
Measure 4: Financial support for other stakeholders in regional socio-economic development.	<p>Sub-measure 4.1: Support to Civil Society Organizations;</p> <p>Sub-measure 4.2: Support to higher education institutions and research-scientific institutions</p> <p>Sub-measure 4.3: Support to specialized organizations</p> <p>Sub-measure 4.4: Cooperation with donors</p>	<p>The purpose of this measure is to support various stakeholders contributing to regional socio-economic development by providing financial and technical support for projects focused on sustainable development, social inclusion, research and innovation. This measure aims to enhance cooperation among different sectors and strengthen the capacities of organizations and institutions operating at the local and regional levels.</p>	<ol style="list-style-type: none"> 1. Increasing social inclusion and improving the capacities of marginalized groups through support for civil society projects aimed at socio-economic development and promoting equality. 2. Encouraging innovation and scientific research at the regional level by supporting projects that contribute to technological development, improving education, and enhancing skills in various sectors. 3. Strengthening cooperation among organizations, institutions and donors to ensure the effective implementation of projects that directly impact the socio-economic conditions of developing regions. 	<p>Measure 4 is related to Measures 1, 2, and 3, assisting in the coordination and implementation of projects promoting sustainable and inclusive development at the regional level. This measure complements efforts to improve the infrastructure and capacities of municipalities and enterprises by engaging other actors to contribute to regional development.</p>	<p>Civil Society Organizations (CSOs).</p> <p>Higher education institutions and research-science institutions.</p> <p>Specialized organizations operating in the area of regional development.</p> <p>Local and international donors involved in sustainable development projects.</p>	<p>Eligible entities must submit project proposals that align with the objectives of the Balanced Regional Development Program. Projects must have a clear impact on the socio-economic development of the regions and include mechanisms for monitoring and reporting results. Funding will be distributed based on specific needs and the capacities of beneficiaries to successfully implement the projects.</p>

IX. IMPLEMENTATION, MONITORING, AND REPORTING

The Law on Balanced Regional Development has provided for four bylaws through which the implementation, monitoring and reporting of the Balanced Regional Development Program is regulated. MRD is obliged to act accordingly, and each of the bylaws clearly and concretely defines the scope and activities to be undertaken.

The implementation and monitoring of the Balanced Regional Development Program 2025 – 2027 are determined by the BRDP Implementation Guide for the respective year, while reporting on the implementation of beneficiary projects and the monitoring reports for the first and second years will be prepared after collecting data from the field in accordance with the applicable bylaws.

X. FINANCIAL PROJECTION FOR PROGRAM IMPLEMENTATION

The budget for Balanced Regional Development Program 2025 - 2027 is defined by Law No. 08/L-190 on Balanced Regional Development according to the budget allocations specified in the law for the respective fiscal year. This budget is distributed into two economic categories: capital investments, subsidies, and transfers.

The table below presents the budget projection data for the Ministry of Regional Development, based on estimates for the period 2025 – 2027. The budget of the Ministry of Regional Development may differ from the projections of the Budget Circular 2025/2, but this will not affect the revision of the Balanced Regional Development Program 2025 – 2027.

Table 5. MRD budget by economic categories, 2025 - 2027

Economic category	Estimations for 2025			Estimations for 2026			Estimations for 2027		
	Costs			Costs			Costs		
	Operation al	Capital	Total 2025	Operation al	Capital	Total 2026	Operation al	Capital	Total 2027
Total:	3,130,526	4,000,000	7,130,526	2,500,130	2,000,000	4,500,130	2,543,318	2,000,000	4,543,318
Wages and Salaries	629,166	-	629,166	660,625	-	660,625	693,656	-	693,656
Goods and Services	300,000	-	300,000	338,145	-	338,145	348,302	-	348,302
Utilities	1,360	-	1,360	1,360	-	1,360	1,360	-	1,360
Subsidies and Transfers	2,200,000	-	2,200,000	1,500,000	-	1,500,000	1,500,000	-	1,500,000
Capital Expenditures	-	4,000,000	4,000,000	-	2,000,000	2,000,000	-	2,000,000	2,000,000

Source: Budget Circular 2025/02

XI. ANNEX

Summary of the challenges in implementing the BRDP

Challenges	Main obstacles
Differences in infrastructure	Economic disparities
Limited access to services	
Lack of employment opportunities	
Unequal investments	
Differences in education	
Impact of migration	
Social exclusion	
Risk of economic crises	
Variations in human capacities	
Budgetary constraints of local governments	Lack of financial resources
Absence of Public-Private Partnerships	
High operational costs	
Lack of funds for innovative projects	
High interest rates on loans	
Concentration of investments	
High budgetary dependence on government grants	Response to local needs
Lack of accurate information	
Differences in administrative capacity	
Absence of necessary infrastructure	
Impact of central policies	
Differentiated interests of groupings	Lack of cooperation
Concentration of resources	
Isolated regions	
Conflict of interest	
Difficulties in developing joint projects	
Failure to identify common priorities	