



**KOSME**  
Kosovo SME Promotion Programme

Provision of Capacity Development to Ministry of Trade and Industry  
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# Municipal Competitiveness Review (MCR) - Measuring the competitiveness of municipalities in Kosovo


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*KOSME Sub-activity 1.3 b*

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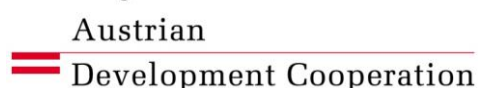
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## Abbreviations

AKM	Association of Kosovo Municipalities
ASK	Kosovo Agency of Statistics
ATK	Tax Administration of Kosovo
B2B	Business-to-business
BEEP	Business Enabling Environment Program (USAID)
EGI	Economic Governance Index
EU	European Union
KIESA	Kosovo Investment and Enterprise Support Agency
KOSME	Kosovo SME Promotion Programme
MCI	Municipal Competitiveness Index
MCR	Municipal Competitiveness Review
MEST	Ministry of Education, Science and Technology
MTI	Ministry of Trade and Industry
NACE	Statistical classification of economic activities in the European Community
NUTS	Nomenclature of Territorial Units for Statistics
OECD	Organisation for Economic Co-operation and Development
OPE	One-Person-Enterprise
OSCE	Organization for Security and Co-operation in Europe
RCI	EU Regional Competitiveness Index
RDA	Regional Development Agency
SBA	Small Business Act
SME	Small and medium-sized enterprise
USAID	United States Agency for International Development
VAT	Value-added tax

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## 1 Introduction

In the frame of the **Kosovo SME Promotion Programme (KOSME)**, Activity 1.3 is aimed at “supporting the Kosovo Investment and Enterprise Support Agency (KIESA) in terms of increasing research capacities on collecting data on the SME sector and creating an instrument for measuring municipal competitiveness”. As regards the latter, **sub-activity 1.3 b “Municipal Competitiveness Review (MCR) - Measuring the competitiveness of municipalities in Kosovo”** deals with this issue in more detail.


The “**Roadmap on Capacity Development of KIESA**” framed by KOSME sums up the plan for establishing such an instrument for measuring municipal competitiveness and ranking the Kosovar municipalities based on their attractiveness for doing business as follows:

- The MCR should enable municipalities to improve policies towards SMEs
- It should measure municipal performance over time
- Particular attention should be given to municipalities with high unemployment, poverty and minorities
- Issues to be assessed shall include information provision, start-up costs, taxes, environment, engagement etc.
- Use of similar indexes abroad as models
- Covering at least 10 municipalities
- Test version with data from a first round collection
- The MCR report should be published each year

The capacity development needs analysis carried out in the inception phase of KOSME confirms the usefulness of assisting KIESA in developing an MCR for the following reasons:

1. There are significant differences in the level of business activity between the municipalities in Kosovo, which justifies further investigation on the role of municipal administration.
2. There is a clear need for instruments which could contribute to improving governance quality and the regulatory environment for SMEs (also at municipal level) as well as public-private dialogue and consultation with businesses at municipal level.

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The aim of KOSME is to establish a concept for the measurement of municipal competitiveness that is easily applicable and repeatable for the beneficiary KIESA. Therefore, the concept is mainly based upon secondary data<sup>1</sup> and facts from as many reliable sources as possible, e.g. statistical offices or other authorities collecting data, covering topics relevant for businesses and private sector development.

The **MCR** consists of **two components: municipality fact sheets** and a **municipality ranking**. The fact sheets for each of the 38 Kosovar municipalities include data on issues influencing competitiveness on local level, allowing for the comparison of specific indicators between the municipalities and the whole of Kosovo. The municipality ranking comprises a ranking according to four subgroups (“performance of the local business sector”, “supply of human resources”, “business support services” and “infrastructure”) and an overall ranking taking into account all indicators.

KIESA shall be encouraged to discuss the results of the MCR with the municipalities (e.g. workshops) and also to develop plans to better support businesses in the municipalities. KOSME supports the development of a Municipal Competitiveness Review by providing advice to KIESA during the first two years of implementation; afterwards the activity will be handed over to KIESA.

The report is structured as follows: In chapter 2, the **preconditions for measuring competitiveness in Kosovo** are framed and existing concepts, municipal competences as well as national and regional policy strategies are discussed. Chapter 3 presents the **structure of the MCR**, including the areas of research, the structure of the municipality fact sheets and the municipal ranking. Further, it describes the data sources used and provides information on the municipality coverage. Chapter 4 deals with the **topics and the contents of the municipality fact sheets**, i.e. which indicators are used. The actual 38 municipality fact sheets are not included in this MCR report due to their average extent of 18 pages per municipality. They are available either on CD, attached to this report, or on the internet. In chapter 5, the **results of the municipality ranking** are presented, both according to the four subgroups and the overall ranking.

The data for the MCR was collected by the project team of KOSME, in particular by Mr. Durim Hoxha and Mr. Bardhyl Salihu.

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<sup>1</sup> Already existing / published data available at municipal level



## 2 Preconditions for measuring competitiveness in Kosovo: existing concepts, municipal competences, policy strategies


In order to identify relevant areas of research and factors influencing business and private sector development at municipal level, it is important to review **related concepts** that are already in existence - either in Kosovo or in other regions of the world. Furthermore, it is necessary to take into account the **competences of the Kosovar municipalities**, because they determine the factors municipalities are able to influence in order to improve business environment and thus their attractiveness for businesses.

### 2.1 The Municipal Competitiveness Index (MCI) of USAID

Since 2011, there is already a mechanism in place that measures the competitiveness of Kosovar municipalities. It is the **Municipal Competitiveness Index (MCI)** initiated by the **United States Agency for International Development (USAID)**. The MCI has run under the BEEP programme (until 2013) and the FORWARD Initiative (since 2013), both financed by USAID. The MCI is based on an international model, the so called Economic Governance Index (EGI) (see *Malesky*, 2008). This model was designed to measure the quality of local economic governance, to assess progress through a set of quantitative indicators over time, and to support policy reform (see *USAID*, 2011, p. 7).

One striking characteristic of USAID's MCI is that it does not rely on secondary data (e.g. published data from statistical or other data providers), but on the **perceptions and opinions of surveyed enterprises**. The goal of this approach, which is based upon the direct experiences and circumstances faced by local businesses, is to identify and tackle constraints to private sector development at local level. The idea behind the MCI is to increase competition between municipalities and to improve the dialogue with the business community. In order to approach the entrepreneurs, a sample of businesses is drawn at municipal level - the total sample is about 3,000 enterprises with an average of approx. 80 per municipality. Then a survey is conducted through face-to-face interviews. The MCI distinguishes eight thematic sub-indices with a total of more than 30 individual indicators (see *USAID and UBO Consulting*, 2014; *USAID and UBO Consulting*, 2013; *USAID*, 2012; *USAID*, 2011):

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**Table 1 Topics covered by the Municipal Competitiveness Index (MCI) of USAID**

Thematic sub-indices	Details
Barriers to business entry	Time, documents, competition from informal sector, registration process
Transparency	Access to information at municipal level, access to municipal planning and policy documents
Predictability & participation	Information for businesses on proposed / new municipal regulations
Time costs of regulatory compliance	Time spent to comply with regulations
Taxes & fees	Assessment if municipal taxes and fees are paid or are a major constraint on businesses
Municipal administration	Quality, corruption, equity in municipal tendering
Labour & business support services	Quality of local labour and availability of business support services
Municipal infrastructure	Availability and quality

Source: USAID and UBO Consulting (2013 and 2014), USAID (2011 and 2012)

Besides these eight indicators focusing on the local level, also **national level indicators** are presented in the frame of the MCI, mainly dealing with the time and monetary costs of business entry, (e.g. days to obtain business registration, VAT certificates or construction permits), access to finance and tax administration (e.g. tax inspections).

Some indicators also deal with a delicate issue, i.e. **corruption**. The potential false responses and non-responses rates to questions dealing with irregular and unofficial payments by businesses in order to get things done or to get a service delivered are analysed by municipality. For instance, a high number of apparent false responses and a high non-response rate are related to a higher incidence of corruption in a municipality.

The results of the MCI – in particular the municipality rankings and the changes in the rankings over time - are subsequently discussed with and within the municipalities in the frame of workshops, and, to some extent, also plans for reforms are being developed. The MCI has been carried out in 2011, 2012 and 2013 under the BEEP programme which ended in July 2013. Another MCI has been carried out in 2014, using the same methodology as before. According to USAID, it would be a significant improvement to also have secondary data available and not only the perceptions of the entrepreneurs.

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## 2.2 Other concepts to measure competitiveness

Apart from the MCI of USAID, which directly addresses municipalities, also other concepts measuring competitiveness are in existence. Although these concepts refer to the national or regional level, from the content point of view they are very similar.

### 2.2.1 Doing Business


The best-known concept for measuring competitiveness is **Doing Business** by the **World Bank**. It **measures competitiveness on national level** in comparison with other economies. Focusing on regulatory issues, the Doing Business Indicators are usually based on secondary data (“hard data”), as this kind of data is almost always available on national level (in contrast to regional or local level).

Since 2004, Doing Business annually investigates the regulations that enhance business activity and those that constrain it. It presents quantitative indicators on business regulations and the protection of property rights that can be compared across countries and over time. The methodology is based on standardised case scenarios in the largest business city of each economy. For the Doing Business Report 2015 (*World Bank Group, 2014a*), for 11 economies also a second city has been added.

Doing Business relies on four main sources of information: the relevant laws and regulations, Doing Business respondents, the governments of the economies covered and the World Bank Group regional staff.

The **Doing Business Report** (global) is published annually, including the 189 economies of the world being ranked along specific indicators. In general, the indicators used for the indices and the ranking remain relatively stable – however, when necessary, they are getting adapted. For the global Doing Business Report 2015, the following 11 topics were included:

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**Table 2 Topics covered by the global Doing Business Indicators of the World Bank**

Topics	Details
Starting a business	Procedures, time, cost, paid-in minimum capital
Dealing with construction permits	Procedures, time and cost for legally building a warehouse
Getting electricity	Procedures, time and cost to obtain an electricity connection
Registering property	Procedures, time and cost to legally transfer title on immovable property
Getting credit	Strength of legal rights, depth of credit information, credit bureau coverage, credit registry coverage
Protecting minority investors	Extent of conflict of interest regulation: extent of disclosure, extent of director liability, ease of shareholder suits Extent of shareholder governance: extent of shareholder rights, strength of governance structure, extent of corporate transparency
Paying taxes	Number of tax payments for a manufacturing company in 2013, time required to comply with 3 major taxes, total tax rate
Trading across borders	Documents, time and cost required to export and import
Enforcing contracts	Procedures, time and cost to enforce a contract through the courts
Resolving insolvency	Debt recovery in insolvency: Time and cost required to recover debt, outcome, recovery rate for secured creditors Strength of insolvency framework: commencement of proceedings, management of debtor's assets, reorganisation proceedings and creditor participation indices
Labour market regulation	Rigidity of employment: difficulty of hiring, rigidity of hours, difficulty of redundancy; redundancy cost (weeks of salary); social protection schemes and benefits; labour disputes

Source: World Bank Group (2014a)

Besides the annual global Doing Business report, the World Bank also publishes **national and regional reports** (groups of countries), making use of the same methodology and either the same number of indicators or at least a selection of those indicators that are included in the global report.

The *national report Economic Profile of Kosovo 2015* (World Bank Group, 2014b) includes all eleven topics and indicators as listed above and compares the Kosovar economy with other economies in the region (Bulgaria, Czech Republic, Slovenia, Croatia, Albania and Bosnia and Herzegovina) as well as the regional average of Europe and Central Asia.

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In 2011, the World Bank published the *regional report* called **Doing Business in South East Europe** (World Bank and International Finance Corporation, 2011), which measures the competitiveness of 22 cities in seven economies of South East Europe. For Kosovo, the cities of Prishtina and Prizren were selected for comparison. This report does not include all eleven topics as listed above, but four of them: starting a business, dealing with construction permits, registering property and enforcing contracts.

## 2.2.2 EU Regional Competitiveness Index (RCI)


Another model which might be of interest is the **EU Regional Competitiveness Index** (see *Annoni / Dijkstra*, 2013). It is based on NUTS 1 (country) and NUTS 2 (region, province) level and it utilises mainly secondary data collected by – for instance - Eurostat, the World Economic Forum (since 2013), OECD-PISA and OECD-Regpat, the World Bank as well as the Cluster Observatory. The first RCI was published in 2010. Having essentially the same framework and structure, the RCI of 2013 is based on a set of 80 candidate indicators of which 73 have been eventually included in the index. In general, the RCI is considerably broader in scope than the MCI or Doing Business.

The index is based on eleven pillars describing both inputs and outputs of territorial competitiveness. These pillars are grouped into three sets according to the stage of development of a regional economy describing key basic drivers, efficiency and innovative factors of competitiveness:

- **Key basic drivers:** quality of institutions, macroeconomic stability, infrastructure, health, basic education (quality of primary and secondary education)
- **Efficiency:** higher education and Lifelong Learning, labour market efficiency, market size
- **Innovation:** technological readiness, business sophistication, innovation

A score is computed for each pillar as simple average of the z-score standardised and / or transformed indicators. Sub-indexes for the basic, efficiency and innovation groups of pillars are computed as arithmetic means of pillar scores. The overall RCI score is instead the result of a weighted aggregation of the three sub-indexes, following the Global Competitiveness Index approach by the World Economic Forum (*Schwab / Sala-I-Martin*, 2012).

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## 2.3 Competences of the municipalities in Kosovo

Municipalities exercise their powers within their area of jurisdiction to achieve certain goals and to provide services for the residents. In addition to applying the law, municipalities may also legislate within their area of competences (see *Association of Kosovo Municipalities*, 2009). According to the Law on Local Self-Government (*Republic of Kosovo*, 2008), the municipalities may exercise their **own**, **delegated**, and **enhanced competences** that are mentioned in the law.


**Own competences** are the core competencies of municipalities, within which municipalities are entitled to freely regulate and manage municipal affairs. For instance, municipalities have full and exclusive own competences in the field of local economic development, urban and rural planning, land use development and further areas.

**Delegated competences** are central level competences that are implemented by the municipalities in order to offer better services for inhabitants. Central authorities may delegate other competences to municipalities as long as they are accompanied with the necessary funding for implementation. Among others, business registration and licensing falls in this category.

**Enhanced competences** are derived from an asymmetric decentralisation process with the aim of better accommodating the interests of those communities which are not in the majority in the Republic of Kosovo. This means that certain municipalities have enhanced competences in the fields of e.g. university education.

The municipal competences determine the room for manoeuvre for the municipalities. This has to be taken into account when selecting indicators for measuring municipal competitiveness. The following table provides an overview of the competences of Kosovar municipalities:

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**Table 3 Competences of the municipalities in Kosovo**

Competences	Special relevance for businesses*
<b>Own competences</b>	
<i>Local economic development</i>	X
<i>Urban and rural planning</i>	X
<i>Land use and development</i>	X
<i>Implementation of building regulations and building control standards</i>	X
Local environmental protection	
<i>Provision and maintenance of public services and utilities, including water supply, sewers and drains, sewage treatment, waste management, local roads, local transport, and local heating schemes</i>	X
Local emergency response	
<i>Provision of public pre-primary, primary and secondary education, including registration and licensing of educational institutions, recruitment, payment of salaries and training of education instructors and administrators</i>	X
Promotion and protection of human rights	
Provision of public primary health care	
Provision of family and other social welfare services, such as care for the vulnerable, foster care, child care, elderly care, including registration and licensing of these care centres, recruitment, payment of salaries and training of social welfare professionals	
Public housing	
Public health	
<i>Licensing of local services and facilities, including those related to entertainment, cultural and leisure activities, food, lodging, markets, street vendors, local public transportation and taxis</i>	X
Naming of roads, streets and other public places	
Provision and maintenance of public parks and spaces	
<i>Tourism</i>	X
Cultural and leisure activities	
Any matter which is not explicitly excluded from their competence nor assigned to any other authority	

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Competences	Special relevance for businesses*
<b>Delegated competences</b>	
Cadastral records	
Civil registries	
Voter registration	
<i>Business registration and licensing</i>	X
Distribution of social assistance payments (excluding pensions)	
Protection of forests within the municipality, including providing licences for timber logging	
<b>Enhanced competences</b>	
Secondary health care	
<i>University education</i>	X
Culture	
Participatory rights in selection of local police station commanders.	

Note: \* according to KOSME

Source: *Republic of Kosovo* (2008), Law on Local Self-Government, 03/L-040

## 2.4 Policy strategies on national, regional and local level

The fields of investigation to be addressed by the Municipal Competitiveness Review (MCR) have been derived from different sources, including analysis within the KOSME project as well as national, regional and local strategies in terms of economic development and private sector development. These documents provide important references for areas of particular interest in the light of municipal competitiveness.

According to the analysis in the **Roadmap on Capacity Development of KIESA** - compiled in the inception phase of KOSME - the main challenges for SMEs and SME development in Kosovo include:

- Institutional and regulatory environment
- Business culture and practices (corruption, informality etc.)
- Access to finance
- Education, training and skills of people
- Development of business associations / networks
- Management and other professional capabilities
- Low innovation & technology levels
- Low export performance

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At government level, the **SME Development Strategy of Kosovo 2012-2016** contains seven strategic goals in order to advance reforms that will lead to a dynamic SME sector and to generate new jobs for Kosovo:

1. Strengthening the legislative and regulatory framework for the creation and development for SMEs
2. Improving SMEs access to finance
3. Promoting and developing an entrepreneurial culture
4. Strengthening the domestic and international competitiveness of SMEs
5. Improving the dialogue between the private sector, public sector and civil society
6. Strengthening SME support institutions
7. Improving the position of female entrepreneurs, youngsters, minorities, specific groups and support of the entrepreneurs in disadvantaged zones

Further, the SME Strategy names three main barriers encountered by businesses in Kosovo:

- unreliable electricity and water supplies,
- limited access to finance and
- insufficient rule of law.

It recommends improvements in areas which – among others - are also directly connected with the municipal level e.g. electricity and water supply, rule of law and contract enforcement, taxes, municipal business registry (reduce time and cost for starting a business) or municipal permits (especially business and construction licensing).


The **Private Sector Development Strategy 2013-2017** is based on three pillars, focusing on the development of SMEs and investment promotion (pillar 1), the improvement of the internal market and the free movement of goods (pillar 2) as well as the improvement of trade policies (pillar 3). Pillar 1, dealing with the development, support and promotion of businesses and investment, has the following strategic goals:

1. State and globally competitive enterprises
2. Export and Investment Promotion

As regards the strategic goal of having competitive enterprises, the following sub-goals have been formulated:

- Orientation towards a strategic industry sector prioritising production and export
- Provision of tax incentives
- Continuous support towards technical, innovative and management skills development
- Continuous improvement of access to finance
- Protection of Industrial Property
- Fighting informality in doing business

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At subnational level, the **Regional Development Strategies** formulated by the respective regional development agencies in Kosovo (i.e. RDA Centre, RDA East, RDA South, RDA West, RDA North) include policy areas being relevant especially for the local and regional level:


- Improvement of the business environment
- Improvement of human resources
- Development of infrastructure
- Sustainable economic growth, focusing on agriculture and food processing as well as on tourism.

Many activities related to these improvements have to emanate from local or regional level.

Another important subnational source is the **Strategic Plan 2011 to 2015**, published by the **Association of Kosovo Municipalities (AKM)**. The document identifies the following current priority areas of concern for local governments:

- Municipal services, including water supply, solid waste management
- Municipal finance, including Law on Public Finances, fiscal autonomy, criteria for fund transfer to municipalities
- Fiscal system: shared taxes, equalisation system, tax for use of natural resources
- Local economic development: business registration, municipal property management, land lease, etc.

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### 3 The structure of the Municipal Competitiveness Review (MCR)

In general, the MCR consists of two different components:

- **Municipality fact sheets** for each of the 38 Kosovar municipalities, including secondary and primary data on elements influencing municipal competitiveness
- **Ranking of municipalities** according to a selected number of indicators, including a ranking by different subgroups and an overall ranking

This chapter is structured as follows: first, **areas of research** are introduced that are taken into account both in the municipality fact sheets and in the ranking of municipalities. Then, the **structure of the municipality fact sheets** and the **municipality ranking** is presented. Furthermore, **data sources** used and the challenges in gathering secondary and primary data as well as the data collection process are included, as this is strongly connected with both components of the MCR. Finally, the chapter concludes with a section on the **municipality coverage** of the fact sheets.


#### 3.1 Areas of research

In summary, taking into account the concepts on measuring competitiveness on national, regional and local level (chapter 2.1 and chapter 2.2) as well as the competences of Kosovar municipalities (chapter 2.3), and also considering the relevant national and subnational Kosovar documents and strategies on economic development mentioned above (chapter 2.4), the following **areas of research** have been identified (see table 4):

The areas *“population”* and *“performance of the local business sector”* refer to general information on the municipalities and actually relate to the effects of different policies.

The other areas, *“municipal taxes and fees related to businesses”*, *“supply of human resources”*, *“infrastructure, business support services and events”* and *“municipal administration”* have been selected on the basis of the presented concepts for measuring competitiveness as well as policy strategies in place in Kosovo.

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**Table 4 Areas of research included in the Municipal Competitiveness Review (MCR)**

Area of research	Description	Source*
Population	General information on the municipality: area and population, age of the population, ethnic distribution, sources of livelihood	-
Performance of the local business sector	Business demography, sectoral structure of the local economy, size of businesses, legal form of businesses	-
Taxes and fees	Municipal taxes and fees related to businesses e.g. immovable property tax, business license fees, construction permit fees	MCI (taxes & fees), DB, municipal competence, Roadmap, SME Strategy, PSD, RDS, AKM
Supply of human resources	Employment and unemployment, educational attainment of the population, secondary education, tertiary education, adult education	MCI (quality of local labour), DB, RCI (key basic driver, efficiency), (partly) municipal competence, Roadmap, RDS
Infrastructure, business support services and events	Traffic infrastructure, existence and development of business support services, existence of financial support for businesses, existence of B2B events and trade fairs	MCI (municipal infrastructure, labour and business support services), DB, RCI (key basic driver), municipal competence, Roadmap, SME Strategy, PSD, RDS, AKM
Municipal administration	Municipal budget, transparency on municipal taxes and fees, opening hours of local authorities	MCI (transparency, predictability and participation, municipal administration), RCI (quality of institutions), municipal competence, AKM

\* Where applicable, it is mentioned what concept for measuring competitiveness or what policy strategies (as discussed in chapter 2) are investigating this area of research.

MCI...Municipal Competitiveness Index (USAID), DB...Doing Business (World Bank), RCI...Regional Competitiveness Index (EU), Roadmap...Roadmap on Capacity Development of KIESA (KOSME), SME Strategy...SME Development Strategy of Kosovo 2012-2016, PSD...Private Sector Development Strategy, RDS...Regional development strategies, AKM...Association of Kosovo Municipalities

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## 3.2 Fact sheets for each municipality

One component of the MCR is to create **fact sheets** for each of the 38 **municipalities** in Kosovo. The fact sheets include data on elements influencing competitiveness on local level, allowing for the comparison of specific indicators between the municipalities and total Kosovo.

This approach is inspired by the **SME Performance Review** of the **European Commission**, aimed at monitoring and assessing countries' progresses in implementing the Small Business Act (SBA) on a yearly basis<sup>2</sup>. This review provides comprehensive information on the performance of SMEs in EU Member States and other nine partner countries<sup>3</sup>. The so called **SBA country fact sheets** assess the progress in the implementation of the Small Business Act at national level. They focus on indicators and national policy developments by comparing the performance of 37 countries with the EU average. However, while the SBA fact sheets focus on the national level with comparing each country to the EU average, the **municipality fact sheets of the MCR** are oriented towards the local level with comparing each municipality to the Kosovar average (whenever possible).

Taking into account the **areas of research** identified in chapter 3.1, the municipality fact sheets are structured as follows:

- **Overview:** One-page summary of the most important facts on the municipality
- **Population:** Area and population, age of the population, ethnic distribution, sources of livelihood
- **Performance of the local business sector:** Business demography (businesses, employees, business entries and business exits, development of businesses, employees, business entry rates and business exit rates), sectoral structure of the local economy, size of businesses, legal form of businesses
- **Local business environment**
  - *Municipal taxes and fees related to businesses:* Immovable property tax, business license fees, permit fees for construction and demolition of buildings and other structures, municipal administrative fees, other municipal fees
  - *Supply of human resources:* Employment and unemployment, educational attainment of the population, secondary education, tertiary education, adult education
  - *Infrastructure, business support services and events:* Distance to the next highway/upper level road; availability of a business registration centre, banks, lawyers, business consultancies and tax consultancies; development of lawyers, business consultancies and tax consultancies; existence of chambers, business

<sup>2</sup> For more details please see [http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/index\\_en.htm](http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/index_en.htm), queried 20 April 2015

<sup>3</sup> Albania, FYROM, Iceland, Israel, Liechtenstein, Norway, Montenegro, Serbia and Turkey

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- incubators, economic zones and technology parks; existence of financial support for businesses; existence of B2B events, trade fairs and events
- *Municipal administration*: Municipal budget, transparency on municipal taxes and fees, opening hours of local authorities, municipal website

For more details on the **topics and contents of the municipality fact sheets**, please see chapter 4. Due to their average extent of 18 pages per municipality, the actual 38 municipality fact sheets are not included in this report. They are available either on CD, attached to this report, or on the internet.

### 3.3 Ranking of municipalities

The second component of the MCR is a **municipality ranking** according to a selection of indicators related to local competitiveness. Just like the municipality fact sheets, the ranking is based on the **areas of research** identified in chapter 3.1.

#### 3.3.1 Municipality ranking by subgroups

The municipality ranking has been conducted for **four different thematic subgroups** as listed below, taking into account a selected number of indicators for each subgroup (for more details on the indicators and the results of the ranking by subgroups please see chapter 5):

- Performance of the local business sector (5 indicators)
- Supply of human resources (5 indicators)
- Business support services (4 indicators)
- Infrastructure (3 indicators)

For each of the subgroups mentioned above, the same **ranking methodology** has been applied, being simple and reproducible, but nonetheless conclusive.

#### Indicator ranking

First, the values of an indicator (e.g. business entry rate in each municipality, percentage of OPEs in each municipality) are ranked according to their size. The rank of a measured value stems from its position when all indicator values are sorted and numbered according to their size. However, in the ranking procedure, also the meaning of the values has to be taken into account. Depending on the indicator, this could mean: the *larger* the value, the *better* the rank of a municipality (e.g. business entry rate, employment rate) or, the *smaller* the value, the *better* the rank of a municipality (e.g. business exit rate, unemployment rate).

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So, when creating rank orders for each indicator, the best value among the municipalities (=the smallest or the largest) is assigned rank “1”, and the worst value is assigned rank “38”<sup>4</sup>. This method is applied to all indicators, with the result of each indicator having a rank order of values.

### Subgroup ranking

For the calculation of the subgroup rankings, the rank orders of indicators forming one subgroup are added up. From the result of adding the rank orders of those indicators, in turn, a new rank order is generated, representing the final ranking of this subgroup. This method is applied to create the rankings for the remaining subgroups as well.

For detailed results of the ranking by subgroups, please see chapter 5.1 to 5.4.

### 3.3.2 Overall ranking of municipalities

Apart from a municipality ranking by subgroups, also an **overall municipality ranking** has been carried out, taking into account *all indicators of all subgroups*.

The overall municipality ranking was not calculated by just adding up the subgroup-rankings and creating a final rank order that way, because subgroups consisting of a small number of indicators (e.g. “infrastructure”) would have a higher weighting in the overall ranking. So, the overall ranking is calculated by taking all indicators of all subgroups into account in equal measure: the rank orders of all indicators are added up. From the result, a new rank order is generated representing the final overall ranking.

The detailed result of the overall ranking is presented in chapter 5.5, contrasted with the results of the municipality ranking by subgroups.

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<sup>4</sup> Provided that the data is available for all 38 municipalities; otherwise, the last rank has the number that corresponds to the number of municipalities of which data is available; for instance, when data is available only for 28 municipalities, the last rank is “28”.



### 3.4 Data sources

The focus of the MCR is on business relevant data at municipal level. As the concept of the MCR is mainly based upon secondary data, the majority of the collected data consists of this kind of data. However, also primary data has been collected where deemed necessary. In the following, the main sources of secondary and primary data that have been tapped are listed.

#### Secondary data

In general, secondary data is already published data and data collected in the past or by other organisations. In the context of the MCR, secondary data being available from as many reliable sources as possible has been explored. Usually, such sources include national statistical offices or other authorities with relevant municipal-level data collections.

For the MRC, the following sources for secondary data have been used:

- *Kosovo Agency of Statistics (ASK)* – especially as regards population, education and labour market, e.g. population and household census 2011<sup>5</sup>
- *Tax Administration of Kosovo (ATK)* – data on taxpaying enterprises
- *Ministry of Education, Science and Technology (MEST)* – data on education
- *Ministry of Finance* – data on municipal budgets
- *Ministry of Public Administration* – data on business support services
- *Ministry of Trade and Industry (MTI)* - data on business support services
- *Assembly of Republic of Kosovo* - data on municipal budgets
- *Kosovo Accreditation Agency* – data on education institutions
- *Luxembourg Agency for Development Cooperation* – data on adult education

Furthermore, the *Regional Labour and Employment Centres and Municipal Employment Offices*<sup>6</sup> were approached to ask for recent data on employment and unemployment in the regions and municipalities; however, despite repeated requests it was almost impossible to receive any data.

<sup>5</sup> Restriction of the population and household census 2011: The census did not cover the entire Kosovo territory, since only 34 of the then 37 municipalities of the country (Mitrovicë Veriore did not exist as separate municipality yet) could be enumerated. The results presented in this system refer only to the enumerated population and exclude the municipalities of Leposaviq, Zveçan and Zubin Potok. Also only one part of the municipality of Mitrovicë (the Southern part) has been enumerated.

<sup>6</sup> There are 7 regional (Ferizaj, Gjakovë, Gjilan, Mitrovicë, Pejë, Prishtina, Prizren) and 23 municipal offices.

## Primary data

In general, primary data is data observed or collected directly from first-hand experience. In contrast to secondary data, it is not readily available from a data provider. In the context of the MCR, primary data is data / information that has to be asked for directly in the municipalities via telephone or on-site visits (e.g. opening hours of local authorities, availability of written documents on municipal taxes in the municipality building) or has to be searched for via internet (e.g. websites of MCR relevant institutions).

## 3.5 Municipality coverage

The roadmap for the KOSME project determined that at least 10 municipalities should be covered and that particular attention should be paid to municipalities with *“the highest unemployment and poverty rates as well as to those municipalities inhabited by minorities”*.

However, in order to make the MCR a functioning tool for KIESA, it was decided to cover all 38<sup>7</sup> Kosovar municipalities to the greatest extent possible. It turned out that the availability of data is not the same for all municipalities. Particularly in municipalities with Serbian majority it was difficult, sometimes even impossible, to collect data for a considerable number of indicators. This is especially true for the Northern municipalities Leposaviq, Zvečan, Zubin Potok as well as Mitrovicë Veriore. Also, it was not possible to receive reliable business-related data for the municipalities Ranillug, Partesh, Novobërdë and Klllokot.

In the pilot phase of creating the municipality fact sheets, five municipalities have been selected for testing the feasibility of secondary and primary data collection: Prishtina, Ferizaj, Shtërpçë, Malishevë and Klinë. After completion of the data collection for these five municipalities, the data collection process and the indicators were reviewed and further adapted. Then, the data collection for the remaining 33 municipalities was carried out.

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<sup>7</sup> Status: January 2014



## 4 Municipality fact sheets: Topics and contents

This chapter deals with the content of the municipality fact sheets, i.e. which indicators are used and to what type of data they can be assigned. In the following, the topics and the corresponding indicators are presented.

Due to their average extent of 18 pages per municipality, the actual 38 municipality fact sheets are not included in this report. They are available either on CD, attached to this report, or on the internet.

### 4.1 Population

General information on the municipalities includes indicators such as area, population, age of the population, information about ethnic composition and sources of livelihood. Table 5 provides an overview of these indicators.

**Table 5 Indicators on population**

No. of indicator	Indicator	Detailed description	Type of data
1	Area	Area in km <sup>2</sup>	secondary
2	Population	Total number	secondary
5a	Population density	Inhabitants per km <sup>2</sup>	secondary
3	Population	by age groups	secondary
5	Population	by ethnic background	secondary
6	Sources of livelihood	First main source of livelihood: The first main source of income from which all of a person's expenditure was financed during the last 12 months Basis: Population 15 years and older	secondary

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## 4.2 Performance of the local business sector

This section deals with indicators that are related to the local business sector. These include the number of businesses and employees, business entries and exits, the development over the last years, sectors and enterprise size, as well as legal forms (table 6).

**Table 6 Indicators on the performance of the local business sector**

No. of indicator	Indicator	Detailed description	Type of data
10	Businesses	Total number according to ATK (Tax Administration of Kosovo)	secondary
22	Employees	Total number according to ATK; annual average	secondary
13a	Businesses per 1,000 economically active inhabitants	Number of businesses per 1,000 economically active inhabitants (=labour force) Economically active inhabitants: working age people (15-64 years) who are employed or registered as unemployed (job seekers)	secondary
24	Business entries	Number of business entries into the register of ATK within one year	secondary
24a	Business entry rate	Newly registered businesses as a percentage of total businesses registered with ATK	secondary
25	Business exits	Number of business exits from the register of ATK within one year	secondary
25a	Business exit rate	Business exits as a percentage of total businesses registered with ATK	secondary
15	Development of businesses	Change of the number of businesses over the years	secondary
16	Development of employment	Change of the number of employees over the years	secondary
24b	Development of business entry rates	Change of the business entry rate over the years	secondary
25b	Development of business exit rates	Change of the business exit rate over the years	secondary
12	Businesses and employees by sector	Sector of economic activity according to NACE Rev.2	secondary
11	Businesses and employees by size of business	OPE, 2 to 4 employees, 5 to 9 employees, 10 to 49 employees, 50 and more employees	secondary
14	Businesses by legal form	Legal form of businesses e.g. individual business, limited liability company, general partnership etc.	secondary

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## 4.3 Local business environment

This section deals with the business environment in the municipalities. In more detail, it refers to the municipal conditions when it comes to important municipal taxes and fees (table 7), the supply of human resources (table 8), infrastructure, business support services and events (table 9) and municipal administration (table 10).

### 4.3.1 Municipal taxes and fees related to businesses

**Table 7 Indicators related to municipal taxes and fees relevant for businesses**

No. of indicator	Indicator	Detailed description	Type of data
47a	Immovable property tax	Property values and tax rates by property categories	primary
47b	Property transfer tax	Municipal tax on real estate transaction	primary
41a	Annual business license fee	For business activities such as retail sales, food processing, handicraft, hotel and restaurant services, banking activities and financial services, insurance, and other business activities	primary
41b	Annual professional business license fee	For business activities such as professional services, accountants, lawyers, doctors, dentists and other professions	primary
44a	Permit fees for construction and demolition of buildings and other structures	Construction permit fee	primary
42	Inspection and supervisory fees	e.g. with regard to the construction and demolition of buildings and other structures, sanitary and hygienic inspection, agriculture inspection	primary
47c	Other municipal fees	e.g. change of land use	primary

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### 4.3.2 Supply of human resources

**Table 8 Indicators related to the supply of human resources for businesses**

No. of indicator	Indicator	Detailed description	Type of data
3a	Working-age population	Population 15 to 64 years old	secondary
17	Total labour force (15-64 years)	Number of working-age people (15-64 years) who are economically active; the economically active consist of the employed and the registered unemployed (job seekers)	secondary
17a	Participation rate	Proportion of the working-age population (15-64 years) that is economically active	secondary
18	Number of employed persons	Employed person: person who works in a job where an explicit or implicit contract of employment exists and gives the person a basic remuneration or person that performs seasonal, agricultural or other temporary work from which this person derives a source of livelihood, in cash or in kind, regardless of being socially insured	secondary
19	Employment rate	Proportion of the working-age population (15-64 years) that is employed	secondary
20	Number of unemployed persons	Unemployed person: someone not currently working (neither in paid employment nor in self-employment), but currently available for work and actively looking for any kind of paid work	secondary
21	Unemployment rate	Proportion of the labour force that is unemployed	secondary
27	Educational attainment of the population	Number of people by completed educational level; basis: population 15 years and older	secondary
28	Number of secondary schools	-	secondary
29	Number of students in secondary schools	-	secondary
29a	Development of students in secondary schools	Change of the number of students over the years	secondary
30	Secondary schools: type / area of education	-	secondary and primary
31	Tertiary education institutions	Number of public universities and private colleges	secondary
33	Tertiary education: type / area of education	-	primary
48	Adult education	Existence of the following vocational training services for adults: ICT (information and communication technology), business and management, engineering and technology, construction, languages, personality development and communication skills	primary

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### 4.3.3 Infrastructure, business support services and events

**Table 9 Indicators related to the municipal infrastructure, business support services and events**

No. of indicator	Indicator	Detailed description	Type of data
49	Traffic infrastructure	Travel distance in km from the centre of the municipality to the next highway or upper-level road*	primary
60	Availability of a business registration centre	-	secondary
38	Availability and range of banks	Existence and number of banks, including branches	secondary
37	Availability and range of lawyers	Existence and number of lawyers	secondary
39	Availability and range of business consultancies	Existence and number of business consultancies	secondary
53	Availability and range of tax consultancies	Existence and number of tax consultancies	secondary
37a	Development of lawyers	Change of the number of lawyers over the years	secondary
39a	Development of business consultancies	Change of the number of business consultancies over the years	secondary
53a	Development of tax consultancies	Change of the number of tax consultancies over the years	secondary
40	Availability and range of chambers	Existence and number of chambers	secondary
52	Existence and number of business incubators, economic zones, technology parks	List of business incubators, number of enterprises, services of the facilitators: consultancies, meeting rooms, etc.	primary
55	Availability and range of financial support	e.g. grants and micro finance on municipal level	primary
56	Occurrence of B2B events, fairs	Existence of B2B events and fairs in the municipality	primary

\* Highways or upper level roads: M 2 (Zubin Potok - Mitrovicë - Prishtina - Hani i Elezit), M 22.3 (Leposavic - Mitrovicë), M 9 (Peje - Prishtina - Makoc - Serbian border), M 9.1 (Klinë - Gjakovë - Morinë), M 25 (Prizren - Shtime - Prishtina - Podujevë - Merdare), M 25.2 (Prishtina - Gjiilan - Macedonian border), M 25.3 (Shtime - Ferizaj - Gjiilan - Serbian border), 17 (Peja - Gjakovë - Prizren), and, as far as already completed, R 7 (Vërmicë - Prizren - Gjurgjicë - Prishtina) and R 6 (Prishtina - Hani i Elezit)

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#### 4.3.4 Municipal administration

**Table 10 Indicators related to the municipal administration**

No. of indicator	Indicator	Detailed description	Type of data
36	Municipal budget / expenditures on public services, civil protection and emergency	Public services, civil protection, emergency include road infrastructure, public infrastructure, fire prevention and inspections, management of natural disasters and water management	secondary
51	Transparency on municipal taxes and fees	Availability of written information (documents) on municipal taxes and fees e.g. on municipal website, at municipality building	primary
57	Opening hours of local authorities	-	primary

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## 5 Municipality ranking: subgroups, indicators and results

In this chapter, the results of the municipality ranking are presented, according to the four subgroups “Performance of the local business sector” (chapter 5.1), “Supply of human resources” (chapter 5.2), “Business support services” (chapter 5.3) and “Infrastructure” (chapter 5.4). Furthermore, it includes the overall municipality ranking (chapter 5.5), contrasted by the results of the subgroup-rankings.

### 5.1 Ranking of municipalities in the field of “Performance of the local business sector”

**Table 11 Indicators selected for the ranking in the field of „Performance of the local business sector“**

No. of indicator	Indicator	Measure / ratio	Interpretation of values
13a	Businesses per 1,000 economically active inhabitants	Number of businesses per 1,000 economically active inhabitants (=labour force)  Economically active inhabitants: working age people (15-64 years) who are employed or registered as unemployed (job seekers)	the larger the value, the higher in the ranking
24a	Business entry rate	Newly registered businesses as a percentage of total businesses registered with ATK	the larger the value, the higher in the ranking
25a	Business exit rate	Business exits as a percentage of total businesses registered with ATK	the smaller the value, the higher in the ranking
12	Employees by sector (NACE Rev.2)	Sectoral concentration of employment: Hoover Index  The Hoover Index is a simple inequality measure. It is the proportion of all employees which would have to be redistributed to achieve a state of perfect equality in terms of distribution of employees in the economic sectors. The lower the proportion, the less concentrated are employees in a specific sector	the smaller the value, the higher in the ranking
11	Businesses by size of business	One-Person-Enterprises (OPE) as a percentage of total businesses registered with ATK	the smaller the value, the higher in the ranking

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**Table 12 Ranking of the subgroup “Performance of the local business sector”**

Municipality	Ranking	Businesses / 1,000 econ. act. inh. (Rank)	Business entry rate in % (Rank)	Business exit rate in % (Rank)	Hoover Index (Rank)	% of OPEs in all businesses (Rank)
Prishtina	1	116 (1)	16.6 (3)	6.2 (18)	0.33 (1)	54.0 (6)
Graçanicë	2	61 (17)	20.9 (1)	3.4 (2)	0.51 (22)	45.3 (1)
Fushë Kosovë	3	70 (10)	16.7 (2)	4.2 (7)	0.46 (16)	54.6 (9)
Gjakovë	4	91 (4)	11.0 (23)	3.9 (6)	0.34 (2)	55.3 (10)
Suharekë	4	66 (15)	14.5 (4)	3.6 (4)	0.48 (19)	52.2 (3)
Ferizaj	6	101 (2)	14.2 (7)	6.0 (14)	0.42 (10)	57.2 (15)
Gjilan	7	91 (3)	12.2 (19)	5.4 (12)	0.40 (5)	57.9 (19)
Malishevë	8	55 (22)	13.8 (8)	3.6 (5)	0.51 (20)	53.2 (5)
Viti	9	67 (14)	12.7 (17)	4.8 (10)	0.41 (9)	56.2 (12)
Prizren	10	75 (7)	11.0 (22)	7.8 (22)	0.41 (6)	54.5 (8)
Lipjan	11	56 (21)	12.6 (18)	6.0 (15)	0.38 (3)	57.1 (14)
Shtërpçë	11	76 (6)	11.5 (21)	5.3 (11)	0.39 (4)	80.7 (29)
Mitrovicë	13	70 (9)	13.3 (12)	5.7 (13)	0.46 (15)	60.2 (25)
Rahovec	14	62 (16)	13.0 (14)	3.5 (3)	0.51 (21)	58.6 (22)
Klinë	15	69 (12)	11.8 (20)	6.1 (16)	0.47 (17)	56.3 (13)
Podujevë	15	53 (23)	14.2 (6)	8.5 (24)	0.45 (14)	56.1 (11)
Junik	17	45 (27)	6.9 (29)	2.8 (1)	0.51 (24)	50.0 (2)
Kaçanik	18	73 (8)	13.3 (13)	14.2 (27)	0.42 (11)	65.8 (27)
Pejë	19	90 (5)	9.9 (27)	7.3 (21)	0.48 (18)	57.2 (16)
Deçan	20	43 (28)	12.9 (15)	16.5 (28)	0.44 (13)	52.6 (4)
Vushtrri	21	46 (26)	13.5 (11)	4.6 (9)	0.51 (23)	58.4 (21)
Hani i Elezit	22	68 (13)	13.8 (9)	6.9 (20)	0.61 (29)	58.2 (20)
Kamenicë	23	69 (11)	10.1 (25)	13.3 (26)	0.41 (8)	61.6 (26)
Obiliq	24	40 (29)	10.9 (24)	6.8 (19)	0.41 (7)	57.5 (18)
Shtime	24	61 (18)	12.8 (16)	22.5 (29)	0.55 (27)	54.3 (7)
Istog	26	58 (20)	10.0 (26)	8.2 (23)	0.42 (12)	57.3 (17)
Skenderaj	27	48 (24)	13.6 (10)	6.1 (17)	0.53 (26)	58.9 (24)
Glllogoc	28	46 (25)	14.2 (5)	8.6 (25)	0.52 (25)	58.8 (23)
Dragash	29	59 (19)	8.8 (28)	4.3 (8)	0.56 (28)	69.4 (28)
Klllokot	n/a	n/a	n/a	n/a	n/a	n/a
Leposaviq	n/a	n/a	n/a	n/a	n/a	n/a
Mamushë	n/a	n/a	n/a	n/a	n/a	n/a
Mitrovicë Veriore	n/a	n/a	n/a	n/a	n/a	n/a
Novobërdë	n/a	n/a	n/a	n/a	n/a	n/a
Partesh	n/a	n/a	n/a	n/a	n/a	n/a
Ranillug	n/a	n/a	n/a	n/a	n/a	n/a
Zubin Potok	n/a	n/a	n/a	n/a	n/a	n/a
Zveçan	n/a	n/a	n/a	n/a	n/a	n/a
<b>Kosovo</b>	-	<b>76</b>	<b>13.6</b>	<b>6.5</b>	<b>0.46</b>	<b>56.3</b>

n/a...Data to create a ranking was not available

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## 5.2 Ranking of municipalities in the field of “Supply of human resources”

**Table 13 Indicators selected for the ranking in the field of “Supply of human resources”**

No. of indicator	Indicator	Measure / ratio	Interpretation of values
6	Sources of livelihood	Work as a percentage of all main sources of livelihood Work as main source of income from which all of a person's expenditure was financed during the last 12 months Basis: Population 15 years and older	the larger the value, the higher in the ranking
19	Employment rate	Proportion of the working-age population (15-64 years) that is employed	the larger the value, the higher in the ranking
21	Unemployment rate	Proportion of the labour force that is unemployed Labour force: the number of working-age people (15-64 years) who are economically active; the economically active consist of the employed and the registered unemployed (job seekers)	the smaller the value, the higher in the ranking
27	Educational attainment of the population	Proportion of people having completed an upper secondary education; basis: population 15 years and older	the larger the value, the higher in the ranking
27	Educational attainment of the population	Proportion of people having completed a tertiary education; basis: population 15 years and older	the larger the value, the higher in the ranking

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**Table 14 Ranking of the subgroup "Supply of human resources"**

Municipality	Ranking	% of work as main source of livelihood (Rank)	Employment rate in % (Rank)	Unemployment rate in % (Rank)	% of people with upper second. edu. (Rank)	% of people with tertiary education (Rank)
Prishtina	1	38.0 (2)	40.7 (1)	27.7 (2)	42.5 (3)	17.7 (1)
Gračanicë	2	31.7 (6)	36.3 (2)	36.9 (4)	49.6 (1)	7.0 (5)
Fushë Kosovë	3	31.3 (7)	33.4 (4)	36.1 (3)	41.9 (5)	8.3 (2)
Pejë	4	34.8 (3)	25.8 (9)	43.5 (8)	36.8 (13)	8.1 (3)
Ferizaj	5	28.1 (14)	26.1 (8)	43.7 (9)	40.2 (8)	5.2 (12)
Obiliq	5	30.1 (9)	27.2 (6)	46.7 (14)	44.3 (2)	4.7 (20)
Gjilan	7	27.7 (16)	26.4 (7)	45.6 (12)	35.1 (15)	7.3 (4)
Istog	8	31.9 (5)	22.5 (15)	44.3 (10)	32.1 (26)	5.4 (10)
Prizren	9	29.1 (10)	25.4 (10)	43.4 (7)	25.5 (30)	4.9 (17)
Mamushë	10	33.7 (4)	34.7 (3)	2.8 (1)	8.8 (34)	2.0 (34)
Mitrovicë	11	23.1 (27)	22.5 (16)	51.5 (22)	42.4 (4)	5.9 (8)
Rahovec	11	44.5 (1)	23.1 (11)	41.1 (5)	20.4 (33)	4.2 (27)
Klllokot	13	24.0 (25)	23.0 (12)	41.5 (6)	37.4 (12)	4.5 (23)
Vushtrri	13	28.8 (12)	21.5 (19)	55.7 (27)	39.9 (9)	5.3 (11)
Kamenicë	15	27.8 (15)	21.1 (20)	48.7 (16)	33.5 (19)	5.0 (15)
Gjakovë	16	25.6 (21)	22.6 (14)	48.8 (17)	31.5 (27)	6.2 (7)
Novobërdë	16	29.0 (11)	27.6 (5)	51.6 (23)	34.7 (18)	3.9 (29)
Viti	18	24.6 (23)	23.0 (13)	48.0 (15)	32.4 (25)	5.0 (14)
Shtërpçë	19	28.5 (13)	21.9 (18)	59.9 (34)	35.4 (14)	5.2 (13)
Lipjan	20	25.9 (20)	22.0 (17)	49.4 (18)	34.9 (17)	4.6 (22)
Partesh	21	23.8 (26)	20.4 (22)	50.1 (21)	41.7 (6)	4.6 (21)
Kaçanik	22	27.7 (17)	19.4 (25)	49.5 (19)	38.7 (10)	4.1 (28)
Podujevë	23	24.6 (24)	19.8 (24)	49.6 (20)	34.9 (16)	4.7 (19)
Ranillug	24	20.3 (31)	19.1 (28)	58.6 (32)	41.4 (7)	5.9 (9)
Suharekë	25	23.0 (28)	21.1 (21)	46.4 (13)	26.7 (28)	4.8 (18)
Deçan	26	26.5 (19)	16.5 (30)	59.0 (33)	32.8 (23)	6.8 (6)
Glllogoc	26	22.9 (29)	19.3 (26)	56.0 (29)	38.1 (11)	5.0 (16)
Dragash	28	26.7 (18)	20.1 (23)	45.1 (11)	22.4 (31)	3.6 (31)
Klinë	29	30.8 (8)	15.6 (32)	57.7 (30)	26.3 (29)	4.4 (24)
Skenderaj	30	24.9 (22)	15.9 (31)	55.8 (28)	32.9 (21)	4.3 (25)
Hani i Elezit	31	19.9 (32)	19.2 (27)	53.1 (25)	33.2 (20)	3.3 (33)
Shtime	31	22.0 (30)	18.9 (29)	53.2 (26)	32.9 (22)	3.8 (30)
Junik	33	18.4 (34)	13.5 (34)	58.0 (31)	32.4 (24)	4.2 (26)
Malishevë	34	19.1 (33)	14.4 (33)	53.0 (24)	20.6 (32)	3.5 (32)
Leposaviq	n/a	n/a	n/a	n/a	n/a	n/a
Mitrovicë Veriore	n/a	n/a	n/a	n/a	n/a	n/a
Zubin Potok	n/a	n/a	n/a	n/a	n/a	n/a
Zveçan	n/a	n/a	n/a	n/a	n/a	n/a
<b>Kosovo</b>	<b>-</b>	<b>28.9</b>	<b>24.7</b>	<b>44.8</b>	<b>34.2</b>	<b>6.8</b>

n/a...Data to create a ranking was not available

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### 5.3 Ranking of municipalities in the field of “Business support services”

**Table 15 Indicators selected for the ranking in the field of “Business support services”**

No. of indicator	Indicator	Measure / ratio	Interpretation of values
38	Availability and range of banks	Number of banks per 100 businesses	the larger the value, the higher in the ranking
37	Availability and range of lawyers	Number of lawyers per 100 businesses	the larger the value, the higher in the ranking
39	Availability and range of business consultancies	Number of business consultancies per 100 businesses	the larger the value, the higher in the ranking
53	Availability and range of tax consultancies	Number of tax consultancies per 100 businesses	the larger the value, the higher in the ranking

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**Table 16 Ranking of the subgroup “Business support services”**

Municipality	Ranking	Banks per 100 businesses (Rank)	Lawyers per 100 businesses (Rank)	Business consult. per 100 businesses (Rank)	Tax consultancies per 100 businesses (Rank)
Prishtina	1	0.40 (23)	3.17 (1)	2.67 (1)	2.58 (1)
Pejë	2	0.52 (19)	2.55 (2)	0.45 (3)	1.01 (12)
Mitrovicë	3	0.50 (22)	1.84 (5)	0.39 (4)	1.11 (8)
Fushë Kosovë	4	0.77 (11)	1.05 (19)	0.57 (2)	1.05 (10)
Klinë	5	0.58 (16)	1.88 (4)	0.14 (14)	0.87 (13)
Lipjan	5	0.59 (15)	1.48 (10)	0.10 (17)	1.38 (5)
Prizren	7	0.38 (27)	1.61 (7)	0.26 (8)	1.26 (6)
Shtime	8	0.71 (12)	0.47 (25)	0.24 (9)	1.42 (3)
Malishevë	9	0.60 (14)	1.50 (9)	0.00 (21)	1.20 (7)
Ferizaj	10	0.31 (29)	1.13 (17)	0.31 (6)	1.82 (2)
Deçan	11	1.04 (5)	2.09 (3)	0.00 (21)	0.21 (26)
Gjakovë	12	0.38 (26)	1.44 (11)	0.31 (5)	0.86 (15)
Istog	12	0.78 (9)	1.41 (12)	0.16 (13)	0.47 (23)
Graçanicë	14	0.86 (8)	1.15 (16)	0.00 (21)	0.86 (14)
Hani i Elezit	15	2.12 (2)	0.00 (28)	0.00 (21)	1.06 (9)
Rahovec	15	0.62 (13)	0.53 (24)	0.09 (19)	1.41 (4)
Viti	17	0.38 (25)	1.52 (8)	0.10 (18)	1.05 (11)
Gjilan	18	0.32 (28)	1.72 (6)	0.29 (7)	0.57 (22)
Kaçanik	19	0.77 (10)	1.08 (18)	0.00 (21)	0.77 (17)
Shtërpçë	19	1.23 (3)	0.41 (26)	0.00 (21)	0.82 (16)
Suharekë	21	0.40 (24)	1.19 (15)	0.16 (12)	0.71 (18)
Dragash	22	1.13 (4)	0.38 (27)	0.19 (11)	0.00 (28)
Glllogoc	23	0.57 (17)	1.38 (13)	0.11 (16)	0.23 (25)
Obiliq	24	0.88 (7)	0.59 (23)	0.00 (21)	0.59 (21)
Podujevë	24	0.52 (20)	0.89 (22)	0.22 (10)	0.67 (20)
Skenderaj	24	0.90 (6)	0.90 (21)	0.00 (21)	0.45 (24)
Kamenicë	27	0.57 (18)	1.29 (14)	0.14 (15)	0.14 (27)
Junik	28	4.17 (1)	0.00 (28)	0.00 (21)	0.00 (28)
Vushtrri	29	0.50 (21)	1.01 (20)	0.08 (20)	0.67 (19)
Novobërdë	n/a	0.00 (30)	n/a	n/a	n/a
Kllokot	n/a	n/a	n/a	n/a	n/a
Leposaviq	n/a	n/a	n/a	n/a	n/a
Mamushë	n/a	n/a	n/a	n/a	n/a
Mitrovicë Veriore	n/a	n/a	n/a	n/a	n/a
Partesh	n/a	n/a	n/a	n/a	n/a
Ranillug	n/a	n/a	n/a	n/a	n/a
Zubin Potok	n/a	n/a	n/a	n/a	n/a
Zveçan	n/a	n/a	n/a	n/a	n/a
<b>Kosovo</b>	-	<b>0.53</b>	<b>1.85</b>	<b>0.83</b>	<b>1.38</b>

n/a...Data to create a ranking was not available

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## 5.4 Ranking of municipalities in the field of “Infrastructure”

**Table 17 Indicators selected for the ranking in the field of “Infrastructure”**

No. of indicator	Indicator	Measure / ratio	Interpretation of values
49	Traffic infrastructure	Travel distance in km from the centre of the municipality to the next highway or upper-level road	the smaller the value, the higher in the ranking
36	Municipal budget / expenditures on public services, civil protection and emergency	Public services, civil protection, emergency in % of the total budget Public services, civil protection, emergency: road infrastructure, public infrastructure, fire prevention and inspections, management of natural disasters and water management	the larger the value, the higher in the ranking
36	Municipal budget / expenditures on public services, civil protection and emergency	Public services, civil protection, emergency per capita in € Public services, civil protection, emergency: road infrastructure, public infrastructure, fire prevention and inspections, management of natural disasters and water management	the larger the value, the higher in the ranking

\* Highways or upper level roads: M 2 (Zubin Potok - Mitrovicë - Prishtina - Hani i Elezit), M 22.3 (Leposavic - Mitrovicë), M 9 (Peje - Prishtina - Makoc - Serbian border), M 9.1 (Klinë - Gjakovë - Morinë), M 25 (Prizren - Shtime - Prishtina - Podujevë - Merdare), M 25.2 (Prishtina - Gjilan - Macedonian border), M 25.3 (Shtime - Ferizaj - Gjilan - Serbian border), 17 (Peja - Gjakovë - Prizren), and, as far as already completed, R 7 (Vërmicë - Prizren - Gjurgjicë - Prishtina) and R 6 (Prishtina - Hani i Elezit)

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**Table 18 Ranking of the subgroup "Infrastructure"**

Municipality	Ranking	Traffic infrastructure: distance to next highway in km <i>(Rank)</i>	Public services, civil protection, emergency in % of the total budget <i>(Rank)</i>	Budget for public services, civil protection, emergency per capita in € <i>(Rank)</i>
Ferizaj	1	1.0 (2)	32.5 (1)	69.5 (3)
Prishtina	2	1.0 (2)	24.1 (6)	76.7 (1)
Prizren	2	1.0 (2)	28.2 (3)	57.0 (4)
Suharekë	4	1.0 (2)	26.7 (4)	56.3 (5)
Lipjan	5	1.0 (2)	25.2 (5)	49.5 (6)
Pejë	6	1.0 (2)	21.7 (8)	43.1 (7)
Mitrovicë Veriore	7	1.0 (2)	22.4 (7)	31.0 (9)
Gjakovë	8	1.0 (2)	13.0 (10)	25.7 (12)
Vushtrri	9	1.0 (2)	12.0 (11)	23.1 (14)
Fushë Kosovë	10	1.0 (2)	11.6 (13)	24.5 (13)
Podujevë	11	1.0 (2)	11.7 (12)	22.6 (15)
Gjilan	12	1.0 (2)	9.5 (16)	21.3 (16)
Hani i Elezit	13	1.0 (2)	9.9 (14)	19.2 (19)
Mamushë	14	14.1 (32)	30.4 (2)	70.2 (2)
Partesh	14	1.0 (2)	5.4 (24)	27.3 (10)
Ranillug	16	0.6 (1)	5.7 (22)	16.9 (21)
Kaçanik	17	1.0 (2)	7.1 (19)	13.3 (24)
Rahovec	18	18.4 (34)	20.5 (9)	35.7 (8)
Deçan	19	1.0 (2)	3.1 (29)	5.3 (30)
Kamenicë	19	9.9 (29)	9.7 (15)	19.5 (17)
Klllokot	19	1.0 (2)	2.4 (33)	8.1 (26)
Zubin Potok	22	1.0 (2)	3.5 (28)	4.6 (33)
Leposaviq	23	1.0 (2)	3.0 (30)	4.7 (32)
Malishevë	24	11 (30)	9.1 (17)	19.4 (18)
Shtërpcë	25	19.7 (35)	6.0 (21)	27.0 (11)
Junik	26	8.7 (28)	7.9 (18)	15.4 (22)
Mitrovicë	27	1.0 (2)	2.2 (34)	4.5 (34)
Novobërdë	28	12.6 (31)	5.7 (23)	17.5 (20)
Shtime	28	1.0 (2)	1.0 (36)	2.1 (36)
Istog	30	24.4 (37)	6.7 (20)	13.3 (23)
Klinë	30	3.5 (25)	3.9 (27)	7.8 (28)
Viti	32	14.6 (33)	5.2 (25)	10.0 (25)
Glllogoc	33	7.8 (27)	2.9 (31)	5.5 (29)
Obiliq	34	3.9 (26)	2.4 (32)	5.1 (31)
Skenderaj	35	25.3 (38)	4.0 (26)	8.1 (27)
Dragash	36	23.5 (36)	1.8 (35)	3.5 (35)
Graçanicë	n/a	1.0 (2)	n/a	n/a
Zveçan	n/a	1.5 (24)	n/a	n/a
<b>Kosovo</b>	-	-	<b>15.8</b>	<b>33.7</b>

n/a...Data to create a ranking was not available

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## 5.5 Overall ranking of municipalities

The overall municipality ranking takes all indicators of all subgroups (as listed in chapter 5.1 to chapter 5.4) into account in equal measure by simply adding up the rank orders of all indicators. From the result, a new rank order is generated representing the final overall ranking (see table 19).

Please note that the results of the MCR cannot be compared with the results of the MCI by USAID due to the different nature of the data underlying the ranking, non-identical areas of research and different ranking methods.

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**Table 19 Overall municipality ranking and ranking of the subgroups**

Municipality	Overall ranking <sup>1</sup>	Ranking subgroup “Local business sector”	Ranking subgroup “Supply of human resources”	Ranking subgroup “Business support services”	Ranking subgroup “Infrastructure”
Prishtina	1	1	1	1	2
Fushë Kosovë	2	3	3	4	10
Ferizaj	3	6	5	10	1
Pejë	4	19	4	2	6
Prizren	5	10	9	7	2
Gjilan	6	7	7	18	12
Gjakovë	7	4	16	12	8
Lipjan	8	11	20	5	5
Suharekë	9	4	25	21	4
Mitrovicë	10	13	11	3	27
Rahovec	11	14	11	15	18
Vushtrri	12	21	13	29	9
Podujevë	13	15	23	24	11
Kaçanik	14	18	22	19	17
Shtërpçë	14	11	19	19	25
Viti	16	9	18	17	32
Istog	17	26	8	12	30
Obiliq	18	24	5	24	34
Deçan	19	20	26	11	19
Kamenicë	20	23	15	27	19
Hani i Elezit	21	22	31	15	13
Klinë	22	15	29	5	30
Malishevë	23	8	34	9	24
Shtime	24	24	31	8	28
Glllogoc	25	28	26	23	33
Junik	26	17	33	28	26
Skenderaj	27	27	30	24	35
Dragash	28	29	28	22	36
Graçanicë	n/a	2	2	14	n/a
Klllokot	n/a	n/a	13	n/a	19
Leposaviq	n/a	n/a	n/a	n/a	23
Mamushë	n/a	n/a	10	n/a	14
Mitrovicë Veriore	n/a	n/a	n/a	n/a	7
Novobërdë	n/a	n/a	16	n/a	28
Partesh	n/a	n/a	21	n/a	14
Ranillug	n/a	n/a	24	n/a	16
Zubin Potok	n/a	n/a	n/a	n/a	22

1...The overall ranking was not calculated by just adding the subgroup-rankings, but by taking all indicators of all subgroups into account in equal measure. Please see chapter 3.3.2 for details.

n/a...Data to create a ranking was not available

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Kosovo Investment and Enterprise Support Agency (KIESA)

Regional Development Agency East (RDA East)

Tax Administration of Kosovo (ATK)

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