Kosovo legislation to ensure implementation of regional economic development [presentation given May 15, 2013]

Blerta Miftari

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Capstone Project

Kosovo Legislation to Ensure Implementation of Regional Economic Development

Blerta MIFTARI
May 15, 2013

Submitted as a Capstone Project in partial fulfillment of a Master’s of Science Degree in Professional Studies at the RIT Center for Multidisciplinary Studies
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Thank you!
LIST OF ACRONYMS

MLGA      Ministry of Local Government Administration
RDA       Regional Development Agencies
ECLO      European Commission Liaison Office
OECD      Organisation for Economic and Co-operation and Development
MEI       Ministry of European Integration
MTI       Ministry of Trade and Industry
MED       Ministry of Economic Development
MAFRD     Ministry of Agriculture, Forestry and Rural Development
MESP      Ministry of Environment and Spatial Planning
NUTS      Nomenclature of territorial units for statistics

Balanced Regional Economic Development definitions:

*Balanced regional development means supporting the economic and social development of all regions in their efforts to achieve their full potential*”

“Developing the full potential of each area to contribute to the optimum performance of the state as a whole – economically, socially and environmentally”

*Balanced Regional Development is defined to imply a reduction in disparities between the regions and to develop the potential of the regions to contribute to the greatest extent possible to the continuing prosperity of the country*”.¹

*Is a process of identification, stimulation, management and utilization of the development potentials of the planning regions in the areas with specific development needs.*²

¹Balanced Regional Development and the Remote Rural Areas, Professor Gerry Boyle
http://www.teagasc.ie/aboutus/director/HodsonBaySpeech_20080523.pdf
²Law on Balanced regional development in Macedonia January 1, 2008
Executive summary

This capstone project addresses the problem of implementation of regional economic development and aspires to find the way of effectively executing of this process in Kosovo. The main problem of implementation is lack of legislation. Regarding the importance and the benefits that bring regional economic development to Kosovo, this project focused on three main questions. First question was why the Kosovo government should draft legislation for Regional Economic Development. Secondly, what are the advantages for drafting a strategy and law for RED. Thirdly, why should this process have a responsible institution that will lead, coordinate, and support the whole process.

The Government of Kosovo does not yet have the institutional framework or law for balancing regional development through which institutions (ministries of line and municipalities) can implement the RED process. Methods of analyses of this project included the results from face to face questionnaires that were conducted with the officers from central and municipal government, the European Union Office in Kosovo and NGOs. Case studies on the implementation of regional economic development in northern and southern European countries.

Figure 1 “What should be done to improve the situation of RED in Kosovo

Data sources: Capstone project questionnaire, December 2012

Based on the results from the project questionnaires, (figure 1) ‘what should be done to improve the situation of regional economic development in Kosovo?,’ 68.18% of the respondents answer drafting the legislation, 15.91% establishing the council, and 15.91 %
define responsible institutions. The project recommends a good RED process which is the way for creating a facilitating environment for developing the public and private sectors and job creation for all communities.

The main recommendations are:

1. **Drafting the national strategy for Regional Economic Development**

   The Government of Kosovo should establish a national strategy for regional economic development. It will be regulated by the goals, priorities, principles, instruments, measures and a financial way of implementation of regional economic development. A national strategy for regional development will have the impact of decreasing the unemployment rate and disparities between the regions of Kosovo that already exist.

2. **Drafting the Law for Balanced Regional Development**

   The Government of Kosovo should establish the law for RED. The current situation of Kosovo will be changed because the law will be the fundamental support to promote the economic development in Kosovo.

3. **Establishing a council which will be responsible for implementing this process**

   The Government of Kosovo should establish a responsible Council for implementing this process because without this council the duties for each ministry of line will not be clear enough. The Council for regional development will initiate the policy for stimulation of regional economic development. Council can identify the new approaches to horizontal coordination of ministries and departments at national level for implementing the regional economic development.

4. **A responsible institution for coordinating and monitoring the process**

   The responsible institution should be the Ministry of Local Government Administration which in cooperation with the other ministries of line should undertake measures for stimulation and monitoring the regional economic development.
Chapter 1 Kosovo and Regional Economic Development

1.1 Economic situation in Kosovo

Over the past few years Kosovo's economy has shown significant progress in transitioning to a market-based system and maintaining macroeconomic stability however it still is highly dependent on the international community and the diaspora for financial and technical assistance. Remittances from the diaspora, which mainly come from Germany, Switzerland, U.S.A and the Nordic countries - are estimated to account for about 18% of GDP. Donor-financed activities and aid are approximately 10%. Kosovo's citizens are the poorest in Europe with an average annual per capita income (PPP) of $7,400. An unemployment rate of 45% is a significant problem that encourages outward migration and a significant informal, unreported economy. Most of Kosovo's population lives in rural towns outside of the capital. Based on the 2009 HBS (Household budget survey) it is estimated that 34.5 % of Kosovo’s population lives below the poverty line, with 12.1 % of the population living below the extreme poverty line. Based on the WB statistics distribution of the population in urban area is 49.8% and 50.3 % in rural area. Poverty rates in 2009 are slightly higher in rural areas, whereas extreme poverty is slightly higher in urban areas.

Figure 1.1 Sources from the World Bank about the percentage of the people living in poverty and extreme poverty line

![Percentage of people living in poverty](image)

Source: World Bank staff estimates based on 2009 HBS.

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Based on Kosovo Agency Statistics data percentages the number of resident population in Kosovo is 1.8 millions. 61% of the people living in rural areas. General unemployment rate in Kosovo is 35.1 %, whereas unemployment in urban area is 28.5 % and 40.1 % of unemployment is in rural part5.

One of the challenges with which Kosovo is facing during the last decade is the process of privatization. During 2009 a total of 114 new socially owned enterprises were announced for privatization, raising the total number of SOEs tendered for privatization to 569 by the end of 2009. Of the above mentioned about 521 companies have signed sales contracts while 48 others are expected to be signed (25 of them were privatized in the special spin-off). Situated in South Eastern Europe, Kosovo's economy has become part of the region’s economic integrations, which provide opportunities for market expansion over a very wide area. Having a strategic position for business development Kosovo offers a range of comparative advantages including the young and well qualified population, extensive natural mineral resources, favourable climate conditions, new infrastructure, fiscal policy with the lowest taxes in the region, geographical location with access to the CEFTA and the European Union regional market. In addition to being a member of CEFTA, in June this year Kosovo has joined the IMF (International Monetary Fund) and WB (World Bank). The country aspires to join other powerful economic and financial mechanisms such as the EBRD and World Trade Organization6.

Table 1.1. General overview of Kosovo’s economy

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP (Billion)</th>
<th>Population (million)</th>
<th>Territory</th>
<th>GDP (nominal) per capita 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kosovo</td>
<td>$ 6.4</td>
<td>1.8</td>
<td>10,908 km²</td>
<td>2650 €</td>
</tr>
</tbody>
</table>

Data sources (7)

The official currency of Kosovo is the euro, but the Serbian dinar is also used illegally in Serb enclaves. Kosovo's tie to the euro has helped keep core inflation low.

5 Data from the Kosovo Agency Statistics http://esk.rks-gov.net/eng/
6 Data from the Ministry of Foreign Affairs: http://www.mfa-ks.net/
7 http://esk.rks-gov.net/eng/
1.2. Regional Economic Development in Kosovo

The EU has supported Regional Economic Development in Kosovo, aiming to create an enabling environment for private sector development and job creation for all communities. On December 16, 2008, participating municipalities signed an agreement for the establishment of five RDA-s agencies supported by European Commission Liaison Office in Kosovo and Ministry of Local Government Administration. It is difficult to obtain an accurate picture of the extent to which there are regional disparities within Kosovo. The statistical service of Kosovo does not have a fully developed capacity to obtain data about the regional disparities. The situation of Kosovo as a whole and of some individual municipalities in particular is such that socio-economic cohesion and political stability is an unusually sensitive and important issue. Regardless of the degree of progress in the wider political resolution of this matter. Kosovo’s overall stability, the standard of life of all of its inhabitants and progress in moving towards EU membership can only benefit from promoting constructive partnerships at the local and regional levels. Kosovo has embarked on the process of Accession to the EU. And, even for a relatively small territory such as Kosovo, this will require responding to matters of regional development.

Member States must respect EU legislation in general. An example for this would be the areas of public procurement, competition and environment, when selecting and implementing projects. Member States must have an institutional framework in place and adequate administrative capacity to ensure programming, implementation, monitoring and evaluation of regional economic development.

In the question toward the respondents “How important do you consider regional economic development in order to gain EU accession, 90% of respondents answered very important, 10% important, and 0% not important (see figure 1.2).

8 http://eured-kosovo.org/downloads/download-project-documents/
Figure 1.2 The importance of Regional Development to gain EU accession

Data sources: Capstone project questionnaire, December 2012

The government of Kosovo is allocating each year an amount of money for implementing the projects in municipalities for RED. In 2012 the government has allocated an amount of €900,000.00. In the question toward the respondents: “Which of the following amounts does Kosovo Government allocate each year from RED?” 50.00% of the respondents answered: 600,000-900,000 €, 20% of them answered: 900,000 to 2 million € and <2 million €, 10% answered: 400,000-600,000 € (figure 1.3).

Figure 1.3 “Which of the following amounts does Kosovo Government allocate each year from RED?”

Data sources: Capstone project questionnaire, December 2012
The Government of Kosovo until now does not have the responsible Council for stimulating the balanced regional development. The Government of Kosovo until now does not have a responsible institution for monitoring, coordination and supporting this process and till now Kosovo does not have a national strategy and law for RED. All of these tools for RED process should be establishing and implemented in accordance with EU agenda for integration. These RED tools will help Kosovo to realize this process in the right and productive way.

Toward the question “In your opinion, in scale from 1-5 (1 = bad, 5 = excellent), where does Kosovo stands regarding the regional economic development in general” 60% of respondents answered 2; 30% scale 3; and 10% scale 4 (figure 1.4).

Figure 1.4 “In your opinion, in scale from 1-5 (1 = bad, 5 = excellent), where does Kosovo stands regarding the regional economic development in general?

Data sources: Capstone project questionnaire, December 2012
Kosovo Legislation to Ensure Implementation of Regional Economic Development

1.3. MLGA fund for regional economic development:

Kosovo in 2012 has allocated an amount of € 900,000,00 for co-financing the EU projects which are in the process of implementing of 12 projects that aim cooperation of two or more municipalities. The purpose of this financial fund is to enable municipalities to develop their leadership role in improving economic development through a project which are listed with prioritise in their economic strategy. 85% of the total fund goes towards the project for capital investments such as construction of a road, building car parking areas, renovation of the building and 15% of the fund goes for non capital investments such as training programs. Municipalities have the right to apply for the projects in the value between 25,000 and 100,000 €. Municipalities have to complete all procedures in order to get the funds needed. The first step of applying towards this fund is the fulfilment of the application in which municipalities have to respond on the main questions as:

1. The overall goal and objectives of the project
2. Why is the project needed?
3. Partnerships between municipalities are obligatory. The role, involvement and contribution of the partner should be well defined
4. What are the direct results of the project?
5. Can the project be completed on the pre-designated time and budget?

Project evaluation

The evaluation committee will be appointed by the staff of the Ministry of Local Government Administration and the secretary or the Director of the Department for regional development who will lead the assessment team. During the evaluation process the chairman of the committee which contain the members from the ministries of line may ask for their opinion of the proposed project. If required, an external evaluator may be required to assess a project proposal.⁹

⁹ Data obtained from the Department of regional cooperation and development MLGA
### Table 1.2 Municipal procedures for RED fund

<table>
<thead>
<tr>
<th>Month</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 2011</td>
<td>MLGA launch fund for regional economic development</td>
</tr>
<tr>
<td>January</td>
<td>Municipalities prepare project and submit them before 31 January</td>
</tr>
</tbody>
</table>
| February         | MLGA perform project evaluation  
|                  | MLGA announces decision on successful applications and begins with the preparation of the Memorandum of Understanding (between MLGA and Municipality) |
| March            | MLGA inform unsuccessful applicants of the reasons for the rejection of their proposals  
|                  | Memorandum of Understanding signed by the mayors and ministers  
|                  | Municipalities begin procurement procedures  
|                  | Potential contractors prepare and submit their tenders                                                                                      |
| April            | Municipalities prepare and evaluate tenders contracts  
|                  | Successful contractors begin work with supply projects                                                                                      |
| May              | Operational Projects  
|                  | Monthly report of the progress made by municipalities                                                                                       |
| June             | Operational Projects  
|                  | MLGA monitors projects  
|                  | Monthly report of the progress made by municipalities                                                                                       |
| July             | Operational Projects  
|                  | MLGA monitors projects  
|                  | Monthly report of the progress made by municipalities                                                                                       |
| August           | Operational Projects  
|                  | MLGA monitors projects  
|                  | Monthly report of the progress made by municipalities                                                                                       |
| September        | Operational Projects  
|                  | MLGA monitors projects  
|                  | Monthly report of the progress made by municipalities                                                                                       |
| October          | Operational Projects  
|                  | MLGA monitors projects  
|                  | Monthly report of the progress made by municipalities                                                                                       |
| November         | Final invoice and reports obtained and their review by MLGA 30 November                                                                        |
| December         | Final payments were made to projects                                                                                                          |
| January          | MLGA prepares a final report on the achievements of the fund                                                                                   |

Data sources (10)

---

10 Data obtained from the Department of regional cooperation and development MLGA
Table 1.3 Table of projects funded by MLGA for regional development in municipalities 2012

<table>
<thead>
<tr>
<th>Municipalities</th>
<th>Projects</th>
<th>Project Code</th>
<th>The total amount committed by the MLGA</th>
<th>Amount of the payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graqanicë</td>
<td>Building road Dobratin-Silovë</td>
<td>13297</td>
<td>90,000.00</td>
<td>74,121.00</td>
</tr>
<tr>
<td>Prishtinë</td>
<td>Combinet market</td>
<td>13289</td>
<td>90,000.00</td>
<td>150,695.50</td>
</tr>
<tr>
<td>Viti</td>
<td>Pavement construction Kllokot - Radivojc</td>
<td>13290</td>
<td>75,000.00</td>
<td>78,731.40</td>
</tr>
<tr>
<td>Junik</td>
<td>Regulation of the park along the river Erenik&quot;</td>
<td>13291</td>
<td>45,925.00</td>
<td>28,731.25</td>
</tr>
<tr>
<td>Shtërpcë</td>
<td>Installation of electronic parking at the sports center in Shtërpcë</td>
<td>13298</td>
<td>35,000.00</td>
<td>33,600.00</td>
</tr>
<tr>
<td>Vushtrri</td>
<td>Paving the road Pasom-Reshan</td>
<td>13292</td>
<td>95,000.00</td>
<td>165,727.00</td>
</tr>
<tr>
<td>Pejë</td>
<td>Paving the road Ruhot-Tuurobohoc-Staradan length 1700 m</td>
<td>13296</td>
<td>90,000.00</td>
<td>112,400.00</td>
</tr>
<tr>
<td>Skenderaj</td>
<td>Promotion of the center for the collection of medicinal plants for municipalities Skenderaj and Mitrovica</td>
<td>13293</td>
<td>64,450.00</td>
<td>78,516.50</td>
</tr>
<tr>
<td>Rahovec</td>
<td>Creation of conditions for development of tourism and environmental protection through the construction of the country picnics in municipalities: Rahovec-Malishevë dhe Suharekë</td>
<td>13294</td>
<td>89,850.00</td>
<td>54,209.00</td>
</tr>
<tr>
<td>Prizren</td>
<td>Creating conditions for tourism development and environmental protection through the construction of the country picnics in the municipalities: Prizren-Dragash and Mamushë</td>
<td>13295</td>
<td>89,850.00</td>
<td>59,951.00</td>
</tr>
<tr>
<td>Partesh</td>
<td>Agriculture development</td>
<td>13299</td>
<td>70,000.00</td>
<td>55,990.00</td>
</tr>
<tr>
<td><strong>Totally</strong></td>
<td></td>
<td></td>
<td><strong>835,075.00€</strong></td>
<td><strong>892,672.65 €</strong></td>
</tr>
</tbody>
</table>

Data sources (11)

11 Data obtained from the Department of regional cooperation and development MLGA
Kosovo Legislation to Ensure Implementation of Regional Economic Development

Figure 1.5 GRAQANICË – LIPJAN-"Construction of road Dobratin- Sllovijë"

Figure 1.6 VITI/VITINNA - KLLOKOT “Construction of sidewalks Kllokot - Radivojc”

Figure 1.7 JUNIK – GJAKÓVë/ĐAKOVICA Regulation of the park on the banks along the river bed, Erenik

Summary report of implemented projects by MLGA in cooperation with municipalities during 2012-
Department of Regional Cooperation and Development

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Kosovo Legislation to Ensure Implementation of Regional Economic Development

Figure 1.8 SHTËRPCE – FERIZAJ “Electronic installation in the parking of the sports center in Shterpce”

Figure 1.9 RAHOVEC- SUHAREKË- MALISHEVË " Creating of conditions for development of tourism and environmental protection through building of the picnic places in municipalities: Rahovec, Suharekë and Malishevë"

Figure 1.10 PRIZREN - DRAGASH - MAMUSH " Creating of conditions for development of tourism and environmental protection through building of the picnic places in municipalities: Prizren, Dragash and Mamusha

Summary report of implemented projects by MLGA in cooperation with municipalities during 2012- Department of Regional Cooperation and Development
1.4. Why Kosovo should Draft Legislation for Regional Economic Development

Two years ago the Ministry of Local Government Administration established a Law for inter-municipal cooperation. The purpose of the Law was to regulate inter-municipal cooperation amongst municipalities of Republic of Kosovo in order to perform their own and extended competencies. This had to be in compliance with the Constitution of Republic of Kosovo, the applicable law as well as with the European Charter for Self-Governing of the European Council. Cooperation of municipalities of Republic of Kosovo with other municipalities and institutions of local governing outside the Kosovo is also very important. This can be achieved within the twining or other forms of cooperation on their own and extended competences of the municipalities.

Inter-municipal cooperation is based on:
1. Mutual local interest;
2. Performance of one or more own or extended competences of the municipalities;
3. Free will of municipalities to establish relation of inter-municipal cooperation;
4. Share of roles and responsibilities amongst municipalities and joining municipal resources for cooperation purposes;
5. Improvement of economy and efficiency of municipal services on behalf of the citizens.

The law for inter-municipal cooperation is not sufficient for simulating and implementing the regional development process in Kosovo. The Government of Kosovo should draft the law for balanced regional development since, until now, the central and local government does not have the basis legislation which identifies their competences, policy and stakeholders for stimulation of the RED. 14 The law for RED will promote and support the regional development, clarify the procedure of monitoring and evaluation of the documents, projects and other issues related to regional development. Furthermore, this law will regulate the way of financing the planning regions and the way of using their resources and will help to balance them. 15 Legislation for RED will increase action, which will have the impact in economic development as:

---

14 Law for balance regional development of Macedonia
15 Regulation on the simulation of inter-municipal cooperation MLGA,(04.04.2013)
Kosovo Legislation to Ensure Implementation of Regional Economic Development

- Infrastructure,
- Protection of the environment;
- Urban and rural planning;
- Promotion and development of tourism;
- Development of inter-municipal infrastructure;
- Land use and development.

The law for balanced regional development also aims to ensure a balanced regional development in whole territory of Kosovo and to decrease disparities between municipalities. Based on the WB statistics poverty levels in urban and rural areas are almost equal, but vary widely across Kosovo’s seven regions as shown in table. According to the 2009 HBS (Household budget survey) the poverty headcount ratio ranges from a high of 54 % in Ferizaji and Gjakova to a low of 18 % in Gjilani. The poverty gap and poverty measures using the extreme poverty line show similarly wide ranges and fairly consistent ranking of the regions across the different measures.

Table 1.4: The percentage of poverty rates and extreme poverty by region, 2009

<table>
<thead>
<tr>
<th>Region</th>
<th>Full poverty line</th>
<th>Extreme poverty line</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Headcount</td>
<td>Poverty gap</td>
</tr>
<tr>
<td>Ferizaji</td>
<td>53.8</td>
<td>14.6</td>
</tr>
<tr>
<td>Gjakova</td>
<td>54.0</td>
<td>16.3</td>
</tr>
<tr>
<td>Gjilani</td>
<td>18.0</td>
<td>3.8</td>
</tr>
<tr>
<td>Mitrovica</td>
<td>38.0</td>
<td>12.2</td>
</tr>
<tr>
<td>Peja</td>
<td>37.2</td>
<td>10.9</td>
</tr>
<tr>
<td>Pristina</td>
<td>21.8</td>
<td>6.2</td>
</tr>
<tr>
<td>Prizreni</td>
<td>33.9</td>
<td>7.6</td>
</tr>
<tr>
<td>Overall</td>
<td>34.5</td>
<td>9.6</td>
</tr>
</tbody>
</table>

Source: World Bank staff estimates based on 2009 HBS.

Extreme poverty in 2009 is more geographically concentrated. Gjakova and Mitrovica are each home to more than 20 % of the extremely poor population, and Pristina holds almost as many (18.7 percent). In contrast, Gjilani, Peja, and Prizreni combined account for only 23.4 percent of the extremely poor population.

Kosovo Legislation to Ensure Implementation of Regional Economic Development

Table 1.5: Distribution of the poor and extreme poor 2009

<table>
<thead>
<tr>
<th>Area/Region</th>
<th>Distribution of the population</th>
<th>Distribution of the poor</th>
<th>Distribution of the extreme poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>49.8</td>
<td>35.6</td>
<td>39.8</td>
</tr>
<tr>
<td>Rural</td>
<td>50.3</td>
<td>64.4</td>
<td>60.2</td>
</tr>
<tr>
<td>Overall</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Ferizaji</td>
<td>20.0</td>
<td>17.1</td>
<td>16.0</td>
</tr>
<tr>
<td>Gjakova</td>
<td>19.6</td>
<td>17.3</td>
<td>20.4</td>
</tr>
<tr>
<td>Gjilani</td>
<td>6.8</td>
<td>5.8</td>
<td>3.3</td>
</tr>
<tr>
<td>Mitrovica</td>
<td>15.3</td>
<td>16.8</td>
<td>21.4</td>
</tr>
<tr>
<td>Peja</td>
<td>14.0</td>
<td>11.1</td>
<td>11.0</td>
</tr>
<tr>
<td>Prishtina</td>
<td>10.6</td>
<td>15.9</td>
<td>18.7</td>
</tr>
<tr>
<td>Prizreni</td>
<td>13.8</td>
<td>16.0</td>
<td>9.1</td>
</tr>
<tr>
<td>Overall</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: World Bank staff estimates based on 2009 HBS.

In the question toward the respondents “What are the biggest challenges that you face during the implementation of this process? 42.86% to respondents answer lack of legal instruments, 16.67% to the respondents answer lack of political will, 16.67% answer lack of cooperation between central and local government, 14.29 answer lacks of financial resources and 9.52 answer all of them (figure 1.11)

Figure 1.11 “What are the biggest challenges that you face during the implementation of this process?

Data sources: Capstone project questionnaire, December 2012

1. Lack of financial resources; 2. Lack of political will; 3. Lack of legal instrument; 4. Lack of cooperation between central and local government; 5. All mentioned above.
1.5 Methodology of work:

Methods for analyses of this project includes the results from the face to face questionnaires that were conducted with the officers from the central and local government, European Union Office in Kosovo and NGO, as well as case studies regarding the implementation form or regional economic development in the northern and southern European countries. The questionnaire contains 50 officers responsible for regional economic development. Moreover, the questionnaire contains 20 questions from institutional cooperation part, organization structure, development tools and funding part.

The survey took almost two months to complete from the beginning of November up to the end of December 2012.

The target groups of this questionnaire were:

1. Ministry of Local Government Administration : (Director of the Department for cooperation and regional development with the senior officers from that department and Director of Law Department).
2. The office of Prime Minister (Director of the office for Strategic Planning)
3. Ministry of Trade and Industry (Senior officers from the trade department),
4. Ministry of European Integration (Director of department and senior officers),
5. Ministry of Economic Development (Director of Development and senior officers),
6. Ministry of Environment and Spatial Planning (Director of Department for European integration and policy and senior officers),
7. Municipalities (Directors for budget, finance and economic development and senior officers),
8. European office in Kosovo ( Team Leader and Task manager of the project for cross border cooperation and EURED), and from
9. Agencies for regional development (Executive Directors of all agencies).
Chapter 2 Case studies about RED in Northern Europe

The two Baltic States Latvia and Estonia are geographically situated on the Baltic Sea shore. They are very close to each other and are all small countries. One of the most characteristic features of the Baltic States’ geographic position is that they are situated by the Baltic Sea and that, geographically speaking, they apparently belong to the region of Nordic countries.\textsuperscript{18} Estonia and Latvia have implemented structural changes in various fields during the last 15 years, and for recent several years have been enjoying vigorous economic growth with good prospects at the export markets and low unemployment with steadily increasing real incomes of people. However, due to general depopulation trend and structural employment disparities, the area is facing now a lack of labor force. High levels of economic growth in recent years have increased significantly public revenues, and this, together with the inflow of the EU funds into both states since their accession to the European Union in 2004, has increased the amount of public investments into various lagging-behind sectors. Improvements have been made to protect the environment, invigorate business sector, increase the quality of education and the flexibility of the labor market, modernize agricultural production, enhance local initiative, and induce development in other fields.

Estonian regional development policy started in the beginning of 1990s and although the overall aim (balanced regional development) has remained the same the system itself has been changed several times. Current regional policy in Estonia is mainly part of European Union regional policy (Structural Funds). In general, Estonian regional policy is aimed at strengthening competitiveness in the regions and has project based approach. The overall objective of the policy is to contribute to Estonia’s general viable and balanced economic development through the elimination of bottlenecks in local infrastructures and enhancing local attractiveness. The policy has mainly focused on developing tourism in regions and localities.\textsuperscript{19}

There is still a lot of scope to contribute to a more even distribution and more varied selection of both public and private services in the programme area. There are differences in economic performance within both countries, and also within the NUTS III level regions. For example, the GDP per capita in Riga region is annually over three times higher than in Vidzeme. Fields

\textsuperscript{18} Baltic regional cooperation, Slovenská politologická revue

\textsuperscript{19} Log On Baltic Regional reports, Regional Development in Estonia
http://www.teaduspark.ee/UserFiles/Materjalid/Uuringud/logon_DEMIA.pdf
related to timber processing (including furniture, print and paper industry) dominate Estonian exports, followed by IT and electronics. It is therefore of great importance for the region to base economic growth on the more sustainable factors to guarantee high GDP growth levels in a longer term perspective, such as the development of knowledge-based economy. At the same time, investments by enterprises into research and innovation activities remain low, especially compared to the EU15.20

2.1 Regional Case study Latvia

Republic of Latvia is a country in the Baltic region of the Northern Europe. Latvia is one of the least populous and least densely populated countries of the European Union. The capital of Latvia is Riga. The official language is Latvian and the currency is called Lats (Ls). Latvia is the member of European Union, Council of Europe, NATO, International Monetary Fund, OSCE schengen area and many other organizations.

Table 2.1 The nominal GDP per capita and GDP per capita (PPP) in Latvia as a percentage of the EU average.

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP (millions)</th>
<th>Population (millions)</th>
<th>Territory</th>
<th>GDP (nominal) per capita 2011</th>
<th>GDP (PPP) per capita 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latvia</td>
<td>€ 22.2</td>
<td>2.2</td>
<td>64,589 km²</td>
<td>10.900</td>
<td>€ 14.7</td>
</tr>
</tbody>
</table>

Data sources (21)

Latvia has 118 administrative divisions with 109 municipalities and 9 cities, there are five planning regions as:

1. Kurzeme Planning Region,
2. Latgale Planning Region,
3. Rīga Planning Region,
4. Vidzeme Planning Region and
5. Zemgale Planning Region.22

20 Estonia Latvia programme 2007-2013 Cross Border Cooperation under European territorial cooperation objective
    http://en.wikipedia.org/wiki/Economy_of_the_European_Union
    Baltic regional cooperation, Slovenská politologická revue
22 http://www.bastis-tourism.info/index.php/File:Latvia_planning_regions.jpg
The regional policy in Latvia is regulated by two basic documents: 1. Law on Regional Development (entered into force on April 23, 2002) which sets forth the objectives of regional development, responsible institutions and their responsibilities and tasks, as well as sources of funding, 2. Basic Principles for Regional Policy (approved by the Cabinet of Ministers on April 2, 2004) which regulate the state’s regional policy for the next decade. Law on Regional Development in Latvia aims to promote and ensure balanced and sustainable development of the state, reduce the unfavourable differences between regions, while preserving and developing their unique natural and cultural environment and potential taking into consideration the characteristics and potential of the country as a whole and its separate parts and by minimizing negative differences between these parts, as well as by preserving and developing the distinctive features and potential for development characteristic of the natural and cultural environment of each separate territory. The responsible institution for regional development policy in Latvia is the Ministry for Regional Development and Local Government, is the leading institution for the development and implementation of State regional policy, is responsible for co-ordination and implementation.

23 http://www.bastis-tourism.info/index.php/File:Latvia_planning_regions.jpg
24 Development of regions in Latvia 2005, State regional development agency, page 7
of the State support measures for regional development and is responsible to monitor the work of the planning regions.

In order to enhance Ministerial cooperation in the field, a Regional Development Council was established to coordinate regional development and territorial planning, evaluate planning documents and ensure coordination of regional development planning support measures. Also at the national level the State Regional Development Agency manages aid schemes co-financed from the Structural Funds which operates under the Ministry for Regional Development and Local Government. At the regional level, the main functions of the planning regions are regional development planning, project implementation and monitoring. Regional authorities prepare and adopt regional development plans and evaluate local and national plans for their impact at regional level. Regional Development Councils operate within each planning region and represent the main decision making body for the region. Each region also has a regional development agency which supports the work of the Regional Development Council. The regional Development agencies also operate at the regional level with main tasks as: in cooperation with local government and territorial offices of state institutions develop, manage and implement a spatial and regional development plan, coordinate the development, implementation, monitoring and evaluation of regional development support of planning region, prepare opinions regarding conformity of the national level development documents.

The law on Regional Development in Latvia are implemented in co-ordination with regional development planning documents:

1) National Development Plan;
2) National Spatial Plan;
3) Regional Policy Guidelines;
4) Sectoral development programmes;
5) Development programmes and spatial plans of planning regions;
6) Development programmes and spatial plans of district local governments; and
7) Development programmes and spatial plans of territorial local governments

25 Law for regional development in Latvia April 26, 2007
2.2 Case Study - Estonia

Republic of Estonia is a country in the Baltic region of the Northern Europe. Furthermore, the Territory of Estonia Administrative Division Act states that the administrative units of Estonia’s territory are at county, city and rural municipality level. The Republic of Estonia consists of 15 counties with 39 cities and 202 rural municipalities.

Table 2.2 The nominal GDP per capita and GDP per capita (PPP) in Estonia as a percentage of the EU average.

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP (millions)</th>
<th>Population (millions)</th>
<th>Territory (km²)</th>
<th>GDP (nominal) per capita 2011</th>
<th>GDP (PPP) per capita 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estonia</td>
<td>€16,9</td>
<td>1.3</td>
<td>45,227</td>
<td>12,700</td>
<td>€16.900</td>
</tr>
</tbody>
</table>

Data sources (26)

The overall objective for regional development policy is ensuring sustainable development of all regions, based on the development advantages and features inherent to the regions and qualitative development of the competitive ability of the capital region and other urban regions. The territory of Estonia is divided into five NUTS 3 regions. These are exclusively for EU statistical and administrative purposes. At the NUTS 4 level there are 15 counties which are regional state government units with, in total, 241 municipalities.

The responsibilities of the Ministry of Internal Affairs are to monitor the regional development in Estonia and to evaluate, to draft and design the policy for regional development together with the ministries of lines, to cooperate and to hold the coordination for regional development between ministries of line and to inform the government about the regional development. In this publication, the five regions of Estonia are purely statistical regions and not administrative ones.

[http://www.indexmundi.com/estonia/gdp_per_capita_(ppp).html](http://www.indexmundi.com/estonia/gdp_per_capita_(ppp).html)  
Baltic regional cooperation, Slovenská politologická revue
There are 5 regions in Estonia:

1. Northern Estonia (Harju county);
2. NorthEast Estonia (IdaViru county);
3. Western Estonia (Hiiu county, Lääne county, Pärnu county, Saare county);
4. Central Estonia (Järva county, LääneViru county, Rapla county);
5. Southern Estonia (Jõgeva county, Põlva county, Tartu county, Valga county, Viljandi county, Võru county.28

The first basic document of the regional policy of Estonia was the Guidelines of Regional Policy approved by the Estonian Government in 1994. Estonian Regional Development Strategy was completed in 1999 and it elaborated the main ideas of the Guidelines. Based on this Regional Development Strategy, the Estonian Government plans to consolidate Estonia’s balanced regional development so that all regions would make a contribution to the

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27 Vector map of Estonia regions
development of the country as a whole, making competent use of their specific abilities.\(^29\) In terms of responsibility for regional development policy, the Minister for Regional Affairs within the Ministry of Internal Affairs coordinates regional policy in Estonia. The Ministry for Internal Affairs is responsible for the monitoring and analysis of regional development, and the design and implementation of regional policy in cooperation with other Ministries. Other Ministries with an involvement in regional policy are the Ministry of Economy, the Ministry of Agriculture and the Ministry of Environment.

Chapter 3 Case studies about Regional Economic Development in South East Europe

The majority of the countries of South-Eastern Europe have successfully completed the process of political transformation, but they still have large problems with economic recession with high rates of unemployment, expanded trade, and inflation. Economic development in South Eastern Countries is an important point for sustainable political stability in the region.

The goal of Local and Regional Economic Development in South-Eastern Europe is to identify value-added potential in rural and urban regions or municipalities, and thereby to ensure employment and income and to create new jobs, while protecting natural resources in the interest of sustainable development. European Union (EU) has paved the way for intensive political and economic co-operation. However, accession eligibility will be measured by the fulfilment of the so-called Copenhagen Criteria, set by the European Council in 1993, as conditions for accession of Central and South-Eastern European countries to the EU. According to these criteria, the candidate country must have achieved stable institutions guaranteeing democracy and the rule of law, must have implemented the acquis communautaire (community patrimony of rights and obligations) and must have introduced a functioning market economy able to cope with competitive pressures within the EU.

The EU invests about one-third of its budget in strengthening territorial cohesion. In the budget period 2000–2006 EUR 213 billion have been made available for the EU Structural and Cohesion Fund. For the subsequent finance period, 2007–2013, EUR 336.1 billion have been proposed for structural policy, in order to allow for the expansion to 25 member states. A differentiated system of promotional policies for economic and social cohesion seeks to balance the development of the entire territory and to reduce structural differences between regions in the EU.30

As my case studies are about RED in South East Europe, I take Macedonia, Slovenia, Bulgaria and Montenegro. For every country I will present their nominal GDP per capita and GDP per capita (PPP) as a percentage of the EU average. Furthermore, I explain how

regional economic development is regulated in their countries, how their planning regions are divided, and elaborated their law for balanced regional development.

3.1 Law on Balanced Regional Development in Macedonia

The Republic of Macedonia is the country located in the centre of Balkan in the South East Europe. The capital of Macedonia is Skopje. The official language is Macedonian and the currency is called Macedonian Denar. Latvia is the member of European Union, Council of Europe, NATO, International Monetary Fund, OSCE schengen area and many other organizations.

Table 3.1 The nominal GDP per capita and GDP per capita (PPP) in Macedonia as a percentage of the EU average.

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP (millions)</th>
<th>Population (millions)</th>
<th>Territory</th>
<th>GDP (nominal) per capita 2010</th>
<th>GDP (PPP) per capita 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macedonia</td>
<td>€ 7.7</td>
<td>2.0</td>
<td>25,713 km²</td>
<td>4,400</td>
<td>€8,700</td>
</tr>
</tbody>
</table>

Data sources (31)

Law on Balanced Regional Development in Macedonia was adopted in 2002, which aims to balanced and sustainable development of the whole territory of the Republic of Macedonia based on the model of polycentric development. Lowered disparities between and within the planning regions and improved quality of life of all citizens, Increased competitiveness of the planning regions through the strengthening of their innovation capacity, optimal utilization and valorization of natural resources, human resources and economic specifics of the different regions; Revitalization of villages and development of the areas with specific development needs; and Support of the inter-municipal and cross-border cooperation of the units of local self government for the purpose of stimulating balanced regional development

31 http://www.gfmag.com/gdp-data-country-reports/229-macedonia-gdp-country-report.html#axzz2JIE1XZry
http://en.wikipedia.org/wiki/Economy_of_the_European_Union
Regional development planning in Macedonia has eight statistical regions at NUTS 3 level which as yet do not have any administrative structures. However each region has a Regional Development Council supported by a regional development centre.

The responsible institutions for Balanced Regional Development are the Council for Balanced Regional Development, the Ministry of Local Self- Government, and the Bureau for Balanced Regional Development, the Regional Councils, the centres for development of the planning regions, and the local-self-government units.

Figure 3.1 Map of planning regions in Macedonia

Macedonia has 8 planning regions: Vardarski, East, Southwest, Southeast, Pelagoniski, Poloshki, Northeast, and Skopje. According to the legal framework, planning regions are the basic unit for development planning in the Strategy for regional development.

The south east planning region has 10 municipalities: Municipality of Bogdanci, Bosilovo, Valandovo, Vasilevo, Gevgelija, Dojran, Konche, Novo Selo, Radovish and Strumica.  

3.2 Balanced Regional Development Act in Slovenia

Republic of Slovenia is a country situated in the central of Europe. The capital of Slovenia is Ljubljana. The official language is Slovene and the currency is Euro. Slovenia is the member of European Union, and NATO.

Table 3.2 The nominal GDP per capita and GDP per capita (PPP) in Slovenia as a percentage of the EU average.

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP (millions)</th>
<th>Population (millions)</th>
<th>Territory</th>
<th>GDP (nominal) per capita 2012</th>
<th>GDP (PPP) per capita 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slovenia</td>
<td>€35.4</td>
<td>2.05</td>
<td>20,273 km²</td>
<td>€17,200</td>
<td>€21,000</td>
</tr>
</tbody>
</table>

Data sources (34)

Republic of Slovenia have 12 statistical regions (NUTS-3 level), which are grouped in two a cohesion regions (NUTS-2 level) East Slovenia (Vzhodna Slovenija - SI01), which groups the Mura, Drava, Carinthia, Savinja, Central Sava, Lower Sava, Southeast Slovenia, and Inner Carniola-Karst regions.

West Slovenia (Zahodna Slovenija - SI02), which groups the Central Slovenia, Upper Carniola, Gorizia, and Coastal-Karst regions.35 The government, however, is preparing a plan for new administrative regions. The number of the regions is not yet defined, but they might be between twelve and fourteen, who could be very similar to the actual regions.

http://en.wikipedia.org/wiki/Economy_of_the_European_Union
The act for balanced regional development in the Republic of Slovenia defines the aims, principles and organization for promotion of balanced regional development as the fundamental component of the development policy in the Republic of Slovenia and in the European Union at the state, regional and local level, the allocation of development incentives and the procedure of the project financing in which public and private funds are combined in order to promote development.

The state and self-governing local communities shall be responsible for balanced regional development: 1. To reduce the differences in levels of economic development and living conditions of the population between individual areas of the country, 2. To prevent the emergence of new areas with major development problems, 3. To promote the polycentric development of settlement and the polycentric economic development, 4. To develop and increase the competitiveness of the economy in all development regions while considering their particularities.

3.3 Case study for the Regional development in Bulgaria

Republic of Bulgaria is a state located in the Southeastern Europe. The capital of Bulgaria is Sofia. The official language is Bulgarian and the currency is called Bulgarian Lev. Bulgaria is the member of European Union, Council of Europe, NATO, OSCE and many other organizations.

Table 3.3 The nominal GDP per capita and GDP per capita (PPP) in Bulgaria as a percentage of the EU average.

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP (millions)</th>
<th>Population (millions)</th>
<th>Territory</th>
<th>GDP (nominal) per capita 2012</th>
<th>GDP (PPP) per capita 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulgaria</td>
<td>€39.6</td>
<td>7.6 million</td>
<td>110.994 km2</td>
<td>5,400</td>
<td>€11.600</td>
</tr>
</tbody>
</table>

Data sources (37)

Bulgarian state belongs to the level 2 includes 6 planning regions, which are not a part of the administrative structure, but are formed mainly for the purposes of economic planning. At level 3, the administrative breakdown comprises 28 districts. The next level includes 264 municipalities, which are the smallest administrative units with local self-government.38 The law for regional development in Bulgaria was adopted in 2006. The aim of this law is to create the conditions for balanced and sustainable development of the regions in the Republic of Bulgaria, to reduce inter-regional and internal regional differences in the economic development of the country, to growth the process of employment and to develop the cross-border cooperation.

The regional development is a process of formation and implementation of a policy for achieving a balanced and sustainable development of the administrative territorial units united in regions of planning on the territory of the Republic of Bulgaria. :

Regions of planning in the Republic of Bulgaria are divided in:

1. North-Western region of planning comprising the regions of Vidin, Vratsa and Montana

37 http://www.indexmundi.com/bulgaria/gdp_per_capita_(ppp).html
http://en.wikipedia.org/wiki/Economy_of_the_European_Union
Kosovo Legislation to Ensure Implementation of Regional Economic Development

2. North-Central region of planning comprising the regions of Rousse, Veliko Tarnovo, Gabrovo, Pleven and Lovech;

3. North-Eastern region of planning comprising the regions of Varna, targovishte, Shoumen, Razgrad, Silistra and Dobrich;

4. South-Eastern region of planning comprising the regions of Bourgas, Sliven and Yambol;

5. South-Central region of planning comprising the regions of Plovdiv, Kardzhaly, Haskovo, Pazardzhik, Smolyan and Stara Zagora;

6. South-Western region of planning comprising the regions of Sofia, Sofia region, Kyustendil, Blagoevgrad and Pernik. 39

Figure 3.3 Map of planning regions in Bulgaria

The strategic planning of the republic of Bulgaria is regulated by 1. National Strategy for regional development; 2. Regional strategies for development.

The National Strategy for regional development shall determine the long-term objectives and priorities of the regional policy of the Republic of Bulgaria. The National Strategy for

39 http://en.wikipedia.org/wiki/File:NUTS_BG_Level_1_and_2.png
Kosovo Legislation to Ensure Implementation of Regional Economic Development

Regional development shall contain: 1. a comparative social and economic analysis of the regions of planning; 2. the basic and specific objectives and priorities of development to be achieved for a definite period; The National Strategy for regional development shall be adopted by the Council of Ministers at a proposal of the Minister of Regional Development and Public Works.

3.4 Case study for the Regional development in Montenegro

Montenegro is a country found in Southeastern Europe. The capital of Montenegro is Podgorica. The official language is Montenegrin and the currency is Euro. Montenegro is a member of the UN, the World Trade Organization, the Organization for Security and Co-operation in Europe, the Council of Europe, the Central European Free Trade Agreement, and a founding member of the Union for the Mediterranean. Montenegro is currently an official candidate for membership in the European Union and official candidate for membership of NATO.41

Table 3.4 The nominal GDP per capita and GDP per capita (PPP) in Montenegro as a percentage of the EU average.

<table>
<thead>
<tr>
<th>Country</th>
<th>GDP (billions) 2012</th>
<th>Population 2011</th>
<th>Territory</th>
<th>GDP (nominal) per capita 2012</th>
<th>GDP (PPP) per capita 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Montenegro</td>
<td>$7.3</td>
<td>625,266</td>
<td>13,812 km²</td>
<td>$4,280</td>
<td>$11,800</td>
</tr>
</tbody>
</table>

Data sources (42)

The overall objective of regional development policy is balanced regional development with valorisation of available potential of certain regions, and within this development of municipalities, with the aim to create much better conditions for living and working in those areas in order to keep the population to live and work in those areas. Montenegro has, in 2011, formally established three regions, North, Centre and Coastal, for statistical and analytical purposes but they are not administrative regions. There are 21 local self-

42 http://www.montenegro.org/geograph.html
    http://en.wikipedia.org/wiki/Montenegro
Kosovo Legislation to Ensure Implementation of Regional Economic Development

government units (municipalities), 11 in the North, 4 in the Centre and 6 in the Coastal region. The Department of Regional Development within the Ministry of Economy is the key body for preparation of regional development policy at national level. In relation to regional development, the Ministry of Interior and Public Administration, as the Ministry responsible for local government, is required to give opinions on laws and other legislation that relate to regional development. In addition the Ministry participates in the work of inter-ministerial working groups established to evaluate matters of regional relevance. There are a number of regional development agencies but they are independent organisations and not part of any formal national or regional administrative structure. Montenegro has implemented the strategy for regional development which is an important document, is a long term plane document which sets out the priorities of regional development, through this document the goals, principles, measures, instruments and financials tools are defined to be realised. Montenegro till know does not draft the law for regional development but they are working on it.

Figure 3.4 Map of regions in Montenegro

http://wikitravel.org/en/Montenegro
Montenegro is officially divided into 21 municipalities, which can be grouped into five regions:

1. Bay of Kotor
2. Budva Riviera
3. Central Montenegrin (Podgorica, Cetinje, Niksic)
4. Montenegrin South Coast (Bar and Ulcinj)
5. North Montenegrin Mountains.

3.5 Conclusion from the case studies

To have a better view how the government of Kosovo should implement the RED in the future, some research was done, for six different countries, two of them are from northern countries of Europe as Latvia and Estonia and four of them are from south east Europe as Macedonia, Bulgaria, Slovenia and Montenegro. Based on this research and by using the comparison method, it is easy to notice differences between Kosovo Government and these six states based on form of regulating and implementing of the RED.

In all mentioned European and region countries the RED is regulated by the strategy for regional development, law for balanced regional development, council for RED and the responsible institution. Till now the government of Kosovo does not have these tools of implementing the RED. Latvia and Estonia can be mentioned as successful examples of the functioning. So if the Government of Kosovo should have the success in implementing the RED should be referred to these states mention before.
Chapter 4 A proposed Law for Balanced Regional Economic Development in the Republic of Kosovo

The Republic of Kosovo needs to draft the legislation-Strategy and the Law for Balanced Regional Economic Development as Northern and Southern European Countries to ensure the balanced regional development. Why does Kosovo needs to establish a national strategy and law for balanced regional development? The strategy and the law for balanced regional development will define the areas competencies and criteria for regional development of the Republic of Kosovo. With the law of balanced regional development will be defined the competencies of central and local level of the governance. Will be clarifying the responsible institution who will contribute about regional development, which is responsible to manage and to promote this process who is responsible to stimulate this process, which will regulate the goals and the policy. After establishing the law for RED the situation will be changed because the law will be the basic assessment to promote and simulate the cooperation and the implementation of the projects for balance economic development in all regions of Kosovo. The legal basis will help Kosovo institutions of central and local level to fully understand their role and also to comprehend how to use their recourses and how to balance them.

This proposed law for balanced regional development is a combination of the experiences from northern and southern European countries. This law contents the articles from Latvia, Macedonia, Slovenia, Albanian and Bulgarian law samples. The purpose of this Law is to promote, support and ensure a balanced regional economic development in the Republic of Kosovo. Law for Regional economic development regulates the goals, policy and stakeholders for stimulation of the RED, the financing way for stimulation the regional economic development, monitoring and evaluation of the documents, projects and other issues related to regional development. The Law on balanced regional development of Kosovo should prescribe the establishment of planning regions, as functional territorial units for development planning needs and for implementation of measures and instruments to promote development. MLGA is responsible to organize the working groups for drafting the law for balanced regional development. The Ministry of Local Government Administration, in cooperation with other ministries of line and other institution which are...

Kosovo Legislation to Ensure Implementation of Regional Economic Development

responsible for balanced regional development as:

1. Ministry of Trade and Industry;

2. Ministry for Economy Development;

3. Ministry of European Integration;

4. Ministry of Agriculture, Forestry and Rural Development;

5. Ministry of Environment and Spatial Planning;

6. European office in Kosovo;

7. Association of Kosovo municipalities;

8. The directors of the Agencies for regional development.

The proposed law for balanced regional development content 16 articles as:

1. 1. Purpose of law than the second article;

2. Content the definitions;

3. Goals of the policy;

4. Basic Principles of Regional Development;

5. Planning regions;

6. Areas with specific development needs,

7. Planning Documents,
8. Strategy for Regional Development of the Republic of Kosovo,

9. The Strategy defines:

10. Stakeholders for stimulation of balanced regional development:

11. Council for balanced regional development of the Republic of Kosovo;

12. Ministry of Local Self-Government;

13. Regional development sources of financing;

14. Allocation of funds for stimulation of balanced regional development;

15. Monitoring the implementation of regional development planning documents and projects;

16. Supervision of implementation of the law.

Article 1

**Purpose of the Law**

The purpose of this Law is to promote, support and ensure a balanced regional economic development in the Republic of Kosovo. Law for Regional economic development regulates the goals, policy and stakeholders for stimulation of the RED, the financing way for stimulation the regional economic development, monitoring and evaluation of the documents, projects and other issues related to regional development.
Kosovo Legislation to Ensure Implementation of Regional Economic Development

Article 2

Definitions

1. Regional development
Is a process of identification, stimulation, management and utilization of the development potentials of the planning regions in the areas with specific development needs.

2. Policy for stimulation of balanced regional development
Is a system of goals, instruments and measures aimed at lowering regional disparities, and achievement of balanced and sustainable development in the Republic of Kosovo.

3. Strategy for the Regional Development of the Republic of Kosovo is a long-term planning document which determines goals, priorities, measures, instrument and financial way of regional development.

Article 3

Goals of the policy

1. To ensure a balanced regional economic development in the whole territory of the Republic of Kosovo;
2. Lower disparities between regions and municipalities;
3. To improve the quality of life to all citizens of the Republic of Kosovo;
4. To support the inter-municipal and cross-border cooperation for the purpose of stimulating balanced regional development in the Republic of Kosovo.

Article 4

Basic Principles of Regional Development

1. Principle of legality- shall mean the municipalities exercising their powers and responsibilities within the constitutional framework and other normative legal acts of the Republic of Kosovo.
2. Principle of transparency – regular, timely and objective information of the public about the measures of the policy for stimulation of balanced regional development, as well as enabling free access to information to all interested parties;

3. Principle of competition and equality;

4. Principle of partnership - cooperation in the preparation, implementation, monitoring and evaluation of the regional development planning documents between the central government bodies and the units of local self-government, economic and social partners and other relevant representatives of the civic society;

5. Principle of Co-financing – co-financing of measures of the policy for stimulation of balanced regional development from the Budget of the Republic of Macedonia, the budgets of the units of the local self-government, funds of the European Union and other international sources, as well as financial means from domestic and international legal entities and natural persons;

6. Principle of Subsidiarity;

7. Principle of Sustainability – respecting the economic, social and ecological components of development during the design of the policy for stimulation of balanced regional development.

Article 5

Planning regions

In order of implementing the measures and instruments for balanced regional development Kosovo are divided in 5 economics regions as:

1. **Center Region** includes 8 municipalities: Prishtina, Glogoc, Fushë Kosovë, Obiliq, Graçanicë, Podujevë, Shtime and Lipjan.
2. **West Region** includes 6 municipalities: Istog, Deçan, Junik, Klinë, Pejë and Gjakova.
3. **East Region** includes 11 municipalities: Ferizaj, Gjilan, Hani i Elezit, Kamenicë, Kaçanik, Novobërdë, Shtërpicë, Viti, Klokot, Ranillug and Partesh.
4. **North Region** includes 7 municipalities: Mitrovica, North Mitrovica, Skënderaj, Vushtrri, Zubin Potok, Zvecan and Leposavic.
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5. **South Region** includes 6 municipalities: Prizren, Dragash, Rahovec, Suhareke, Malisheva and Mamusha.\(^4^5\)

Article 6

**Areas with specific development needs**

The basic criteria for determining areas with specific development needs are the level of economic development, the geographic location, the level of construction of technical and social infrastructure and the value of natural wealth and cultural heritage. The Government of the Republic of Kosovo should establish a list of regions with specific needs.

Article 7

**Planning Documents**

Strategy for regional economic development of the republic of Kosovo (should be drafted)

Strategies of Regional Development Agencies in Kosovo.

During the preparation of the strategy for regional development and planning documents for regional development it is **mandatory** to consult all involved parties on the national and local level.

Article 8

**Strategy for Regional Development of the Republic of Kosovo:**

The Strategy for Regional Development should be adopted by the Parliament of the Republic of Kosovo, based on the proposal from the Government of the Republic of Kosovo.

The action plan form should be adopted by the Government of the Republic of Kosovo.

Article 9

**The Strategy defines:**

1. The concept, priorities and strategic goals of the policy for stimulation of balanced regional development;

2. The measures and instruments for stimulation of development of the planning regions and the areas with specific development needs; and

3. The financing arrangement, institutions and mechanisms for implementation of the measures of the policy for stimulation of balanced regional development.

\(^4^5\) [http://rdacentre.org/en/about/]
Article 10

**Stakeholders for stimulation of balanced regional development:**
The initiation for the financial and administrative stimulation of regional economic development may be done by:

1. Government of the Republic of Kosovo;
2. Council for balance regional development (which should be established)
3. Ministry of Local Government Administration
4. Mayor/vice-mayors; (Municipalities)
5. Regional development Agencies.

Article 11

**Council for balanced regional development of the Republic of Kosovo**

The Government of the Republic of Kosovo should forms a responsible Council for balanced regional development which should be contains:

1. Deputy Prime Minister in charge for economic affairs;
2. Ministry of Local Government Administration;
3. Ministry of Trade and Industry;
4. Ministry for Economy Development;
5. Ministry of European Integration;
6. Ministry of Agriculture, Forestry and Rural Development;
7. Ministry of Environment and Spatial Planning;
8. European office in Kosovo;
9. Association of Kosovo municipalities;
10. The directors of the Agencies for regional development.
Article 12

The responsibilities of MLGA

The Ministry of Local Government Administration, in cooperation with the other Ministries of line and other institutions responsible for regional development should undertake measures for stimulation the policy for regional development, in accordance with the policy goals of the Government of the Republic of Kosovo and the Council for regional development.46

1. MLGA is responsible to organize the working groups for drafting the national strategy for regional development.
2. MLGA is responsible to organize the working groups for drafting the law for balanced regional development.
3. MLGA should coordinate all the documents for regional economic development in accordance with the Strategy and the law for balanced regional development.
4. MLGA should monitor and prepare the report of the implementation of the law for balanced regional development.
5. MLGA should prepare and submit to the Government of the Republic of Kosovo reports on the implementation of regional development planning documents;
6. Organize and coordinate the activities for monitoring and evaluation of the implementation of the regional development planning documents;
7. MLGA should coordinate the activities between central and local governance about regional economic development;
8. MLGA should prepare report on the achievements of the fund for regional economic development in the regions with specific development needs;
9. Perform other activities aimed at stimulation of balanced regional development.

Article 13

Regional development sources of financing

1. Budget of Republic of Kosovo / Government of the Republic of Kosovo as well as the relevant ministries according to the respective field;

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46 Law on Balanced regional development in Macedonia January 1, 2008
Kosovo Legislation to Ensure Implementation of Regional Economic Development

2 Municipal budgets;
3 International donations;
4 EU funds.

The council for balanced regional development for the purposes of stimulation of balanced regional development should establish a fund for promoting regional development. For the purposes of stimulation of balanced regional development, the municipalities can also utilize resources from European Union Funds. ⁴⁷

Article 14

Allocation of funds for stimulation of balanced regional development:

1. (80%) for financing projects for development of the planning regions;
2. (20%) for financing projects for development of areas with specific development needs.

Article 15

Monitoring the implementation of regional development planning documents and projects:

Monitoring the implementation of the Strategy for regional development and projects are performed by the Government of the Republic of Kosovo through a periodical reports prepared by the Ministry of local Government Administration.

Article 16

Supervision of implementation of the Law.

Supervision of the implementation of this law should be done by the Ministry of Local Government Administration. Ministry of Local Government Administration shall prepare periodical reports on the implementation of this law.

⁴⁷ Law for regional development in Latvia  April 26,2007
Chapter 5 National strategy for regional economic development

5.1 Drafting the national strategy for RED

One of the main forms to promote the regional economic development in the Republic of Kosovo is to draft a national strategy for regional development. This is an important document which can make drastically change in this field. The republic of Kosovo until now does not have any document which shows any plans for regional development as Macedonia, Albania and other region countries have. The Government of Kosovo should work on a national framework draft which will be one of the most important documents to promote and to ensure the regional development.

The national strategy is an important document for Kosovo. It is a long-term document which shows the goals, priorities, principles, instruments, measures and the financial way of implementation of regional economic development.

The strategy should be drafted by the government of Kosovo (Prime Minister Office, MLGA and the ministries of line) for a period of 10 years and this draft should proceed to the Parliament for adaptation. The government of Kosovo should adopt an action plan to implement the strategy.

The national strategy for regional economic development determines the goals of the policy for balanced regional development, the measures and instruments, to promote the development of the planning regions and the areas with specific development needs, the mechanisms of the implementation of this process and the financing way.

The national framework aims to identify the major priority directions of regional development and to implement them. Furthermore, it plans to provide the planning and programming document in all territorial level. To ensure coordination between the regional development policies and spatial planning policies with a view to achieve a balanced territorial development and to involve all stakeholders in the implementation of the policies.

The national strategy for regional development should content: The comparative analysis of the socio-economic development of the planning region.

The national strategy framework for regional development should include:

1. Situation analysis and evaluation
2. The strategic vision, mission and objectives
3. Institutional mechanisms
4. Legal mechanisms
5. International instruments
6. Implementation, monitoring and evaluation of the strategy
7. Action plan

The action plan of the national strategy should be in accordance with the strategic framework:
1. Strategic objectives;
2. Activities to achieve the objectives;
3. Determines the supporting institutions for achieving each objective and activity;
4. Specify the time for achieving each objective;
5. Determines financial resources for development activities;
6. Determine indicators for each objective and activity.

The importance of drafting the national strategy for regional development for Kosovo was based on many successful cases from the regions and European countries. One of the positive cases of implementing the strategy is Estonia. Estonia with implementation of the national strategy has been gained enabling to improve the efficiency of the use of existing financial resources for directing regional development.

Implementation of the regional development strategy in Estonia has enabled to compensate the socio economic backlog of particular target areas through regional policy support, to give active developers a clear signal of state’s support to their initiatives, and to create good preconditions for better implementation of the European Union support, which will be available in the next years. The results of implementation of regional development strategy indicate that each region has a sufficient number of good development ideas, the activity and project preparation and management skills of the local governments in the problem regions have improved significantly and more importance is attached to the need of cooperation between different institutions at the regional level.

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48 Inter-sectorial strategy for regional development of Albania 2007
49 National strategy and action plan of Republic of Kosovo for migration 2009-2012
http://www.kryeministri-ks.net/repository/docs/Strategjia_e_Migracionit_Shqip_Final.pdf
Kosovo Legislation to Ensure Implementation of Regional Economic Development

Table 5.1 Achievement of the results of implementation of regional strategy in Estonia 1999

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5.2 Establishing a Council for implementing the regional economic development

The republic of Kosovo until now does not have the responsible Council for stimulating the balanced regional development. The Council can be an ideal tool to guide the re-arrangement of powers at the national level, to find new approaches to horizontal coordination of ministries and departments at national level for implementing the regional economic development.

The Government of the Republic of Kosovo should forms a responsible Council for balanced regional development of the Republic of Kosovo.

The Council for balanced regional development should be composed:

1. Deputy Prime Minister in charge for economic affairs;

2. Ministry of Local Government Administration;
3. Ministry of Trade and Industry;
4. Ministry for Economy Development;
5. Ministry of European Integration;
6. Ministry of Agriculture, Forestry and Rural Development;
7. Ministry of Environment and Spatial Planning;
8. Association of Kosovo municipalities;
9. The directors of the Agencies for regional development.

The function way of the council will be regulated by a rule-book established by the council. Expert and administrative and technical support of the work of the Council will be provided by the Ministry of Local Government Administration. As part of its working frame, the Council for balanced regional development can also include the experts for regional economic development.

The Council for balanced regional development is presided over by the Deputy Prime Minister of the Government of the Republic of Kosovo in charge of economic affairs.

The objectives of the Council for balanced regional development should be:
To ensures harmonization of the policy for stimulation of balanced regional development with sector policies and the macro-economic policy of the Republic of Kosovo. 52

1. Drafts the proposal National Strategy for regional economic development;
2. Drafts the proposal report of the regions with specific development needs;
3. Drafts the proposal law for balanced regional development;
4. Drafts a proposal for creating the fund for regions with specific development needs;
5. To provide opinions regarding reports on the implementation of regional development planning documents;
6. To initiates review of regional development related issues requiring coordination between the Government of the Republic of Kosovo and line ministries;
7. To review other issues related to the area of balanced regional development53

52 Law on Balanced regional development in Macedonia January 1, 2008
53 Law on Balanced regional development in Macedonia January 1, 2008
In the question toward the respondents “Is there any council responsible for implementing this process?” 90% of the respondents answer no and 10% of the respondents answer yes (table 5.2).

Table 5.2 “Is there any council responsible for implementing this process?”

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<tr>
<td>b</td>
<td>10%</td>
<td>90%</td>
<td></td>
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</tbody>
</table>

Data sources: Capstone project questionnaire, December 2012

In the question toward the respondents “Does this process need the council?” 90% of the respondents answer yes and 10% to respondents answer no (table 5.3).

Table 5.3 “Does this process need a council?”

<table>
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<th>a</th>
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<tr>
<td>b</td>
<td>90%</td>
<td>10%</td>
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</table>

Data sources: Capstone project questionnaire, December 2012
Chapter 6

6.1 Responsible institution for monitoring and coordinating the regional development

The Republic of Kosovo, as the other European and regional states, should have the responsible institution to carry out the policy that stimulates the balanced regional development. The responsible institution for the Republic of Kosovo should be the Ministry of Local Government Administration. MLGA should further develop its support for balanced economic development at the regional level (including the support for inter-municipal cooperation).

Regional economic development and socio-economic cohesion within Kosovo should be monitored and, if necessary promoted, on a Kosovo-wide level both for Kosovo’s own development purposes and as part of the EU accession process. Based on the region experiences as Macedonian case and the other countries MLGA is the suitable institution which should have responsible authority for this. Also MLGA with the new regulation and administrative chart has established a new department for regional development.

Inside of this department there are five divisions as:
1. Division of Inter-Municipal Cooperation;
2. Division of Cross-Border Cooperation;
3. Division of Regional Development;
4. Division of Advancement of Municipal Budgets;
5. Division of Project Development and Management.

The Division of Regional Development has the following duties and responsibilities:
1. Manages the development and implementation of policies for regional development program;
2. Stimulates the cooperation between municipalities and regions;
3. Responsible for strengthening international cooperation through activities related to community priorities and promotes integrated territorial development;
4. Encourages cooperation between regions, for the purpose of identifying areas that need local economic development.\(^\text{54}\)

In the question toward the respondents: “Which institution should be responsible to monitor this process?” 46.67% of the respondents answer Ministry of local Government

\(^{54}\) Regulation No.03/2013 on the internal organization and systematization of job positions in the Ministry of Local Government Administration the decision no. 03/114, date 30.01.2013.
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Administration; 16.67% of the respondents answer Office of Prime Minister; 13.33% answer Ministry of Economic Development, and 10% answer all of them. (figure 6.1)

Figure 6.1 “Which of the following institution should be responsible to monitor this process?

Data sources: Capstone project questionnaire, December 2012

The Ministry of Local Government Administration, in cooperation with other ministries of line and other institution which are responsible for balanced regional development as:
2. Prime Ministers Office;
3. Ministry of Trade and Industry;
4. Ministry for Economy Development;
5. Ministry of European Integration;
6. Ministry of Agriculture, Forestry and Rural Development;
7. Ministry of Environment and Spatial Planning;
8. European office in Kosovo;
8. Association of Kosovo municipalities and
9. The directors of the Agencies for regional development ,should undertake measures for stimulation the policy for regional development, in accordance with the policy goals of the Government of the Republic of Kosovo and the Council for regional development (which should be established).55

55 Law on Balanced regional development in Macedonia January 1, 2008
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The Ministry of Local Government Administration should perform the following functions:

1. MLGA should be responsible to organize the working groups for drafting the national strategy for regional development.
2. MLGA should be responsible to organize the working groups for drafting the law for balanced regional development.
3. MLGA should coordinate all the documents for regional economic development in accordance with the Strategy and the law for balanced regional development.
4. MLGA should prepare and submit to the Government of the Republic of Kosovo reports on the implementation of the national strategy for regional development;
5. MLGA should monitor and prepare the report of the implementation of the law for balanced regional development.
6. MLGA should organize and coordinate the activities for monitoring and evaluation of the implementation of the regional development planning documents;
7. MLGA should coordinate the activities between central and local governance about regional economic development;
8. MLGA should prepare report on the achievements of the fund for regional economic development in the regions with specific development needs;
9. Perform other activities aimed at stimulation of balanced regional development.
Regulation No.03/2013 on the internal organization and systematization of job positions in the Ministry of Local Government Administration the decision no. 03/114, date 30.01.2013.
6.2 The role of European Commission and Regional Development Agencies regarding RED

The European Union Office in Kosovo has given a high priority to support Regional Economic Development (RED) in Kosovo in line with European best practices. The Kosovo Government and municipalities signed the establishment of five Regional Development Agencies with the status of NGO in Kosovo on December 16, 2008.57 The European Union Office in Kosovo is committed to support the RED process in Kosovo over current programming period. As part of this commitment the RDAs are given an opportunity to benefit substantial financial support over a period of five years. The European Union Office in Kosovo financial contribution to the RDAs is conditional requiring adequate progress and results to be achieved over each 12 months of operation.58 Also another project that is funded by EUOK and that is given a high priority to support the regional economic development is the Cross Border Cooperation. Regional Economic Development (RED) is emerging in Kosovo as an important model for creating sustainable development in regions while, at the same time, helping to mitigate the social costs of transition, particularly by addressing unemployment. A number of areas have already begun to embrace this approach, and business incubators have been established in Gjilan, Decan and Shtime with support from the CARDS 2005 programme. Some planning support has been provided for an industrial park scheme in Drenas/Glogoc and a separate grant programmed for industrial development addresses the issues related to Northern Kosovo. The model proposed to be supported under IPA 2008 is one of integrated development. The five regional development agencies are as following:

1. **RDA Centre** is working with 8 municipalities: Glogoc, Fushë Kosovë, Obiliq, Graçanicë, Podujevë, Prishtina, Shtime and Lipjan.

2. **RDA West** is working with 6 municipalities: Istog/ Istok, Deçan/ Decani, Junik, Klinë/ Klina, Pejë/ Pec and Gjakova/ Djakovica.

3. **RDA East** is working with 11 municipalities: Ferizaj, Gjilan, Hani i Elezit,Kamenicë Kaçanik, Novobërdë, Shtërcpë, Viti, Kllokot, Ranillug and Partesh.

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4. **RDA North** is working with 4 municipalities: Mitrovicë, Skënderaj, Vushtrri and Zubin Potok

5. **RDA South** is working with 6 municipalities: Prizren, Dragash, Rahovec, Suhareke, Malisheva and Mamusha.

Figure 6.3 Map of economic regions in the Republic of Kosovo (five RDA)

http://eured-kosovo.org/about/about-rdas/

EURED documents /ECLÖ project 2009-2012
Kosovo Legislation to Ensure Implementation of Regional Economic Development

**RDA Centre**- aims at being a catalyst and the coordinator of all development projects that will serve the implementation of future Regional Development Strategy and Program, by acting as an umbrella for all the existing development initiatives in the Economic Area Centre. RDA – Centre is overseen by the Board of Partners, which is composed by the mayors of founding municipalities. 93% of the RDA-Centre operational budget is co-funded by European Union Office in Kosovo (EUOK), while the remaining 7% is funded by the founding municipalities. RDA-Centre takes into account the political and financial guidance from EU, and adjusts its activities with European Union Office in Kosovo. The three main priorities of Regional development agency is to: Improve business competitiveness of the economic region centre, to improve the workforce and increasing employment and to improve infrastructure, services and environment.60

**RDA West**- The mission of the Regional development agency in the west part is to provide support for the development of EU Regional Policy in Kosovo and Regional development by:

1. Creating and effective interface between Regional Stakeholders (including Municipalities) and Government through the creation of operational and inclusive partnership structures
2. Supporting Stakeholders to develop a Regional Strategy based on available statistics and regional intelligence (harmonisation of information from Municipal Plans)
3. Utilising a stake-holder-led approach to project implementation and securing improved absorption of development funding
4. Applying good practice cycle management techniques to improving strategy and associated project implementation.61
5. Main-streaming the sustainability objectives of "Equality of Opportunity for All" and "Securing a Sustainable Environment"

**RDA East**- The purposes of RDA east are : 1. To foster the economic development and the regional regeneration; 2. To promote business efficiency, investment and competitiveness; 3. To promote employment and to enhance development and application of skills relevant to employment; 4. To support the Partner Municipalities in the regional economic development

60 http://rdacentre.org/en/about/mission
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issues and to develop and implement their economic growth policies 5. To promote job generation, develop technology and human resources for economic development of the partner municipalities and the economic region East;6. To create a business friendly environment supporting the development of local businesses and both domestic and foreign investments; and 7. To promote and facilitate public private partnership. 62

RDA North- is an independent organization located in Mitrovicë whose mission is to guide and strengthen the Regional Economic Development in the North Region of Kosovo. Its mission consists of building capacities and strengthening skills of economic initiatives, supporting their implementation and coordinating their activities toward development policies. Their role is in strategic leadership for development of the North Region is provided by the leading Board. The Board of Partner Municipalities is the supervisory body of the Regional Development Agency North composed by Mayors of the Municipalities from the North Economic Region. Regional Development Agency North functions as coordinator and driver of development activities in the North Economic Region. We aim to create the environment which will help the private sector development and job creation for all communities of the North Region.63

RDA South - The mission of RDA South is to guide, facilitate and strengthen the economic development of the Economic Area South and surrounding areas. It aims to be the catalyst and the coordinator for all development projects that will serve to implement the future Regional Development Strategy and Program, acting as an umbrella for all existing development initiatives in the Economic Area South. RDA south has the following purposes in its economic area: 1.To further the economic development and the regional regeneration;2.To promote business efficiency, investment and competitiveness;3.To promote employment and to enhance the application of skills relevant to employment;4.To contribute to the achievement of sustainable development. 64

62 http://www.rdaeast.org/?FaqeID=About-us
63 http://www.rdanorth.org/new/?id=2
Chapter 7 Final Discussion and Recommendations:

In the light of all that has been considered in earlier chapters we still have to ask “Where Kosovo stands with poverty rates?” Does Kosovo really need to draft a national framework and law for balanced regional development? The clear answer toward this question is a strong “YES”. Which has to be the responsible institution to monitor the regional development? Which should be the institutions to promote and implement the regional development? This chapter summarizes the recommendations based on the experiences from the region and European countries. It also includes findings from the project.

7.1 Final discussion

As it is well known, Kosovo’s economy remains one of the least developed in Europe and was one of the poorest provinces of Yugoslavia. It is one of the least developed states in the wider region of the Western Balkans. The situation of Kosovo as a whole and of some individual municipalities in specific is such that their economic situation and political stability are of highly sensitive and keenly important issues. The economic situation in Kosovo depends on the international community and the Diaspora. Based on the statistics from the World Bank it can be observed that the unemployment rate of Kosovo is 45%. It is estimated that 34.5% of Kosovo’s population live below the poverty line whereas 12.1% of the population lives below the extreme poverty line. It is very difficult to obtain accurate statistics about the regional disparities around Kosovo. The World Bank statistics claim that the extreme poverty line geographically is concentrated in Gjakova and the Mitrovica regions. Data for the other regions of Kosovo do not have the same situation. For the basic reason that Kosovo intends to be the part of EU, it necessarily must therefore implement some important preparations for decreasing the unemployment rate and balancing regional disparities.

Why does Kosovo need to establish a national strategy and law for balanced regional development? The regional countries as Macedonia, Albania and also other European countries like Latvia and Estonia, which are geographically similar to Kosovo, have drafted their strategies and laws for balanced regional development. They can glimpse positive changes in the example of Estonia which achieved significantly to improve problematic regions after implementing their national strategy. It can be observed that the whole region
and European countries especially Macedonia, Albania, Slovenia, Estonia and Latvia have established and appointed responsible institutions to manage the process. Until now the Government of Kosovo has not clarified who is the responsible institution to carry out the regional development. The responsible manager for promoting this process and for stimulating it needs to be implemented immediately. The Government of Kosovo should generate a council for regional development. The mention foundation will be the main institution for harmonization of the policy for stimulation of regional economic development. The Council can be an ideal tool to find new approaches to horizontal coordination of ministries and departments at national level for implementing the regional economic development. Parts of this council should have representatives from the office of the Prime Minister, MLGA, Ministries of line experts and other institution responsible for RED. The council for regional development will propose a draft strategy, be responsible for drafting the law for a balanced regional development. It will be completed with the assistance of the MLGA in cooperation with the ministries experts from the municipalities, and Agencies for regional development. This will have the impact to change the current situation of Kosovo, and assist to balance the regional economic development. The MLGA will have special managerial responsibilities to manage the RED process. In the organizational chart of the Ministry of Local Government Administration there is a department for regional development and municipal cooperation. It is the institution which is responsible to monitor and support the municipalities of Kosovo. The MLGA should monitor the RED process supported by the line ministries, municipalities and RDAs responsible for RED.

**Figure 7.1 The proposal chart of the responsible institution for RED**
7.2 Recommendations

1. Drafting the national strategy for Regional Economic Development

The Government of Kosovo should establish a national strategy for regional economic development. It will be regulated by the goals, priorities, principles, instruments, measures and a financial way of implementation of regional economic development. A national strategy for regional development will have the impact of decreasing the unemployment rate and disparities between the regions of Kosovo. In the strategy it will define the regions having specific development needs. Identifying the resources of each region and the way of using them must be determined. The strategy for regional development will contribute to increase the development of the Kosovo regions in many fields such as: Infrastructure, tourism, land use and development.

2. Drafting the Law for Balanced Regional Development

The Government of Kosovo should establish the law for RED the current situation of Kosovo will be changed because the law will be the fundamental support to promote the economic development in Kosovo. The law for balanced regional development also aims the insurance of a balanced regional development in whole territory of Kosovo and to decrease disparities between municipalities. It is important to be mentioned that the law for RED will determine the responsible institution for implementing, monitoring the regional economic development and also will determine the economic regions of Kosovo.

3. Establishing a council which will be responsible for realising this process

The Government of Kosovo should establish a responsible Council for implementing this process because without this council the duties for each ministry of line will not be clear enough. The Council for regional development will initiate the policy for stimulation of regional economic development. Council can identify the new approaches to horizontal coordination of ministries and departments at national level for implementing the regional
economic development. The council for RED should drafts the proposal for national strategy for regional economic development, it must also drafts the proposal report of the regions with specific development needs, drafts the proposal law for balanced regional development, drafts a proposal for creating the fund for regions with specific development needs, provide opinions regarding reports on the implementation of regional development planning documents and also initiates review of regional development related issues requiring coordination between the Government of the Republic of Kosovo and ministries of line.

4. Responsible institution for monitoring this process

The responsible institution should be the Ministry of Local Government Administration which in cooperation with the other ministries of line should undertake measures for stimulation and monitoring the regional economic development. The responsible institution will define and implement the policy for stimulation of balanced regional development, in accordance to the economic policy goals of the Government of the Republic of Kosovo.

5. Drafting the guide for regional economic development

The responsible institution in cooperation with ministries of line, municipalities, NGOs and local and international experts for regional economic development should draft the guide for regional economic development which will help the municipalities of Kosovo to be familiarized with the process with the benefits that this process brings, and the way of its implementation.

6. Organizing the conference for regional economic development

The Ministry for Local Government Administration should organize the international and local conferences and workshops for regional economic development with experts from region and European countries. Through those activities the responsible institution will have the opportunity to learn and exchange the experiences for regional economic development.
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Appendix 1: Questionnaire for Regional Economic Development

(With Ministries of line, Municipalities, Regional Development Agencies and European Union Office in Kosovo)

Background information

Institution: ________________________________________

Position: ________________________________________

Gender:  Female
        Male

Age:

20 - 31
31- 40
41- 50
51- 60

Education:

High School
Bachelor’s Degree
Advanced Studies

Questions

1. In your opinion, in a scale from 1- 5 (1=bad, 5=excellent), where does Kosovo Stands, regarding the regional economic development in general?

   1       2       3       4       5

2. What below mentioned level is your cooperation with the other organizations regarding RED (municipalities, ministries, RDA agencies)?

   Excellent
   Very good
   Good
3. What are the biggest challenges that you face during implementation of this process?

1. Lack of financial resources
2. Lack of political will
3. Lack of legal instruments
4. Lack of cooperation between central and local government
5. All mentioned above

4. Is there any legal basis for implementation of this process?

Yes
No

5. If you answered **YES** to the question 4 what changes do we have to make on it?

1. To change any article
2. To add any article
3. All mentioned above

6. If you answered **No** to the question 4 what should be done?

7. Which instruments do you use to implement this process?

1. National strategy
2. Law for Regional Economic Development
3. Law for Inter Municipal Cooperation
4. Guide for Regional Development
5. All mentioned above

8. Do you think that implementation of RED law will help for a better realization of this process?

Very much
Significantly
To some extent
Not so much
Very little

9. Which of the following roles your organizations have in this process?
10. How do you obtain funds to realize this process?

1. From the projects of European commission liaison office
2. From the budget of the Government of Kosovo
3. From the other organizations

11. Which institution should be responsible for implementing this process?

1. The office of Prime Minister
2. Ministry of Local Government Administration
3. Ministry for European Integration
4. Ministry of Trade
5. Ministry for Economic Development
6. Municipalities
7. Regional Development Agencies
8. All mentioned above

12. Which of the following institution should be responsible to monitor this process?

1. Prime Minister’s Office
2. Ministry of Local Government Administration
3. Ministry of European Integration
4. Ministry of Trade
5. Ministry of Agriculture, Forestry and Rural Development
6. Ministry of Environment and Spatial Planning

13. Is there any council responsible for implementing this process?

Yes
No

14. If you answered no to question 13, does this process need a council?

Yes
No
Why?
15. How much RED process affected on the improvement of living standards in Kosovo?

   Very much  
   Significantly  
   To some extent  
   Not so much  
   Very little

16. Does this process help Kosovo to benefit from EU funds?

   Yes  
   No

17. Which municipalities benefit more from RED?

18. Which of the following amounts does the Kosovo Government allocate each year for RED?

   1. 400,000-600,000 €  
   2. 600,000-900,000 €  
   3. 900,000-2 million  
   4. < 2 million €

19. How important do you consider regional development in order to gain EU accession?

   Very important  
   Important  
   Not important

20. What should be done to improve the situation of RED in Kosovo?

   1. Drafting the legislation  
   2. Establishing a Council  
   3. Define a responsible institution  
   4. The situation is good  
   5. Another  
   6. Nothing
Appendix 2

The extra results from the capstone project questionnaire, November-December 2012

- In the question toward the respondents “How important do you consider regional economic development in order to gain EU accession, 90% to respondents answer very important, 10% important, and 0% not important
- 2. In the question toward the respondents “In your opinion, in scale from 1-5 (1= bad, 5=excellent), where does Kosovo stands regarding the regional economic development in general, 60% to respondents answer scale 2, 30% scale 3, and 10% scale 4
- In the question toward the respondents: “Which of the following amounts does Kosovo Government allocate each year from RED? 50.00% to respondents answer 600,000-900,000 €, 20% of them answer and 900,000-2 million€ and <2 million €, 10% answer 400,000-600,000
- In the question toward the respondents “What are the biggest challenges that you face during the implementation of this process? 42.86% to respondents answer lack of legal instruments, 16.67% to the respondents answer lack of political will, 16.67% answer lack of cooperation between central and local government, 14.29 answers lacks of financial resources and 9.52 answer all of them.
- In the question toward the respondents “What should be done to improve the situation of RED in Kosovo? 68.18% to respondents answer drafting the legislation, 15.91% establishing the council, and 15.91 % define responsible institutions
- In the question toward the respondents “Is there any council responsible for realizing this process? 90% to respondents answer no and, 10% to respondents answer yes
- In the question toward the respondents “Does this process need the council? 90% to respondents answer yes and, 10% to respondents answer no.
- In the question toward the respondents:“Which institution should be responsible for realizing this process? 39.47% to respondents answer all of them 15.79% to respondents answer RDA, 10.53% answer municipalities, 10.53 answer Ministry of Local Government Administration, 7.89 % answer Ministry of Economy Development, 7.89 % to respondents answer Office of Prime Minister, 5.26% answer
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- Ministry of Agriculture and Rural Development and 2.63% answer Ministry of Trade and Industry
- In the question toward the respondents: “Which institution should be responsible to monitor this process? 46.67% to respondents answer Ministry of local Government Administration, 16.67% to respondents answer Office of Prime Minister, 13.33% answer Ministry of Economic Development, 10% answer all of them.
- In the question toward the respondents: “What below mentioned level is your cooperation with the other organizations regarding RED (municipalities, ministries, RDA)? 40.00% to respondents answer satisfactorily 36.67% to respondents answer good, 13.33% answer very good 10% answer excellent.
- In the question toward the respondents: “Which instruments do you use to implement this process? 41.67% to respondents answer guide for regional development 38.89% to respondents answer law for inter-municipal cooperation 11.11% answer national strategy.
- In the question toward the respondents: “Do you think that implementation of RED law will help for a better realization of this process? 56.67% to the respondents answer very much, 23.33% answer significantly, 13.33 answers to some extent, 6.67% answer very little.
- In the question toward the respondents: “Which of the following roles your organizations have in this process? 51.52% answer supporting, 42.42% answer implementing, 6.06 answer monitoring and 0% answer leading.
- In the question toward the respondents: “How do you obtain funds to realize this process? 48.72% to respondents answer European office in Kosovo, 38.46 % answer from the budget of Kosovo and 12.82 % answer other organizations.
- In the question toward the respondents: “Does this process help Kosovo to benefit from EU fund? 100% of the respondents answer yes.