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# PRIVATE SECTOR DEVELOPMENT STRATEGY IN KOSOVA

**SYNOPSIS**

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## EXECUTIVE SUMMARY

It seems that necessity for the beginning of improvement of the economic situation has been reduced into the mere need for implementation of the standard on economy, which eventually following solution of the status, would serve as a magic wand that would solve all economic and social problems of Kosovo. The genuine economic development has never been the item of the agenda, while the situation is deteriorating on the daily basis. Various social layers such as 52 thousand families, who receive social assistance, hundreds of thousands of pensioners and other thousands members of martyrs' families, all supported in an institutional manner, live at the brink of poverty and make their living with less than two dollars per day. Kosovo is not only stagnating behind other countries of this region, but what is even worse, it is also stagnating in all economic aspects.

Kosovo is the country, which has the lowest scale of direct foreign investments in Europe – consequently without investments there will not be any transfer of knowledge and modern technology, there will not be any fresh capital, there will not be any new jobs and there will not be any home production. Despite the existence of a relatively stimulating legislation and some sporadic engagements by UNMIK and Kosovo institutions in order to do something more to change this alarming situation, Kosovo remains still far away from tasting the advantages brought by foreign investments. Prevention of deeper crises and creation of the foundation for sustainable economic development in Kosovo should be done through enhancement of the structure of the small and medium enterprises and through stimulation of industrial production as well as other sectors' production.

Thanks to entrepreneurship energy and the investors' interests, which facilitate increase of employment and enhancement of productivity, the private sector is a dynamic sector in the market economy. Today, the private sector in Kosovo, like in many other developed countries in transition, represents the main source for generation of new jobs and increase of income. Therefore, the private sector has gained affirmation as a leading force for development and transformation of all trade economies in the countries of this region, too.

Kosovo is now passing through a period of the so-called late transition, in which the development of the new private sector plays a decisive role in consolidation and development of its economy. This can be illustrated by the fact that the vast majority of private initiatives such as those of family businesses have experienced a rapid expansion in these transition years, in particular in the trade sector. This was neither a result of favorable conditions nor a result of a proper environment; instead it was rather a result of Kosovar entrepreneurs' action in the sector where even small investments can bring profit and due to the quick turnover of the capital. Development of the private Small and Medium Enterprises (SMEs) mainly in the sector of trade and services rather than other sectors of production and exports came as a consequence of unfavorable conditions as a result of macroeconomic policies (taxes, credit market and public services), which were not favorable for the new industries and emerging SMEs. Ten years' period of occupation followed by the war has left big consequences in the home economy. Apart from this, nonprofessional and irresponsible post-war management of many Socially Owned Enterprises has resulted in inefficiency and their destruction. Accordingly, privatization has remained the only hope for the benefit of this society. This can be seen from the continuous escalation of economic and social situation. Even though the private enterprises in Kosovo are continuously increasing in their numbers, they cannot reach the number of micro or small enterprises, whose programs in major part are not orientated towards complementary concept of the sustainable economic sectors in Kosovo such as energy, mines and minerals, the PTK and so on. With such total and such orientation, we cannot even think of any economic development of Kosovo, therefore, the other alternative should be taken into consideration as soon as possible, i.e. quick privatization of huge enterprises such as mines and minerals as well as absorption of the foreign investments and enhancement of the management of the public enterprises by establishment of a sustainable axis of partnership between the public and private sectors.

Another very important factor for such an efficient activity and effective development of the private sector is provision of financial funds from abroad. Currently, there is a limited number of institutions and financial instruments in Kosovo. In spite of the great efforts, the system for financing SMEs is still in the initial stage, therefore, the need to finance these SMEs remains a permanent demand. At the moment, there are six commercial banks performing their activities in Kosovo, which have been licensed. Nevertheless, conditions for



the financing of the SMEs and the private sector in general are being improved very slowly due to the lack of competition in the sector of commercial banks. Acceleration of the privatization process and establishment of a fair and transparent system of fiscal policies in one hand and creation of a more stable environment for the domestic economy in the other is a necessary prerequisite for the development of the private sector.

## MAIN DEVELOPMENTS SINCE 1999 AND THE CURRENT SITUATION OF THE SECTOR

Development of the private sector in Kosovo can be characterized as a development of the SMEs due to the fact that these enterprises comprise approximately 99% of the total number of enterprises, whereas until the recent times privatization has been neglected and its impact on economy is not visible yet. Small and medium enterprises promote economic development and this can be noticed through their impact and contribution to employment and increase of the Gross Domestic Production (GDP).

Kosovo has marked a huge progress during the post-war period in fulfilling of the legal infrastructure especially in those fields dealing with small businesses. Kosovo government in collaboration with other local and international institutions have prepared a package of laws, some of which have been adopted and others are undergoing the parliamentary procedures of adoption. Nevertheless, the lack of the real legal infrastructure that regulates the way SMEs are established and function in Kosovo, then the lack of the economic macro-policies that support the development of the private sector and in particular that of the SMEs, is continuously hindering peaceful functioning and normal development of the SMEs, a part of which could hardly overcome the hardship and dangerous investments during the late nineties.

The main barriers, which have been addressed in the private sector are the following: undefined political status of Kosovo, lack of real financial and banking institutions, lack of the control system, collapse of the former big socially owned enterprises, prolongation of the privatization process and disputable operational policies. The private sector is also facing other problems such as the shortage of the electric power, unfair competition, problems related to transport and telecommunication, education background and managerial skills and so on.

In spite of all these obstacles, there has been a continuous increase of the SMEs' sector during the post-war period. Hence, by the end of 2003 there were 27,920 registered businesses, out of which 26,399 were individual businesses with a single owner, whereas by the end of 2004 the number of businesses reached 39,257 of them. By the end of December 2005, there were 50,591 registered businesses throughout Kosovo.

In the field of trade, Kosovo is now experiencing the age of liberalization. It has already signed several free trade agreements with the region countries like Albania, Macedonia, Croatia and Bosnia and Herzegovina and it is implementing the same.

The current industrial production in Kosovo is facing huge problems, which is a part of a new economy to be born. It should be mentioned, however, that socially owned industry in Kosovo was underdeveloped to a large extent even prior to 1999 (while the private industry was disregarded with its many handicrafts). Its structure now does not fit the newly created economic circumstances in Kosovo at all. Having in mind the loss of potential trade markets, deterioration of material and financial foundation during and before the war, lack of investments, poor management and mismanagement during the last two decades, the sector of today's industry is almost paralyzed and its impact into economic development of Kosovo is so small that it cannot be taken into consideration. Accordingly the only hope for its salvation is the process of privatization and change of its owner.

Up to the present day, 16 waves or rounds of privatization have been announced by the Kosovo Trust Agency (which currently enjoys full legal personality and at the same time it manages with the process of privatization of the socially owned and public enterprises and oversees the same process), which have privatized 235 socially owned and public enterprises.



Kosovo lacks the experience of application and implementation of various financial mechanisms and instruments. Apart from the informal sources, the single mechanisms enabling access to the finances for the SMEs, are the micro-financial institutions and credits provided by the commercial banks that remain even nowadays to be very expensive and bureaucratic quite often. In spite of the fact that fulfillment of the need for credit for the sector of the SMEs by the side of the commercial banks is improving, this fulfillment is still too little compared to other countries, making thus very high the cost of a business credit in Kosovo.

## VISION

Vision for a private sector development by the period 2007-2013, could be briefly summarized as follows:

*By the year 2007-2013 Kosovo shall have a sustainable private sector, which shall be competitive to the regional economy with performance of a dynamic development in a business friendly environment, which shall stimulate development of entrepreneurship and SMEs and at the same time it shall encourage both the local and foreign investors. The private sector, thus, shall become a generator of an economic growth and employment.*



## OBJECTIVES, POLICIES AND PROGRAMS

### **OBJECTIVE 1. BUILDING OF THE INSTITUTIONAL CAPACITIES**

#### **Policy 1.1. Completion of legal infrastructure in harmony with that of EU**

The aim of this policy is to complete the legal infrastructure in harmony with that of the EU.

##### **Program 1.1.1 Drafting of new laws**

Covering all those fields, where economic activities are developed or overlapped with new laws, which are compatible with those of the EU.

##### **Program 1.1.2. Reviewing and adaptation of the existing legal regulation**

The overall existing legal and procedural framework should be put in place for the sake of development of the market-oriented economy, in harmony with the main demands of the European chart on SMEs.

#### **Policy 1.2. Establishment and development of supportive infrastructure of SMEs**

Creation and development of institutional representative mechanisms as well as creation of a comprehensive system for effective support of the private sector of SMEs in Kosovo.

##### **Program 1.2.1. Creation of an institutional network for the support of enterprises**

Through this program it is foreseen establishment and development of those agencies envisaged by law as well as creation of other institutional mechanisms that can directly or indirectly target the private sector such as: the SMEs Agency, the Agency for Investments, the Agency of Privatization, the Office of the Pledge, Kosovar Committee for Competition, One Stop Shop, The Agency of Patents and Licenses for Intellectual Ownership and so on.

##### **Program 1.2.2. Downsizing of the cost, time and administrative procedures for running a business**

Providing informative and technical services on businesses with a special emphasis on initial businesses whereby One Stop Shop offices they shall have an easier, quicker and cheaper access to the business registration, working permit, license etc.

#### **Policy 1.3. Full capacity building and enhancement of quality infrastructure**

##### **Program 1.3.1. Standardization**

The ASK training on carrying out the tasks of standardization activities is a prerequisite to building of the system of quality infrastructure.

##### **Program 1.3.2. Accreditation**

Process of accreditation is still at the very beginning phase of its development in Kosovo, while the need for accreditation of authorities for conformity assessment, inspection authorities, testing and calibration laboratories and so on.

##### **Program 1.3.3. Metrology**

Necessary infrastructure for metrology is required (calibration labs, national etalons, professional metrologists) for the sake of accuracy and reliability criteria in Kosovo and in order to support the quality of goods and services in Kosovo.

**Program 1.3.4. Certification**

Application of technical legislation in reference to demands for goods and services cannot be achieved without proper accredited authorities for conformity assessment, which shall operate as private entities in Kosovo, therefore creation of such bodies is required to be stimulated by a government program.

**Program 1.3.5. Market supervision**

Creation of adequate mechanisms for market supervision is essential for protection of the activities and the client. This can be achieved through supervision of the efficient application of the legal regulations and quality standards.

**Policy 1.4. Enhancement of the representative force of Kosovo interests in different international mechanisms**

This policy deals with a permanent approach of Kosovo institutions for creation of conditions for Kosovo's membership in all powerful international mechanisms, in which there could be lobbied for protection of economic interests and participation in international sharing of work.

Membership in the World Trade Organization, membership in the World Organization of Tourism, membership in the Multilateral Agency of Guaranteed Investments (MIGA- [www.miga.org](http://www.miga.org)); membership in the international and European standardization organs such ISO, IEC, CEN, CENELEC etc. then membership in the international Accreditation organs (ILAC, EA etc); membership in the European and international metrology organs such OIML, WELMEC; membership in the Office of International Industry Ownership; membership in the International Financial mechanisms as well as regional ones such as IMF, EBRD, International Bank for Development and Reconstruction (IBRD – [www.ibrd.org](http://www.ibrd.org)); International Association for Development (IDA – [www.ida.org](http://www.ida.org)); International Financial Corporation (IFC – [www.ifc.org](http://www.ifc.org)); International Center for Debate of Agreements on Investments (ICSID - <http://www.worldbank.org/icsid/> ) etc.

**OBJECTIVE 2. ENHANCEMENT OF ACCESS TO FINANCES****Policy 2.1. Reforming cadastres**

This policy describes necessity of reforming and stabilizing Kosovo cadastres, which is a very important component in development of collateral sources for using banking credits.

**Program 2.1.1 Establishment of mortgage market or pledge**

This program aims stimulation of development of local market of mortgages, insurances and products of this market, which represents the most important financial pledge or liability to most of the people. A proper decision on utilization of this right would mean a good beginning for a family budget, whereas the opposite would mean risking one's home.

**Policy 2.2. Strengthening of the financial system**

This policy aims development of the financial system by increasing of banking offer, development of financial records and by developing the capital market and reporting funds, which would increase competitiveness in the local banking market and it would stimulate development of new banking products or in other words it would strengthen the existing ones.

**Program 2.2.1. Development of the local banking offer**

This program insists that the establishment of the National Bank, the Savings Bank and the Agrarian Bank will result in increase of reliability and credibility of deposits that would improve conditions for taking loans for agribusiness.

**Program 2.2.2. Quality enhancement of financial reporting**



Even though International Standards of Financial Reporting (ISFR) are being implemented in Kosovo along with International Auditing Standards (IAS), the quality of their implementation is still poor; therefore, this program aims improvement and enhancement of the quality of reporting and monitoring mechanisms.

### **Program 2.2.3 Capital market**

It is an emergent demand from not only those foreign companies that would like to invest in Kosovo but also the local ones, so that they would have the opportunity of interaction with capital market products, i.e. redeemable notes.

### **Policy 2.3. Financial support for the enterprises**

In-up-to-date researches the issue of financing programs and projects, is one of the most frequently reported problems by the side of enterprises. Through this policy creation of such programs is aimed, which would support enterprises and sectors that have bigger impact in overall economic growth, growth of BPV and increase of employment.

#### **Program 2.3.1. Support for entrepreneurship initiatives**

This program envisages support of those enterprises, which have just begun their business through development of grant schemes, then support of the enterprises in undeveloped regions, innovative enterprises and those enterprises in the ownership of inferior categories such as women, youth, rural population and other categories with limited skills.

#### **Program 2.3.2. Facilitation of loans through Guaranteeing Loans Scheme (GLS)**

This program of guaranteeing schemes creates conditions for an easier access to financial sources – loans in particular for those enterprises, which are just at the beginning and which currently cannot get any loan from the commercial banks and for the support of preferential sector of the home economy.

#### **Program 2.3.3. Support for the development of SMEs and their programs**

This program envisages establishment of a certain fund with mixed state, public and private ownership aiming the support for certain economic sectors or special categories of SMEs from the point of view of implementation of programs, which are consisting part of a production cycle within those sectors with priority.

#### **Program 2.3.4. Support of enterprises following their privatization**

Many enterprises, following their privatization due to the lack of turnover capital, have failed to start their operation. Having in mind the importance these enterprises can play in the overall economic development, this program envisages that the frozen assets of the privatization fund be put in a special fund monitored by the BPK so that following privatization, such enterprises and others are permitted to have access to these assets, which is similar to the "Marshall Fund".

### **Policy 2.4. Enhancement of taxation policy**

In order to spare businesses from preliminary payment of taxes and in order to spare them from high taxation quotes, which are above the region average, reforming actions in the current taxation system should be undertaken.

#### **Program 2.3.4. Reforming the VAT**

Current policies of the VAT accumulation should be changed, since over 70% of VAT is collected from the customs service. This should be replaced by VAT collected from within the local market, which would spare enterprises from premature collection of the VAT. On the other hand this brings benefit to VAT itself, since the customs input is usually subject to transformation of production activities with added value.

#### **Program 2.3.4. Reduction of the tax on profit for corporations**

Elaboration of the need for reduction of the tax on profit from the current rate of 20% into 7% would enable Kosovo to have advantage in the region and it would make it possible for the companies to have more funds available and turn them into investments.

**OBJECTIVE 3. GROWTH OF EXPORT AND PROMOTION OF INVESTMENTS****Policy 3.1. Development of the integrated export policy**

This implies treatment of three issues for the sake of their coordination, which have to do with those policies, applied “inside the borders”, policies applied “at the borders” and policies applied “outside the borders.”

**Program 3.1.1 Competitive skills of the local companies** – Creation of strong competitive companies within the local market is an essential step for establishment of an export-oriented competitive economy. The first step for such effective export strategy should be enhancement of competitiveness within the local market.

- ❖ **Price competition** can be enhanced either through reduction of expenditures or by setting tariff barriers and other barriers towards imported goods.
- ❖ **Quality competition** means transformation of production process into production activities of highly increased value, improvement of skills, utilization of information and communication technology, which can be further enhanced with application of programs for support of SMEs, promotion of IJD, business alliances and other ways of organization.

**Program 3.1.2 Trade facilitation programs**

Include customs procedures, trade facilitation program from the World Bank (TTFSE), facilities in visa regime and in documentation as well as regional cooperation.

**Program 3.1.3 Programs for export promotion**

Such programs include information on foreign markets, search for partners, twinning, database on exports, marketing and publicity as well as trainings.

**Policy 3.2. Attracting foreign investments**

No country could be developed without input of fresh capital from abroad. In this time of globalized economy, when transnational companies are its main bearers, preoccupation of each and every country is to induce and persuade such companies to allocate their investments into their countries.

**Program 3.2.1 Promotion of investments**

This program envisages coordination of activities between the local responsible institutions, community of the businesspersons, civil society and trade unions in order to create this attractive environment and to promote the same in those countries or those groups, which have been identified as potential investors in Kosovo.

**Program 3.2.2. Creation of different types of facilitation**

Creation of a whole package containing different kinds of facilitation, which would deal with a whole range of issues in regard to a potential investment of a certain company, which has been proven to have huge attractive force for foreign investments.

**Policy 3.3. Liberalization of the market**

Kosovo should open its market to the world and this can be only achieved through free trade agreements (FTA) and bilateral relations with certain countries as well as through certain regional agreements such as CEFTA.

**Program 3.3.1. Free Trade Agreements (FTA)**

FTAs play a crucial role for enhancement of free movement of goods, services and capital, introduction of the internal local market and the overall integration of Kosovar economy into the region market, EU and wider.

**Policy 3.4. Development of physical infrastructure for business**

Establishment and enhancement of physical infrastructure for business is of crucial importance due to its straightforward impact on business support, decrease of the cost of investments, trainings and consultations on business affairs.



**Program 3.4.1. Incubators**

Building incubators for business affairs would be in the light of supporting those businesses, which have just begun and this would support their growth, by providing sufficient space to them with reasonable price, trainings and consultations on business affairs.

**Program 3.4.2. Business and industrial parks**

By an industrial park it is meant equipping a certain business with convenient premises (places or facilities with sustainable infrastructure) in a controlled environment with a reasonable price, in a proper location, which is a very important element for development and growth of the enterprises.

**Program 3.4.3. Industrial zones**

Creation of such zones for economic activities would stimulate and increase the intensity of goods' exchange; attraction of multinational companies for assembled products and it would stimulate creation of new powerful spin-off companies.

**OBJECTIVE 4. CREATION OF ENTREPRENEURSHIP CULTURE****Policy 4.1. Promotion of Entrepreneurship Culture**

It represents one of the most important elements in the chain of a life cycle for a development of a healthy and strong enterprise. Promotion of entrepreneurship, especially by targeting the youth and those inferior categories is a prerequisite for establishment of a strong foundation, needed for development of powerful and competitive trade-oriented enterprises.

**Program 4.1.1. Education on entrepreneurship**

Introduction of the subject of entrepreneurship in the formal education system starting from the fifth grade of the primary school in all education levels would be a giant leap for preparation of potential future entrepreneurs that would have a positive impact on increase in the number of businesses, their proper and efficient management, creation of new jobs and so on.

**Program 4.1.2. Consultative and training support for enterprises**

Such program has to do with providing consultative and training services to different businesses aiming increase of their performance and enhancement of their competitive skills.

**Program 4.1.3. Information on entrepreneurship**

A clear program of information on entrepreneurship would enable an easier and cheaper access to such information for the category of potential entrepreneurs, beginner businesses and in general for the community of businesspersons.

**Policy 4.2. Enhancement of relationship between the business and academic education**

Stimulation of partnership is aimed through this policy and creation of a close relation and cooperation between enterprises and academic institutions aiming thus creation of spin-off enterprises from the university, transfer of theoretical university knowledge and application of scientific and technology innovations into materialization of new products in enterprises.

**Program 4.2.1. Development of partnership between academic institutions and sector of enterprises**

Enhancement of cooperation is aimed, through such programs, between the university and enterprises, by providing access to the students in the practical activities inside an enterprise.

**Program 4.2.2. Joint research and development projects**



Monitoring the performance of SMEs, identification of their new needs and enhancement of development of the research and development projects and programs would have a direct impact in increase of absorbing capacities of a SME in the field of technology and new innovations, which are useful for further enhancement of managerial skills, quality of the products and productivity in general.

## ANALYSIS OF FINANCIAL SOURCES AND CAPABILITIES

Based on the analysis of the cost of selected policies and programs, which would have direct or indirect impact on fulfillment of the strategy objectives, we can conclude that the self-financial sources would not be sufficient for their implementation. For this reason, we have divided the project potential financial sources into these two columns:

Sources from Kosovo Consolidate Budget and  
Other sources

Within those means foreseen to be realized by the budget, the sum of 117.5 million of Euros does not seem to be unreachable, especially if we consider the fact that many of projects that have been presented are familiar to the budget as they have been partially approved or prolonged in the past. Many projects are just at their offset or still developing. Therefore, the sum of 117.5 million of Euros is quite possible if we make rational use of the budget during the coming five years. All those programs could have an initial cost but upon their implementation they would return back to Kosovo economy and budget as manifold input, expressed through increase in production, export, foreign investments, creation of new jobs etc. All this can lead to increase of total input for the budget through taxes and other different contributions.

Other resources would be less challenging even though majority of them are available. Out of the sum of 126.3 million of Euros, as well as many others such as banking offers valued 30 million of Euros, promotion of export valued 23.8 million, industrial zones valued 16 million of Euros. All these funds can be offered on the basis of reciprocal interest of parties involved. Only the sum of 73.6 million of Euros is expected to be supplemented by the donors' resources, international loans or resources, which can emerge as stakeholders upon their implementation.



**KORNIZA FINALE E KOSTOS SË PROGRAMEVE TË STRATEGJIS SË SEKTORI PRIVAT**

Objective s	Policies	Public Programs with Priority	Instit ution resp onsib le	Dea dlin e	Cost expressed in Euro							Tot ali	Financi al Resourc es	
					2007	'08	'09	'10	'11	'12	KC B		oth ers	
<b>1. Instituti onal Capacity Building</b>	1.1. Comple tion of legal infrastru cture in harmon y with that of the EU	1.1.1 Drafting of new laws for different business sectors	MTI, ZKM , MEF , OEK	'13	0.5*	0.7	0.8	0.8	0.1	0.1	3	0.9	2.1	
		1.1.2. Reviewing and adaptation of the existing legal regulations	MTI, MEF , OE K	'10	0.5	0.5	0.5	0.3	x	x	1.8	0.3	1.5	
	1.2. Creation and develop ment of supporti ng infrastru cture for SMEs	1.2.1. Creation of institutional network for supporting SMEs	MTI, MEF	'13	1.5	3.2	4.3	6	3	3	21	16	5	
		1.2.2. Reduction of the cost upon opening a business	MTI, Kom unat	'10	0.6	0.6	0.4	0.2	x	x	1.8	0.8	1	
	1.3. Enhance ment and develop ment of the capacitie s of quality infrastru cture	1.3.1. Standardizatio n	MTI - ASK	'13	0.5	0.7	0.5	0.3	0.3	0.2	2.5	1	1.5	
		1.3.2. Accreditation	MTI - ASK	'09	0.3	0.3	0.4	x	x	x	2	1	1	
		1.3.3. Metrology	MTI - Dep arta men ti I Metr		0.6	1.9	2	2	1.5	1	8	2	6	



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	1.3.4. Certification	MTI		0.1	0.5	0.3	0.1	x	x	1	0	1	
	1.3.5. Market Monitoring	MTI		0.4	0.4	0.4	0.4	0.4	0.4	2	0.5	1.5	
1.4. Development of representing force of Kosovo interests in international mechanisms	Membership in the World Trade Organization, membership in the World Organization of Tourism, membership in the Multilateral Agency of Guaranteed Investments (MIGA- <a href="http://www.miga.org">www.miga.org</a> ); membership in the international and European standardization organs such ISO, IEC, CEN, CENELEC etc. then membership in the international Accreditation organs (ILAC, EA etc); membership in the European and international metrology organs such OIML, WELMEC; membership in the Office of International Industry Ownership; membership in the International Financial mechanisms as well as regional ones such as IMF, EBRD, International Bank for Development and Reconstruction (IBRD - <a href="http://www.ibrd.org">www.ibrd.org</a> ); International Association for Development (IDA - <a href="http://www.ida.org">www.ida.org</a> ); International Financial Corporation (IFC - <a href="http://www.ifc.org">www.ifc.org</a> ); International Center for Debate of Agreements on Investments (ICSID - <a href="http://www.worldb">http://www.worldb</a>	MTI, OEK, MEF	'13	0.2	0.6	0.8	1.4	0.5	0.5	3	2.5	5	



			<a href="http://www.ank.org/icsid/">ank.org/icsid/</a> ) etc.											
<b>2. Enhance ment of access to finances</b>	2.1. Cadastral reform	2.1.1. Establishment of mortgage market or pledge	MTI, MD, BPK , OEK	'08	0.5	0.5	0.5	x	x	x	1.5	0.5	1	
	2.2. Strengthening of the financial system	2.2.1. Development of the local banking offer	MTI, MEF , BPK ,	'11	2.5	35	10	x	x	x	47.5	40	7.5	
		2.2.2. Increase in financial reporting quality	SHC K, MTI, MEF , OEK	'08	2	1	1	x	x	x	4.5	0.5	4	
		2.2.3. Capital market	MTI, MEF , BPK ,	'09	0.3	1	1.5	1.5	x	x	4.3	0.5	3.8	
	2.3. Financial support for enterprise	2.3.1. Support for the entrepreneurship initiative	MTI	'10	1	2	3	1	1	1	9	1.5	7.5	
		2.3.2. Easier access to loans – Schemes of guaranteed loans	MTI	'13	0.3	0.5	1	1	1.2	1	5	4	1	
		2.3.3. Support for the development of enterprises and their programs	MTI	'09	0.5	3	4	5	5	5	21.5	14	7.5	
		2.3.4. Support for enterprises after their privatization	MTI, Fon di I privatizimi	'07	x	x	x	x	x	x	x			
	2.4. Improve ment of taxation policy	2.4.1. VAT Reform	MEF	'08	0.05	0.05	x	x	x	x	0.1	0.1		



**3. Increase of export and promotion of investments**

	Reduction of tax on profit	MEF	'07	0.1	x	x	x	x	x	0.1	0.1	
3.1. Development of export integrated policy	3.1.1. Competition skills of the local companies	MTI, MEF, MTT, MBZ HR, OEK, Dogana, BPK	'13	0.6	1.4	1.5	1.5	2	2	9	0.7	8.3
	3.1.2. Trade facilitation programs	MTI, MEF, OEK, Dogana,	'10	0.3	0.6	0.8	0.3	0	0	2	0.3	1.7
	3.1.3. Export promotion programs	MTI, OEK	'13	1	3	4	4	5	5	22	1.2	20.8
3.2. Attracting foreign investments	3.2.1. Promotion of investments	MTI, OEK, MEF,	'13	0.5	1	2	2	3	3	11.5	1.5	10
	3.2.2. Creation of facilitation	MEF, MTI, OEK	'13	0.2	1.3	1.5	2	3	3	11	8	3
3.3. Liberalization of market	3.3.1. Free Trade Agreements	MTI, MEF, MBZ HR, OEK	'08	0.5	0.5					1	1	0
3.4. Creation of Physical Infrastructure for Businesses	3.4.1. Business Incubators, R & D Centers	MTI, Kom unat	'13	0.8	1	0.5	0.5	0.2	0.2	3.2	0.9	2.3
	3.4.2. Business and Industrial Parks	MTI, Kom unat	'13	1.6	1.8	2	2	2	2	11.4	8	3.4
	3.4.3. Industrial Zones	MTI, Kom unat	'13	1	3	5	5	5	5	23	8	15



<b>4. Creation of Entrepreneurship Culture</b>	4.1. Promotion of Entrepreneurship Culture	4.1.1. Education on Entrepreneurship	MTI, MAS HT, MPM S, OEK , BSP K	'13	0.1	0.1	0.3	0.3	0.2	0.2	1.2	0.5	0.7
		4.1.2. Consultative and Training Support for Entrepreneurs – Voucher Scheme of Trainings	MTI, MAS HT, MPM S, OEK , BSP K	'13	0.23	0.27	0.4	0.4	0.3	0.2	1.8	0.5	1.3
		4.1.3. Information on entrepreneurship	MTI, MAS HT, MPM S, OEK , BSP K	'13	0.1	0.1	0.1	0.1	0.1	0.1	0.5	0.2	0.3
	4.2. Enhancement of ties between business and academic education	4.2.1. Finding jobs for students/ graduates	MTI, Univerzitet, MAS HT, MPM S, OEK ,	'13	0.1	0.2	0.2	0.2	0.2	0.2	0.9		0.9
		4.2.2. Joint Research and Development Projects	MTI, Univerzitet, MAS HT, OEK ,	'13	0.1	0.2	0.2	0.2	0.2	0.3	1.2	0.5	0.7
												117.5	126.3