



**ROCHESTER INSTITUTE OF TECHNOLOGY
IN PARTNERSHIP WITH
AMERICAN UNIVERSITY IN KOSOVO**

**MASTER OF SCIENCE DEGREE IN
PROFESSIONAL STUDIES
PUBLIC ADMINISTRATION PROGRAM**

INVESTMENT, ECONOMIC GROWTH AND KOSOVO'S JUDICIAL SECTOR

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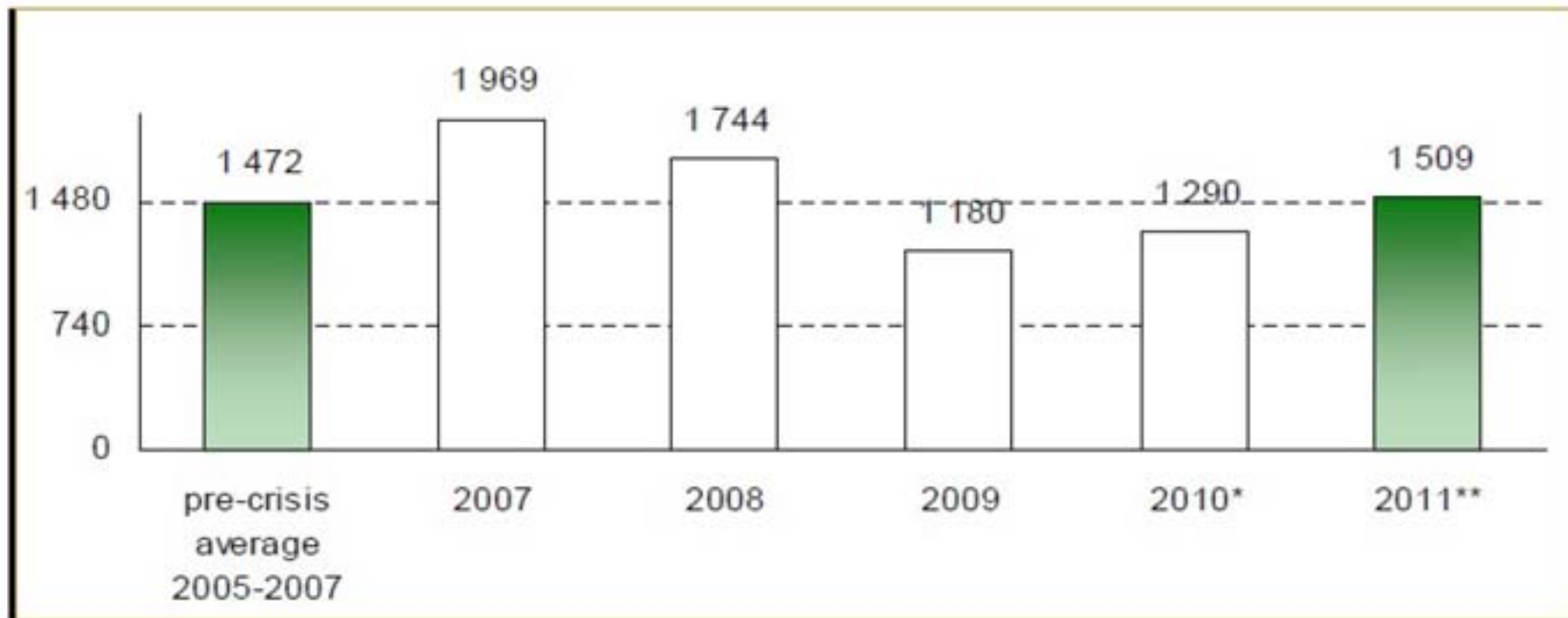
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Presentation overview

- ▶ **Global Investments**
- ▶ **Overview of the Kosovo's Judicial Sector**
- ▶ **Judiciary efficiency as a determinant of investment**
- ▶ **Overview of Investing in Kosovo**
- ▶ **Research Methodology**
- ▶ **Survey Results on determinants of Kosovo Investment Climate**
- ▶ **Recommendations**



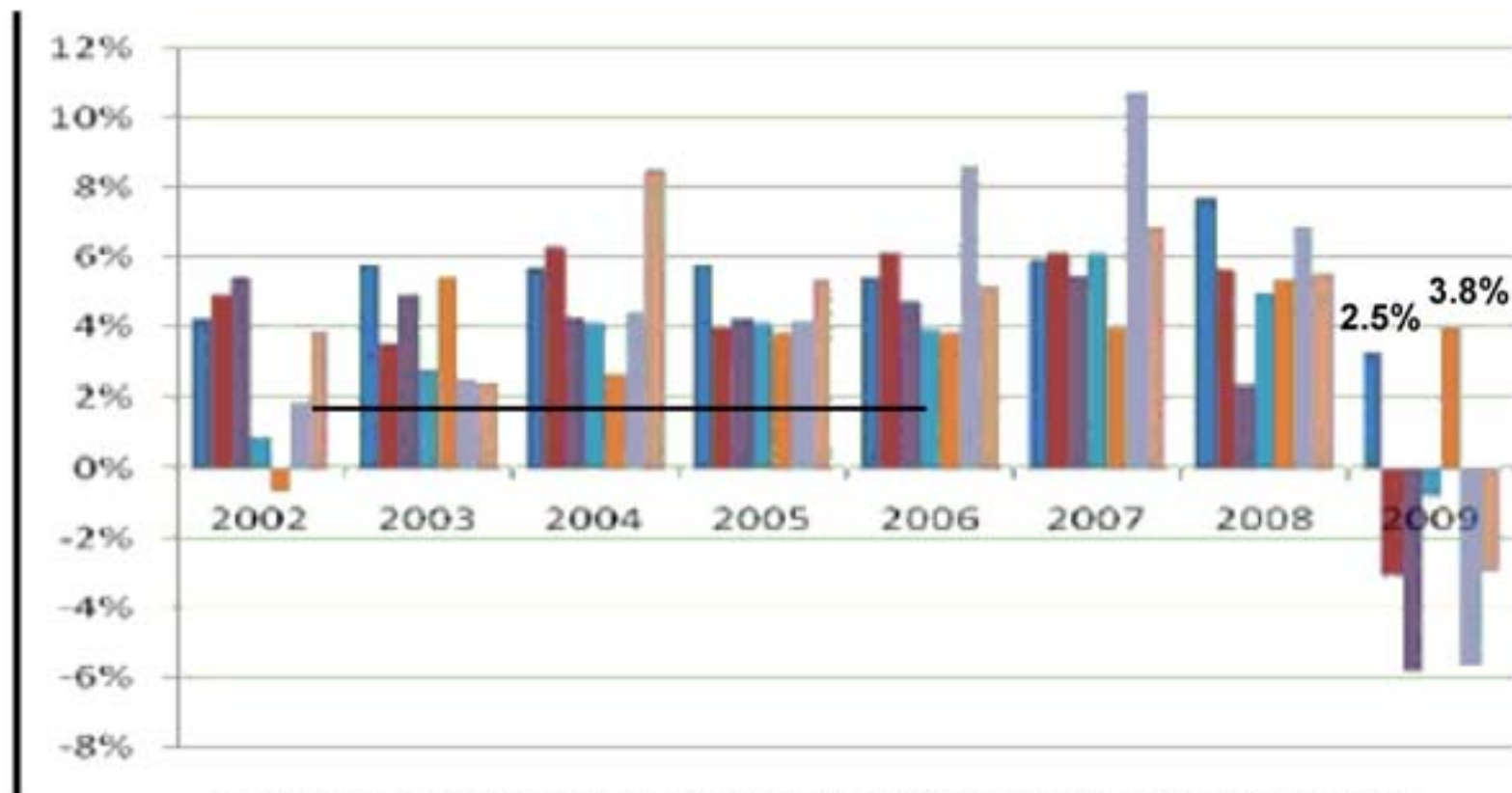
Global Investment trends



Global FDI flows, average 2005–2007 and 2007–2011 (Billions of dollars). Source: UNCTAD

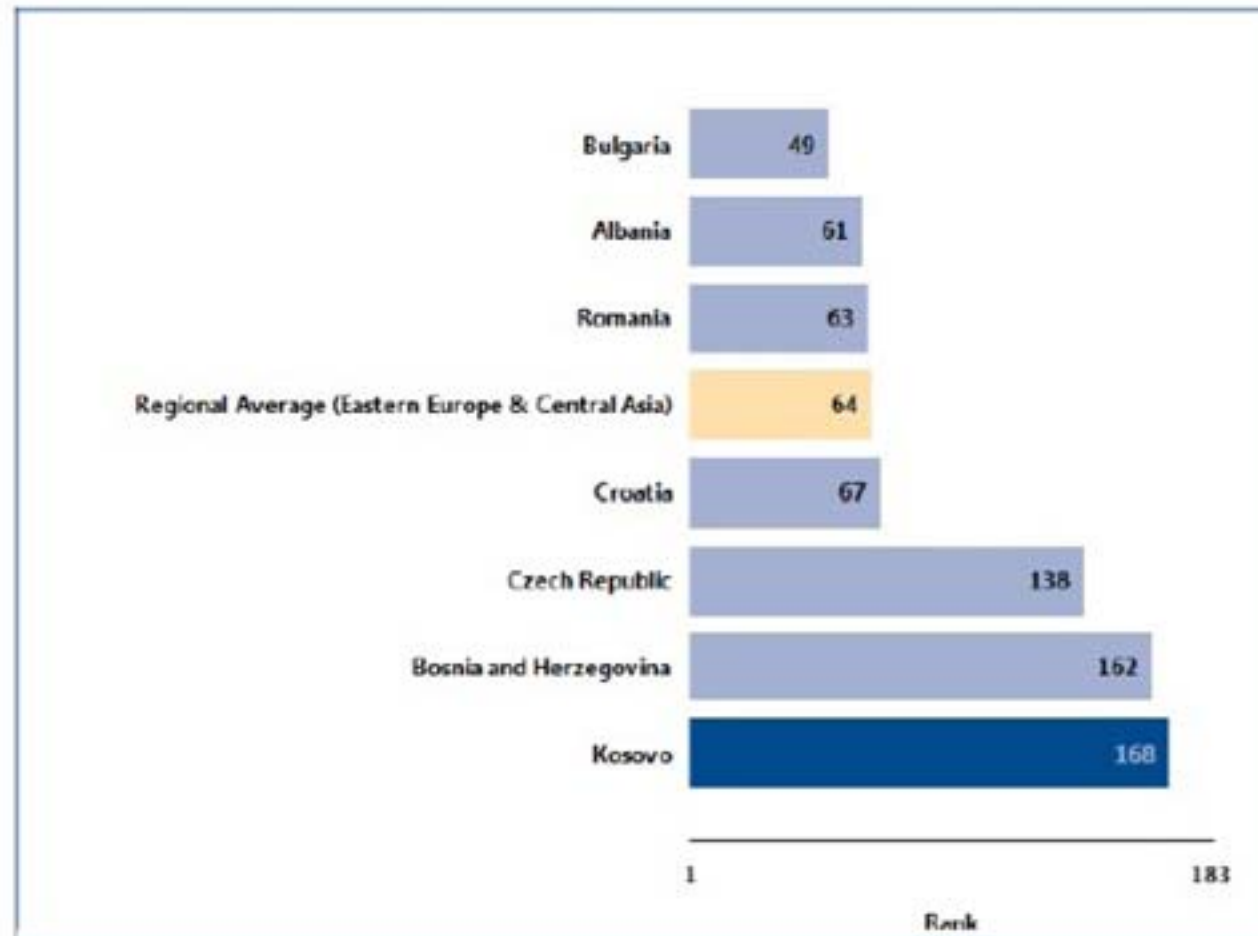
GDP Growth rate of:

- Albania
- Bosnia and Herzegovina
- Croatia
- Macedonia
- Kosovo
- Montenegro
- Serbia



GDP growth rate in some of the SEE countries, 2002-2009. Source: IMF

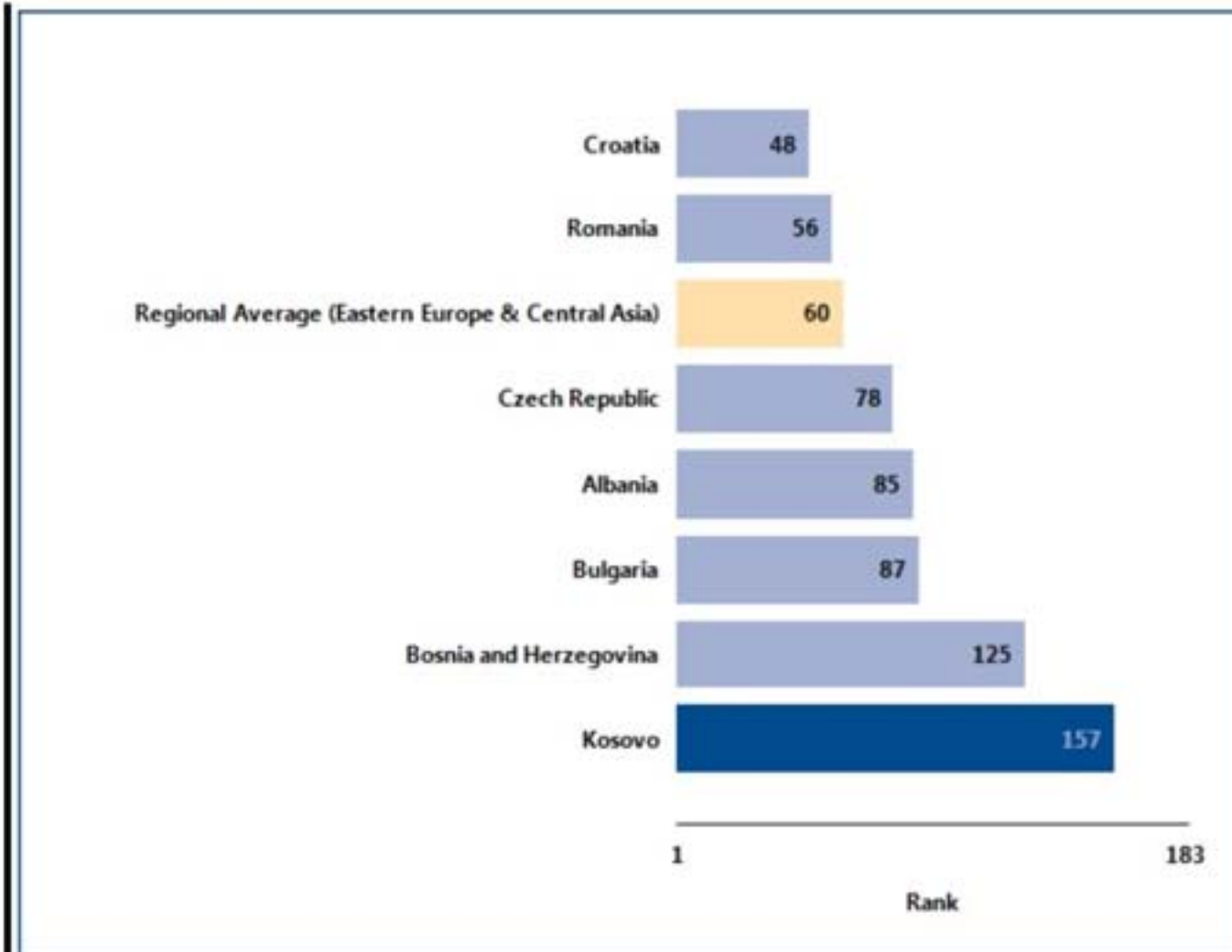
Judiciary efficiency as a determinant of FDI

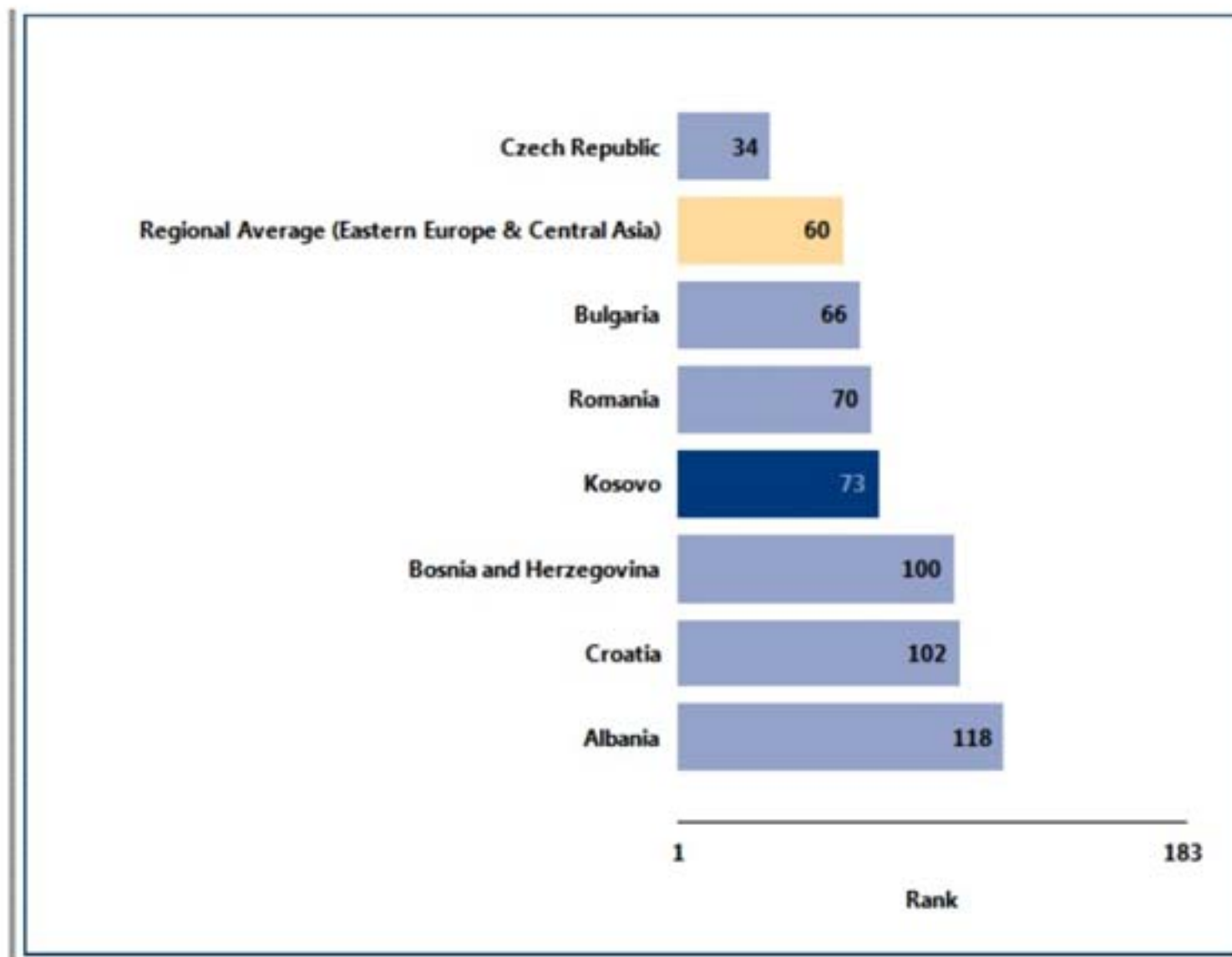


Kosovo – Ease of starting a business.
Source: Doing Business database

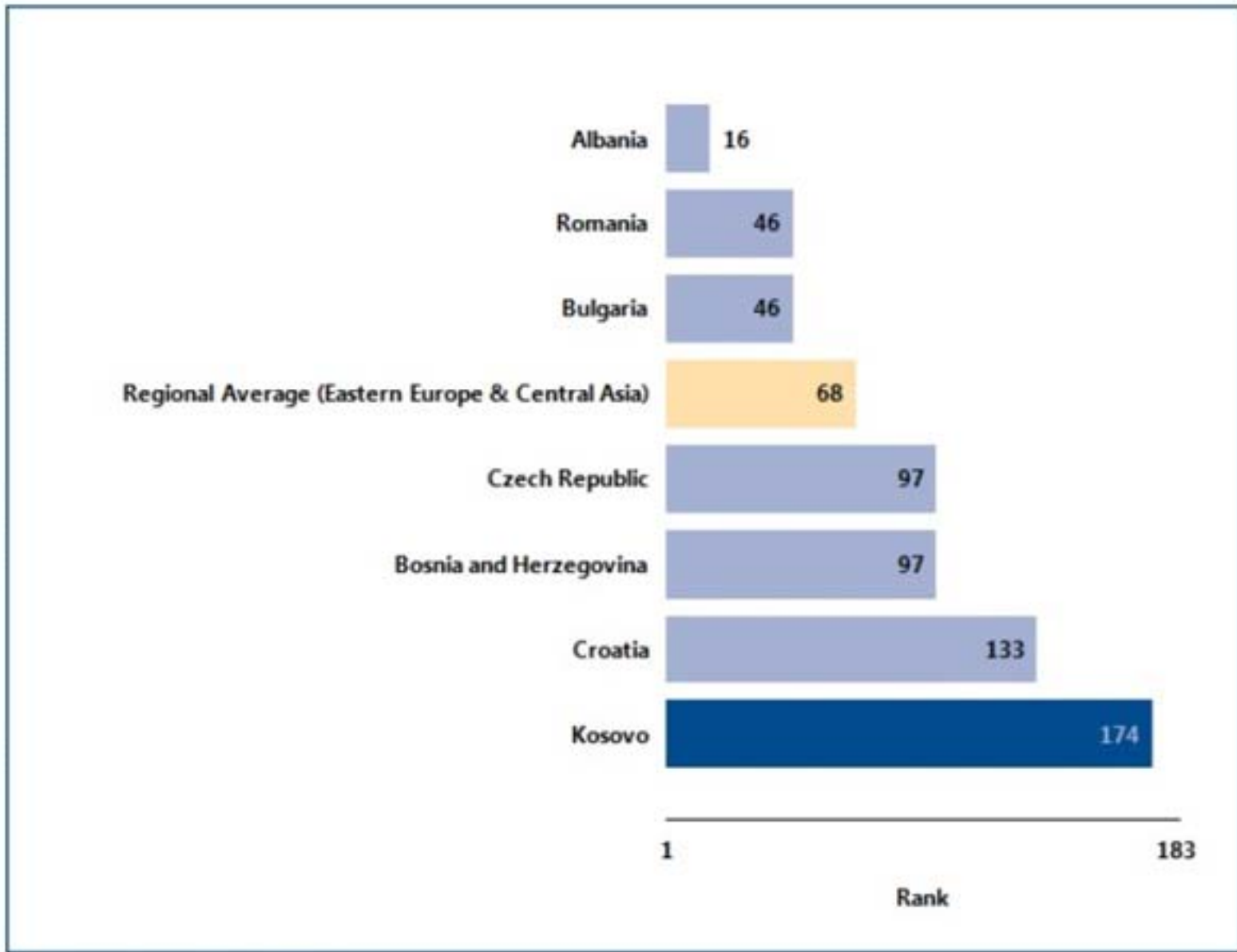
Kosovo ranking on the ease of enforcing contracts index

Source: Doing Business database



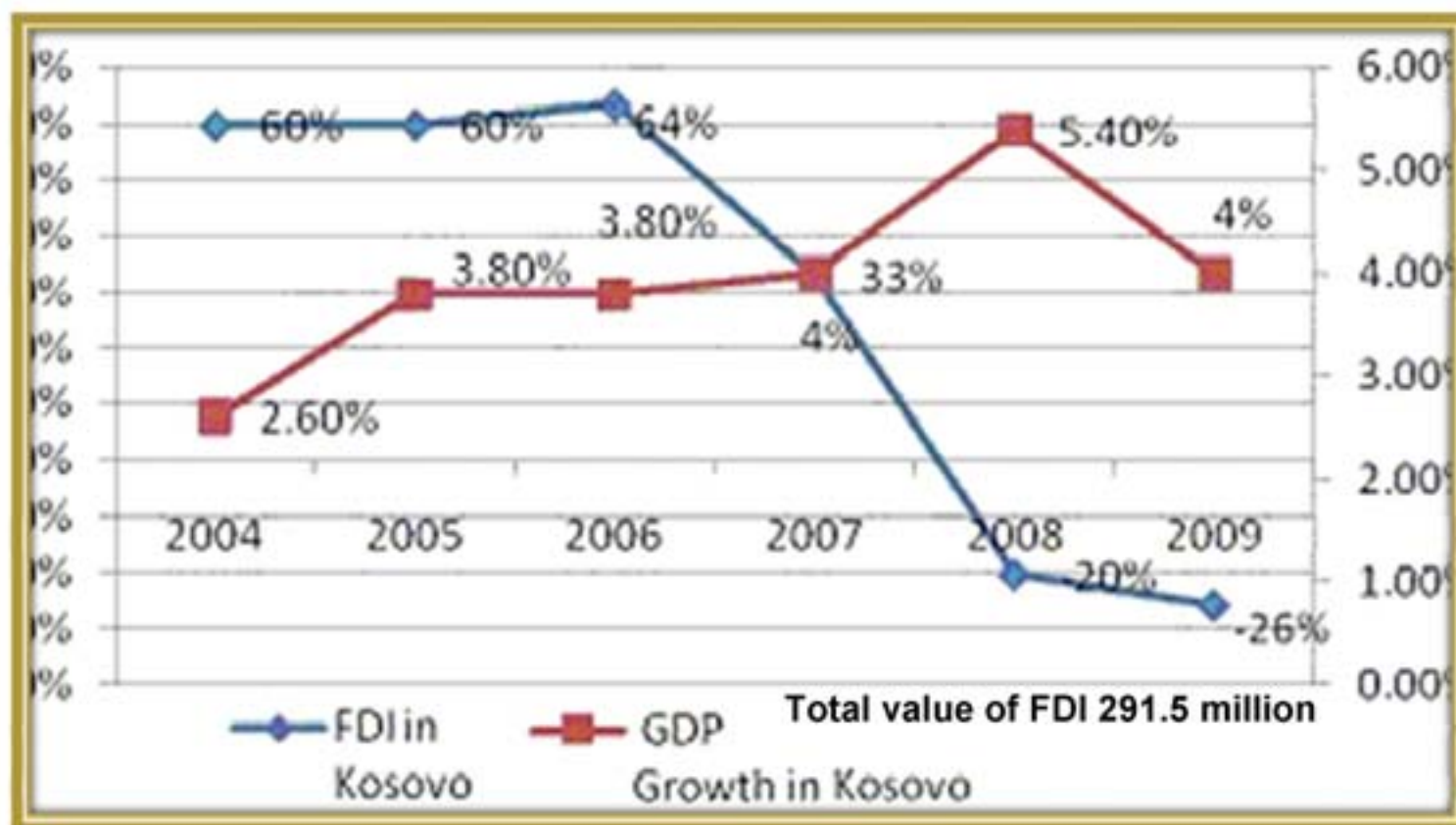


Kosovo – Ease of registering property. Source: Doing Business database



Kosovo ranking on the strength of investor protection index.
Source: Doing Business database

OVERVIEW OF THE INVESTMENT CLIMATE IN KOSOVO



Trends of FDI and GDP Growth Percentage in Kosovo. Source: World Bank (2010)

Research Methodology

- ▶ Quantitative method - questionnaire survey was conducted with foreign companies operating in Kosovo in order to get their perception about what issues they considered as key determinants, advantages and disadvantages for investing in Kosovo.
- ▶ The questionnaires were distributed to companies and 50 were responsive. The survey was conducted for two months.
- ▶ The most representative industries in this sample were manufacturing, financial services, real estate, construction, trade and food, and beverages sectors.

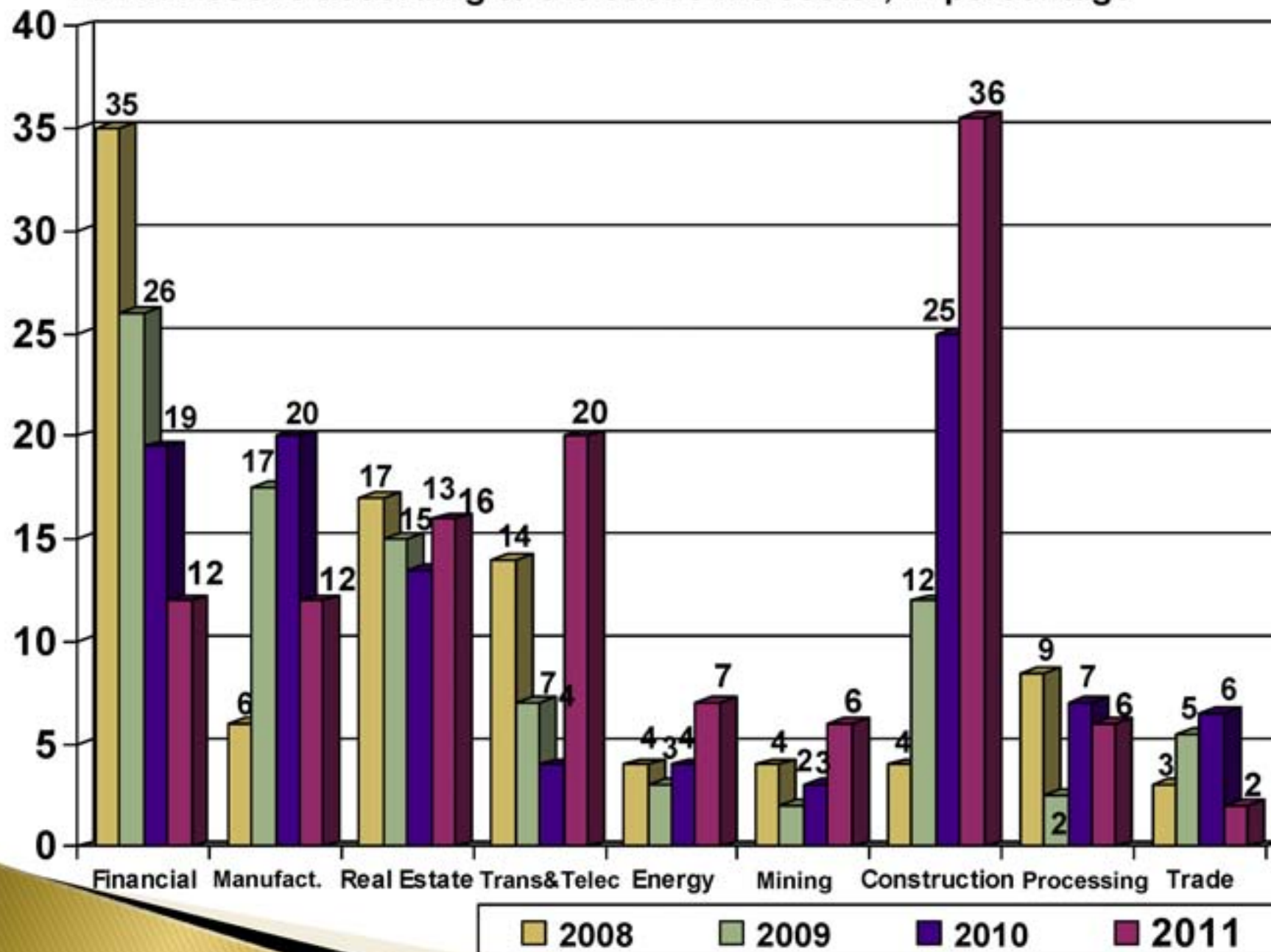
Literature review on determinants of FDI

AUTHOR:	DETERMINANTS OF FDI INFLOW
<p>OECD (2003)</p> <p>Busse and Hefeker (2007)</p> <p>Daude and Stein (2007)</p> <p>Wells and Wint (2000)</p> <p>Bitzenis (2004)</p> <p>Genco et al (1993)</p> <p>Pye (1998)</p> <p>Iammarino and Pitelis (2000)</p> <p>Kinoshita&Campos (2003)</p> <p>Bellak et al (2009)</p> <p>Kıçmari (2009)</p>	<p>good governance and institutional quality, macroeconomic stability, corruption, rule of law, political openness, political stability, quality of bureaucracy, accountability of government, existence of natural resources, market size, physical and social infrastructure, tax system, geographical distance, bureaucracy, lack of skilled labour force, unsound legal framework, cheap labor force, investment incentives, liberal trade regime</p>

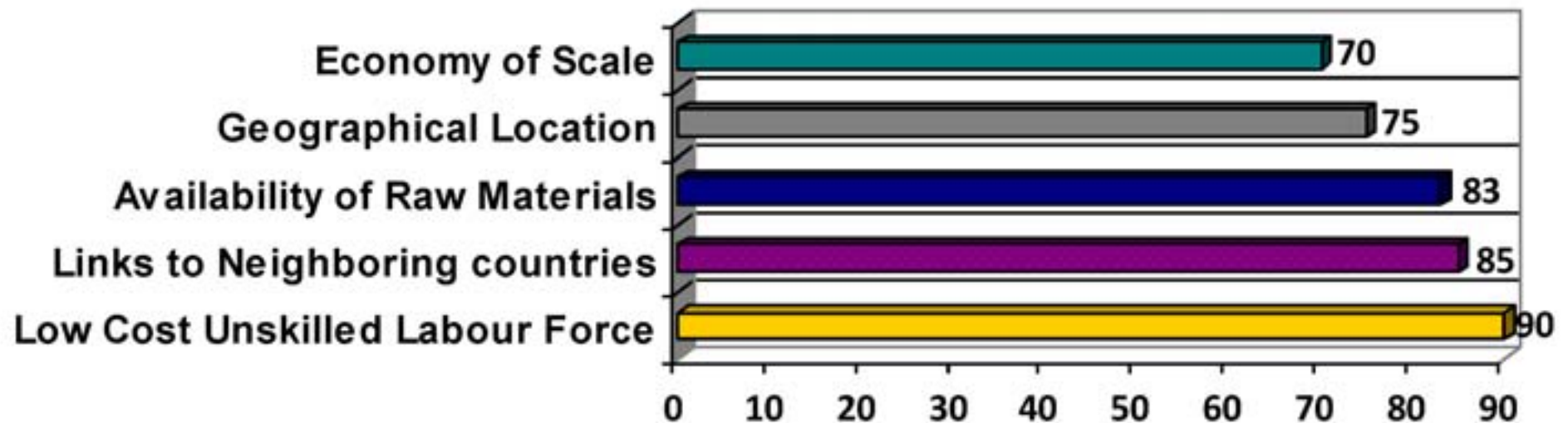
Survey results on Determinants of Kosovo Investment Climate



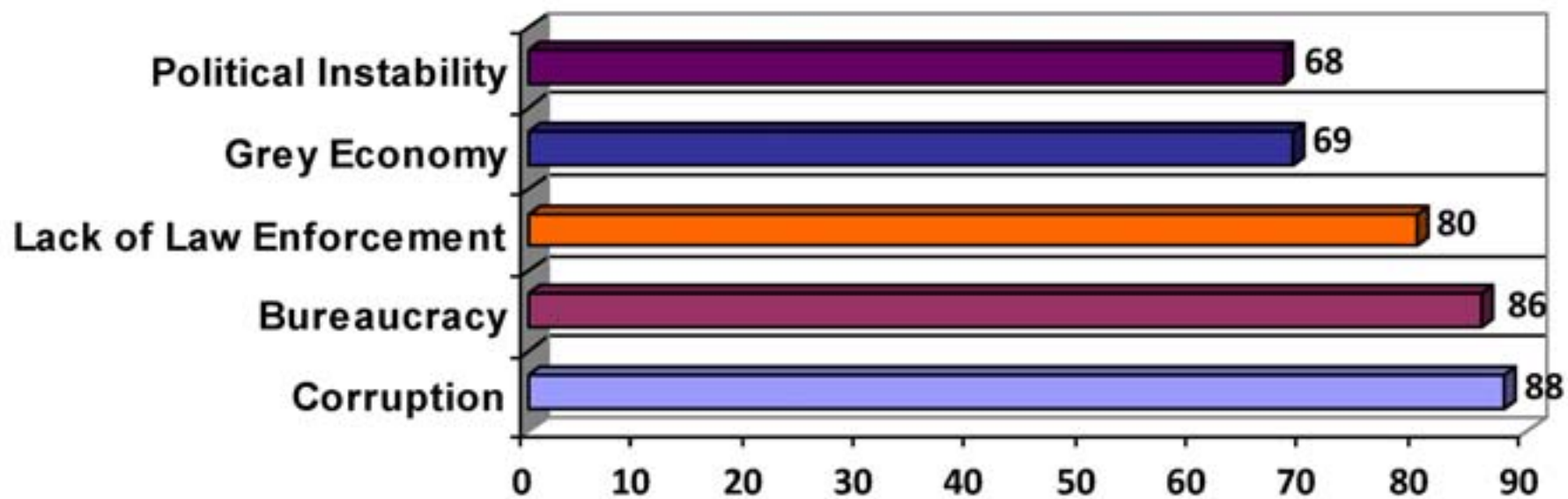
FDI in Kosovo according to the economic sector, in percentage



According to the survey results the top 5 advantages for FDI in Kosovo are:



- ▶ According to the survey results the top 5 disadvantages that hinder FDI in Kosovo:



Recommendation 1:

Reform of Judiciary sector

- ▶ The establishment of a Fast Tracking Mechanism for dealing with the disputes of foreign investors.
(119.000 backlog cases of commercial nature)
- ▶ Enhancing Alternative Dispute Resolution mechanisms.
(informal but regulated)
- ▶ Application of the Arbitrary System.
- ▶ Functionalize the notary system.
- ▶ Improve the efficiency of court management with the development of an electronic case information system that would maintain trial records, file submissions, track distribution and record of final decisions.
- ▶ Commercial Law Education.

Recommendation 2: **Information and assistance to foreign investors**

- ▶ Establishment of Information Hub for Investors that will guide to investing in Kosovo and will serve as a single point of contact for guidance on laws, policies, incentives, investment climate and trends, investment opportunities, costs of setting up a business, process for finding land and sector specific information.



Recommendation 3:

Avoid burecratic procedures and assistance for foreign investors

- ▶ Establishment of One Stop Center (OSC) for starting a business, to register business in two easy steps and receive certificate in 24 hours at the Kosovo One Stop Center. This center will avoid the burecratic procedures and assist foreign investors by avoidance of administrative and informal barriers and improvement of the administrative environment that would reflect on the reduction of business purchase cost.

Thanks and Acknowledgements

- ▶ USAID for offering me the scholarship and giving me the opportunity to study postgraduate.
- ▶ Sincere gratitude to my supervisor, Dr. Brian Bowen who has supported me throughout my thesis, and to all the professors from RIT and AUK.
- ▶ My deepest gratitude is for my family and friends for their understanding and support.
- ▶ I would like to dedicate this achievement to the memory of my mother, Shefkete Bajrami (1959 - 2007), who is a constant source of inspiration.

Questions & Discussions

