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THE KOSOVO MUNICIPAL COMPETITIVENESS INDEX REPORT 2014

**RAPORTI I KOSOVËS PËR INDEKsin
E KONKURENCËS NË KOMUNA 2014**

**KOSOVSKI IZVEŠTAJ O INDEKSU
KONKURENCIJE U OPŠTINAMA 2014**

The Municipal Competitiveness Index Report 2014

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ABBREVIATIONS

MCI	Municipal Competitiveness Index
USAID	United States Agency for International Development
TAK	Tax Administration of Kosovo
KBRA	Kosovo Business Registration Agency
MTI	Ministry of Trade and Industry
BEEP	Business Enabling Environment Program
IMF	International Monetary Fund
NPL	Non-performing loans ratio
VAT	Value Added Tax
LLC	Limited Liability Company



FOREWORD

The Municipal Competitiveness Index (MCI) 2014 report represents the views of 3,052 Kosovar businesses and provides a rigorous analysis of economic governance and the regulatory environment in Kosovo. The objective since the first MCI report in 2011 has been to identify and overcome the challenges facing businesses in fully understanding the government's regulations and requirements and, more importantly, to identify areas for improvement that will increase investment, jobs, enterprise performance, and economic growth.

As observed in workshop sessions during February 2014, the Municipal Assemblies of more than two thirds of the municipalities across Kosovo have used the MCI as a measure of their performance and indirectly as a motivation force to formulate action plans and decisions to improve performance, adopt best practices of high-performing municipalities, and to monitor progress in key areas. The consistency achieved by municipalities such as Hani i Elezit and Gjakova in maintaining excellent overall governance, and by Lipjan and Vitia in excelling in specific areas such as transparency and municipal administration during the last four years of MCI surveys, highlights the importance of leadership in making a dedicated and active commitment to improving economic governance and business environment.

The MCI 2014 survey at the sub-index level provides valuable information about the impact of policy reform initiatives at the central and local levels, and the consolidation of reforms that have been undertaken over the last four years. Whilst the MCI metrics help to identify problematic areas to complement regulatory streamlining of the less relevant and constraining procedures and serve as a tool for monitoring progress, the results from this research also support the decentralization process, by informing policy makers about gaps in policy implementation between the national and local level, and informing municipal authorities on how they can enhance their capacity and performance, and deliver better services. Improvements over the previous three years of the MCI report demonstrate a strong commitment to reform implementation.

However, in 2014 businesses reported the lowest year-to-year rate of improvement level for the entire 4-year period of MCI measurement. This slowdown in improvement deserves the immediate attention of policy makers. It is from this context that this year's MCI tells a story about the previous efforts to provide a better business environment in Kosovo. Further, it confirms the valuable role that a robust, independent, and objective indicator can play in steering policies and in measuring results thereof.

In this fourth year of the MCI, we would like to express our gratitude to USAID for supporting us and trusting in our commitment and capacities since the beginning of the project in 2010, and subsequently awarding us with a great responsibility to work under the USAID's FORWARD Initiative in Kosovo.

We would like to express our immense gratitude to the civil service officers both in the local government as well as central level administration, TAK, KBRA, MTI, and representatives of the business community for their participation in preparatory workshops and for the general support to this year's MCI.

Last, but not least, we would like to express our gratitude to Ms. Natasha Hanshaw, for her great contribution in the role of project advisor.

EXECUTIVE SUMMARY

The MCI report, with the aim of advancing the development of the private sector, is designed to ascertain the ease of doing business, economic governance and administrative reform efforts by local municipalities across Kosovo. The 2014 MCI is the fourth iteration of this report in Kosovo, based upon a rigorous survey of the perceptions of 3,052 businesses.

Over the last four years, the MCI has illustrated a sustained positive trend in the business environment, despite economic growth remaining “modest” between 2-3 percent in 2013 and some downward shifts in individual municipal rankings over time. To be sure, the median MCI scores increased from 45.6 in 2013 to 47.7 in 2014 – the highest median score recorded over the past four years. As indicated by the MCI, change in the business environment and economic governance across Kosovo is gradual, but remains positive and steady.

The MCI 2014 scores show a more gradual, yet more widely shared, improvement in the business environment. This year, the municipality of Vitia places at the top of the rankings, with Lipjan and Vushtria following very closely behind. Indeed, the difference between these top scores this year is very small.

Gjakova, Dragash, and Kacanik continue to perform well this year, while the northern municipalities of Leposavic, Zubin Potok, and Zvecan remain comparatively poor in the quality of their business environments.

Reviewing municipal performance over the last four years, Vushtrri has made the greatest improvement in its business environment. Vitia, Shterpce, and Lipjan follow as top reformers over the last four years. Rounding off the top five reformers is Peja, which while starting from a low performance in 2011 has demonstrated significant improvement over the last four years.

Consolidating reforms over time is imperative for sustained economic growth and prosperity. To date, eight municipalities across Kosovo have managed to achieve a consolidated path of reform and improvement in their year-on-year MCI score. Sustaining this trajectory is paramount for future economic growth in these municipalities and across Kosovo. The eight consolidated reformers are Mitrovica, Decan, Kacanik, Obiliq, Rahovec, Shterpce, Vitia, and Vushtrri. Six of these are medium-sized municipalities in terms of the number of businesses (500-1500 businesses) and two are small municipalities, with less than 500 businesses.

As municipalities continue to consolidate reforms and sustain improvements in governance and the business environment, this will hopefully lead to the creation of new opportunities for investment, both for domestic and foreign firms, and offer a growing business optimism in the coming years.

Finally, the MCI 2014 is the first of what will hopefully be a future series of MCI reports. For the first time, this year’s report has been fully administered by a local partner through the USAID FORWARD Initiative in Kosovo. This is a strong representation of successful development assistance - where local implementing partners could become fully capable of continuing to successfully implement and evolve the work of the MCI in Kosovo. This, in itself, speaks to the potential and opportunities that are growing in Kosovo for a sustainable path to economic growth and prosperity.

The rest of the report covers the following:

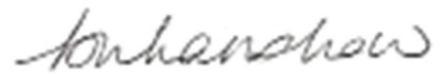
Chapter 1 describes this year's MCI implementation process

Chapter 2 reviews the current trends in the national business environment across Kosovo

Chapter 3 presents the building blocks of the MCI, the sub-index rankings, as well as highlighting key insights and this year's top performer and reformer in each sub-index

Chapter 4 highlights the overall MCI 2014 results. It further presents an overview of MCI scores over time by size of municipality, highlights top reformers over time, and identifies those municipalities that have made consolidated reforms (continued to improve their scores year-on-year)

Finally, Chapter 5 outlines the methodology of the MCI, and the Appendices provide more specific details for municipalities to review their scores by sub-index in depth.



Natasha Hanshaw



BACKGROUND: WHAT IS MCI?

Since 2011, the Municipal Competitiveness Index (MCI) serves as a tool to measure the quality of local governance as an important determinant in activating Kosovo's economic potential. Based on responses from a survey of 3,052 randomly selected businesses, the Index uses a standardized methodology to compare Kosovo municipalities to a "Benchmark Municipality", as an idealized municipality which uses best governance practices and would score highest in the MCI.

In this "Benchmark Municipality":

- Permissive system and informal competition does not hinder business entry
- Local policy is predictable and businesses are actively consulted in its formulation
- Information on regulations and municipal policy documents is available and easily accessible to everyone
- Businesses are not burdened to overspend time complying with regulations by going to the municipal offices, nor by dealing with frequent municipal inspections
- All businesses are treated equally in the municipal tendering processes, and
- Roads are of high quality and regularly maintained, and water and sanitation services available at all times

Businesses in the "Benchmark Municipality":

- Make tax payments easily and they do not need informal negotiations with tax officials to do so
- Work with municipal officials who are professionally capable of providing public services and have a positive attitude towards businesses
- Are not required to make informal payments to render municipal services
- Find that local labor meets their needs, and
- Have access to adequate consulting services which help them comply with regulations and develop their business

The MCI 2014 scores show that while Kosovo's 38 municipalities are advancing towards the characteristics of the "Benchmark Municipality," a lot of work remains ahead. Municipal authorities, as well as the Central Government, need to step up their reform efforts to ensure good governance practices are in place to support private-sector led growth.

According to the Kosovo Pensions Trust¹, at the most, 277,267 people (266,026 in 2012) were working formally in Kosovo during 2013, with 19.4% of them were working in the capital Pristina, over 84,000 were working in a Government institution, and 3,100 were working in a socially-owned or public enterprise. The Statistical Agency of Kosovo² estimates that only 28.4% of the working age population worked (both formally and informally) during 2013. Business registry data³ show that 9421 new businesses were registered in 2013, down from 9,592 in 2012; and, on the other hand, the number of closed businesses has increased from 1,081 in 2012 to 1,434 in 2013. These indicators alone are alarming enough to call for an acceleration of reforms that enable the private sector to develop and create more jobs.

1. http://www.trusti.org/Dokumentet/Shqip/Raportet%20vjetore/RAPORTIVJETOR_2013.pdf

2. http://ask.rks-gov.net/publikimet/cat_view/16-tregu-i-punes?orderby=dmdate_published

3. http://ask.rks-gov.net/publikimet/doc_download/1113-vjetari-statistikor-i-republikaeumls-saeuml-kosovaeumls-2014

The previous three MCI reports are based on the established premise that streamlined regulations, a transparent regulatory environment, access to information, and provision of public services in a timely manner are vital to private sector development, economic growth, and job creation. Through the MCI, businesses have reported on the performance of municipal authorities towards achieving these goals. With the MCI 2014 scores added to this performance record, the MCI 2014 report continues to stress the need for more reform effort, and in addition emphasizes the need for reform consolidation. Acknowledging the statistical variation that accompanies MCI scores over the years, some municipalities do score significantly lower than in previous years. This calls for attention in reform implementation, with sustainability of improvements being an important aspect that municipal authorities should have in mind when designing reforms. A separate sub-chapter in the 2014 report presents a list of municipalities that have followed a consolidated reform path.

For Mayors and all municipal officials, the MCI provides both a road-map and a tool to track performance. While the features describing the “Competitive Municipality” benchmark are not exclusive, they provide sufficient guidance as to how a business-supportive municipality operates. Moreover, a standardized measurement of performance based on the inputs from the end user of municipal services, namely citizen-owned businesses, provides for an immensely valuable perspective in tracking reform success. In addition, the MCI 2014 provides even more elaborate explanations of the variation of scores by municipality. As such, the MCI can also serve as a tool for municipalities not only to compare levels of effectiveness between themselves, but also to share and improve their reform efforts.

This year’s MCI has been organized in close consultation and cooperation with representatives of the business community and municipal authorities, as well as relevant Central Government bodies, such as the Kosovo Business Registration Agency and the Kosovo Tax Administration. In February 2014, a round of six discussion workshops were organized as part of preparatory efforts preceding this year’s MCI, with the aim to: (i) inform participants about the forthcoming MCI survey and its significance, as a part of project inclusiveness; (ii) identify outstanding stakeholder issues in the context of the business environment that are able to be addressed by MCI survey; and (iii) identification and articulation of recommendations regarding MCI enhancement for the benefit of its audience and stakeholder community. The workshop outcomes have been reflected in this year’s MCI methodology, principally concerning business certificates, registration, comparison of results and presentation.

MCI OVERVIEW OF THE NATIONAL BUSINESS ENVIRONMENT

The MCI 2014 surveyed a sample of 3,052 businesses in Kosovo, of which 51% reported small to large profits, 21.3% reported break-even performance, 21.8% reported small losses, and 5.7% reported large losses. 43.8% of surveyed business plan to continue operating at present size for the next two years, while 48.5% plan to increase the size of their operations in the upcoming two years. On the other hand, 3.8% of surveyed businesses plan to reduce the size of operations, and the same percentage plan to close their business.

While the majority of MCI data presented in this report are specific to municipalities, the indicators listed below provide an overview of the business environment aggregated at the national level. Presented in the table below are indicators related to business entry barriers, access to finance, and interaction with the Tax Administration. Positive changes can be seen particularly in the indicators measuring days to obtain business registration and the perceptions on back taxes as a potential constraint for the registration of new businesses.

Indicator	National Average MCI 2011	National Average MCI 2012	National Average MCI 2013	National Average MCI 2014
Time Costs & Constraints				
Days to obtain business registration	11	11	8.2 (2012 new businesses only)	1.8*(2013 new businesses only)
Days to obtain VAT certificate	10.5	7	9 (2012 new businesses only)	11 (2013 new businesses only)
Days to obtain construction permit	17	20	14	15
Number* of licenses, permits, and certificates businesses need to operate (Fiscal Number, VAT certificate, License from Relevant Government Ministry, Construction Permit, Export/Import Certificate, Professional License, other specific)	3	3	3	3
Back taxes are major constraint to registration of new business (% agree or strongly agree)	85%	83%	85% (2012 new businesses only)	42% (2013 new businesses only)

Access to Finance				
Businesses have access to credit history (% agree or strongly agree)	43%	50%	50%	63%
Businesses receive support in accessing loan (% agree or strongly agree)	54%	40%	49%	40%
Offering gifts or extra fees to loan officers is common to obtain a loan (% agree or strongly agree)	27%	22%	34%	38%
Tax Administration				
Number of inspections by tax authority	2	2	2	2
Average length of tax inspections (hours)	2	1	1	2
Percentage of sales that businesses estimate typical firms reports for tax	60%	71%	64%	62%

Table 1: National Level Barriers to Entry (*median)

Over 7,000 businesses⁴ (proprietorships and limited liability entities) have been newly registered on an annual basis between the years 2009 and 2011, of which approximately 1,000 per year have been registered as limited liability companies (LLCs). In 2012, nearly 9,500 new businesses were registered, and the rising trend of newly registered businesses has continued in 2013 as well with almost 12,000 businesses, of which nearly 2,500 are registered as LLCs, and the remaining majority registered as sole proprietorships.



4. The term business entity does not discriminate between types of legal status, i.e. sole proprietorships vs. corporate entity, despite of differences in tax treatment.

THE BUILDING BLOCKS OF THE MCI 2014: SUB-INDEX RANKINGS AND SCORES

Maintaining consistency with a methodological approach for the evaluation of the local business climate developed in 2011, the MCI 2014 rankings result from performance measurements in eight specific areas (quantified in eight sub-indices) of the municipal business environment.

The architecture of the MCI is based on the consistent measurement of eight standardized sub-indices, designed to track the business enabling climate and provide an evaluation that results in a ranking of municipalities each year. The annual tracking and ranking of municipalities also affords the opportunity for a longitudinal study of the results over the past four-year period (2011-2014).

In addition to the fact that the main aim of the MCI is to provide a benchmark for measuring progress towards a more favorable business environment, greater exploration at the level of sub-indices and ranking of scores in this report aims to inform the audience of the relative strengths and weaknesses of a municipality's reform agenda in terms of the eight areas measured by the MCI sub-indices. Accordingly, dissemination of the detailed sub-index results for each municipality aims to create a tangible opportunity for "reform synergy" between municipalities, and to set in motion responsible stakeholders to foster more competitive business environments in their municipalities.

By focusing the analysis of competitiveness on eight key areas, not only can poor performers in the overall ranking use the experience of good performers to push forward their reforms, but also municipalities with close overall rankings can generate improvements by communicating among themselves to identify good practices that may lead to better scores within the respective sub-index areas.

This chapter provides a short profile of the best performing municipality for each sub-index area, and complements the analysis of the statistical results with an overview of the main reforms that could explain the top performing scores.

Each of the eight sub-indices has a maximum of ten points, with the maximum possible MCI score being 80 points. Based on the methodology originally developed for the Kosovo MCI in 2011, sub-indices are assigned different weights as determined by the policy relevance of the area the sub-index measures. As a result, the maximum scores used to produce the final weighted MCI vary across sub-indices in response to the impact of the policy determined weights. The importance of each sub-index has been maintained at the same levels since 2011 to enable a comparison of the MCI over time. Both the un-weighted and the policy-weighted maximum scores for each sub-index are presented alongside a short description of the sub-index area in Table 2 below. A more detailed presentation on the indicators of each sub-index is given in the Annex of this report.

Table 2: The Eight Sub-Indices of the MCI	Maximum Score	Maximum Score Weighted by Policy Relevance
Barriers to Business Entry: A measure of the time it takes to obtain necessary licenses and permits to start operations; a measure of competition that businesses experience from the informal sector; and the degree to which permitting and registration pose a barrier to business formalization.	10	4
Predictability & Participation: A measure of whether businesses are consulted on proposed regulations; whether their interests are advanced in new policy; and the degree to which new policies and laws are communicated and enforced in a predictable manner.	10	12
Transparency: A measure of whether firm have access to information they need on regulations and procedures, as well as municipal budget and planning documents, and whether this information is available to everyone.	10	16
Time Costs of Regulatory Compliance: A measure of how much time firm spend complying with regulations and ease of compliance; and time spent on business inspections by municipal agencies.	10	16
Taxes & Fees: A measure of degree and ease of tax payments; and a measure of informal negotiations when paying taxes.	10	4
Municipal Administration : A measure of municipal officia capabilities and attitudes towards business; a measure of the cost and degree to which firm need to make informal payments to municipal officers for services; and a measue of equity in municipal tendering.	10	12
Labor & Business Support Services : A measure of the quality of available workers; a measure of whether local labor meets business needs; a measure of the availability of regulatory consulting services; and whether business support services are available	10	8
Municipal Infrastructure: A measure of the quality of roads and road maintenance; and the quality of water and sanitation services.	10	8
TOTAL MCI SCORE	80	80

Table 2: The eight sub-indices of the MCI

1. BARRIERS TO BUSINESS ENTRY

Best Performer: Shtime

Most Improved: Prizren

The barriers new businesses face to enter the market inhibits competition, thus compromising the foundations of a well-functioning market economy. The Barriers to Business Entry Sub-Index quantifies this important component of the local business enabling climate by assessing the bureaucratic obstacles as well as the informal sector pressure. The sub-index consists of two dimensions: the first dimension constructed from questions that ask businesses to numerically report on the time and documents required to register a new business, and the second dimension constructed from questions that ask businesses to share their perception on informal competition pressure and administrative obstacles for new business registration.

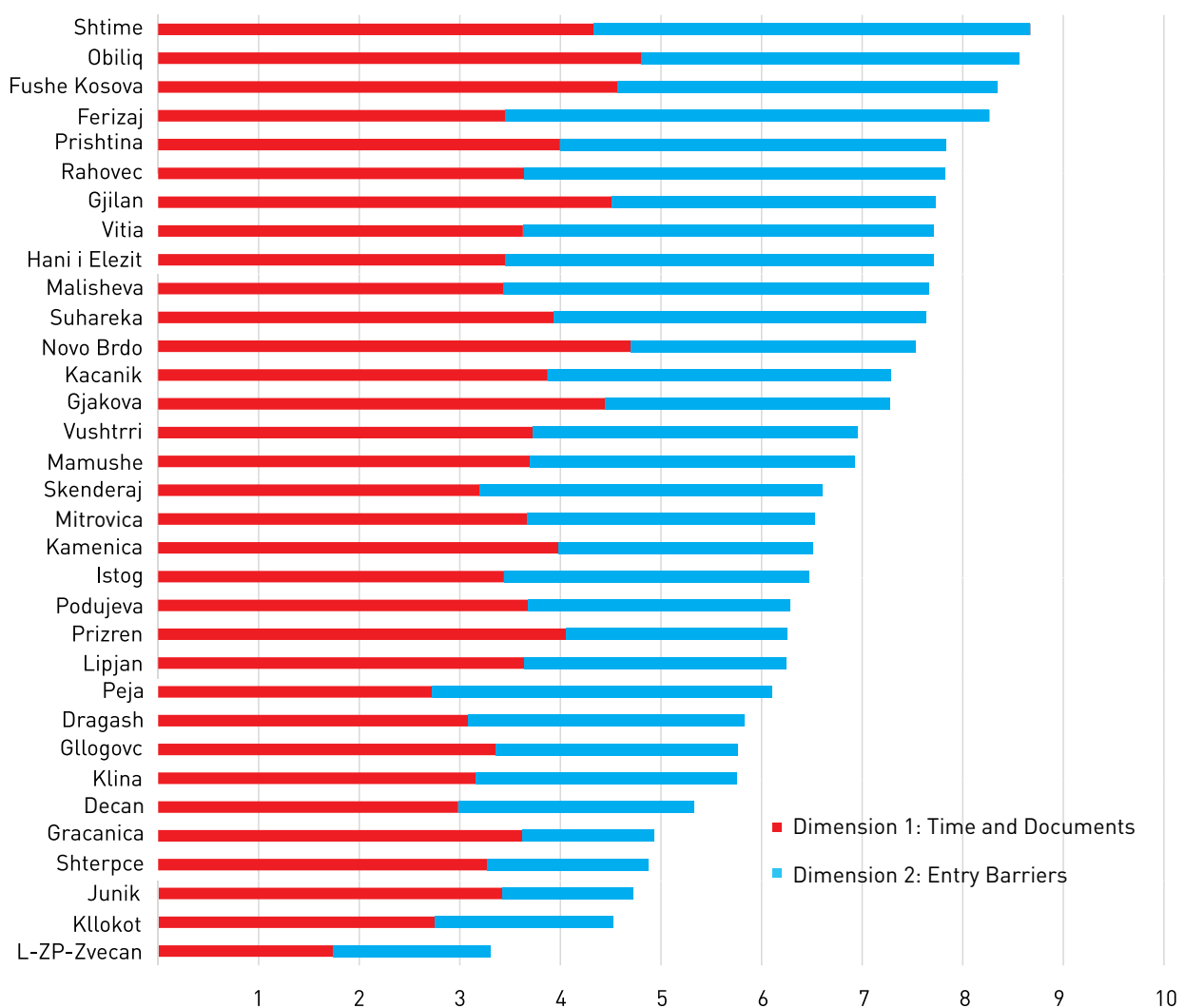


Figure 1: Barriers to Business Entry

The municipality of Shtime ranks as the top performer with the lowest level of business entry barriers, followed by Obiliq, Fushe Kosove, and Ferizaj. All four municipalities surpass the score of 8 on the Business Entry Barriers sub-index. Shtime is also among the top reformers

for 2014, with a score 2.14 points higher than in 2013, and 2.37 points higher than its first score in 2011. New businesses in Shtime report that it has taken them 2 days to register a business; a half day less than it took new businesses to register in 2013, and five days less than in 2011. On average, businesses in Shtime need less than two licenses and permits to start operations; more than three were needed in the previous years, 2011 to 2013. A significantly lower number of businesses consider the pressure from the informal sector, and the business registration process with the accompanying permits required to start operations, as a barrier to entry.

Box // 1.1 // Top Performer: Municipality of Shtime

Registering a business and obtaining the necessary documentation to start operations has become much easier in Shtime since the establishment of the Municipal Business Registration Center in July 2012. This center offers business registration services for all types of businesses, as well as issues the necessary licenses and permits for business operation. Information, guides and forms are provided near the Regional Business Registration Center and as well as on the municipality website.

Prizren has made the greatest improvement in the sub-index compared to 2013, but it still ranks lower than its 2011 and 2012 rankings. On the other hand, Istog is this year's top reformer in terms of tackling business entry barriers, scoring 3 points higher than in 2011, and more than a point higher than in 2013.

Box // 1.2 // Most Improved: Municipality of Prizren

Within this sub-index, the municipality of Prizren experienced the largest improvement in score from last year. Its score has risen from 2.9 in 2013 to 6.3 in 2014. According to the interviewed business representatives, the average number of days to register a business has fallen from 12 in 2013 to only 2 in 2014, whereas the number of licenses and permits needed for a business to operate has dropped from 5.3 in 2013 to 2.1 this year. Moreover, there is positive change also in the perception of businesses dealing with competition from the informal sector, where there is a 25% drop in the number of businesses that believe they have to deal with such competition.

In order to promptly inform businesses regarding the services that are offered by the Municipal Center for Business Registration, the local authorities in Prizren place all the information including the required documentation for business registration on the municipality website. In this regard, a guide named "Step by Step" has been uploaded on the website explaining in detail the all the requirements for business registration and operation. Additionally, laws and regulations defining how businesses should operate are also available on the website. Earlier in 2013, the Municipal Center for Business Registration in Prizren promoted its services using various information channels available in the municipality of Prizren. Another fact that might have affected the positive result in this sub-index was the good work of local inspections in prevention of informal business operation.

On a national level, there is evident and significant improvement in the indicators that measure aspects under close control of the authorities. The number of days (median) it takes to register a new business has fallen from 8.2 to 1.8, with many municipalities offering to complete the registration process within a day.

Indicator	National Average			
	2011	2012	2013	2014
Dimension 1: Time and Documents				
Average number of days to register business (in 2013/ Q1-14)	10.9	11.3	8.2*	1.8*
Average number of licenses and permits necessary to start operations	2.7	3.0	3.2	2.5
Dimension 2: Barriers to Entry				
Business experience competition from informal sector (% yes)	52%	61%	43%	42%
Business registration process and obtaining all necessary permits barrier to entry (% yes)	25%	21%	19%	22%

*median

Table 3: National Barriers to Business Entry

A reduction in the number of days for business registration is also supported by findings from the MCI preparatory workshop sessions in February 2014 with municipal officers, business community, and the KBRA. Specifically, the general commentary of the workshop participants was that due to the establishment of Municipal Business Registration Centers, private individual businesses are registered on the day of application, whereas LLC's and Corporations take up to three days to register.

The average number of permits a new business needs to start operations has also decreased from an average of 3.2 to an average of 2.5. On average, fewer businesses consider competition from the informal sector as an entry barrier compared to both 2013 and 2011. Compared to 2013, more businesses consider the obtainment of operation permits and the business registration process as an entry barrier (though less than in 2011, see table above), hinting that businesses have higher expectations for future reform in terms of eliminating business entry barriers.



2. TRANSPARENCY

Best Performer: Fushe Kosova

Most Improved: Peja

The Transparency Sub-Index measures the ease with which business can access information on municipal policies, operations, and regulatory requirements. Easily accessible information fosters a favorable business climate by reducing compliance costs and by providing tools for private sector involvement in the policy-making process.

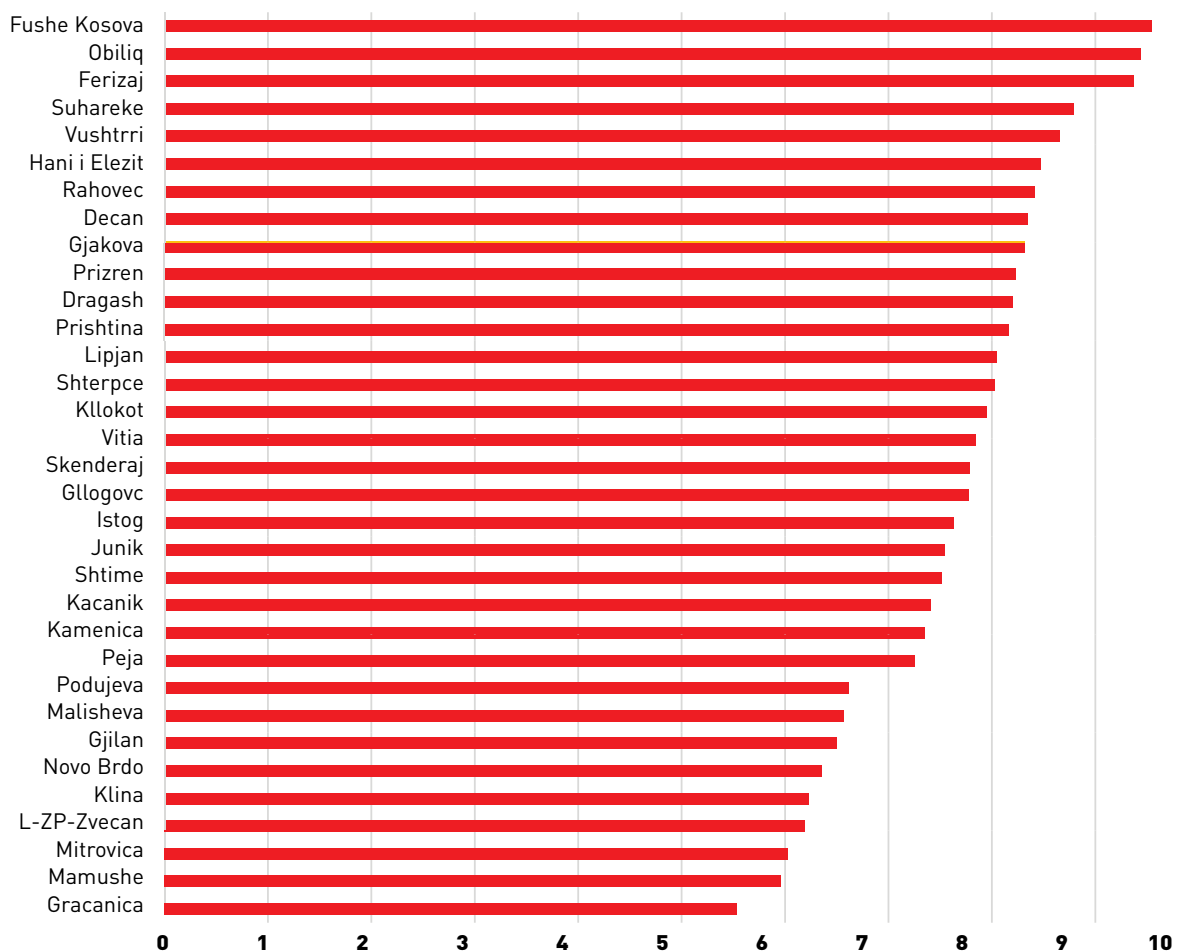


Figure 2: Transparency

As assessed by local businesses, Fushe Kosova's municipal administration ranks as the most transparent for the year 2014. Obiliq and Ferizaj follow closely behind, scoring above 9, significantly above the overall average of 7.8. In all three of these municipalities, businesses ranked the ease of access to municipal budget and planning documents above the average national ranking. In Fushe Kosova, businesses ranked access to information on required municipal permits as "easy". In all three of the best performing municipalities, businesses can access information on up-coming municipal tenders much easier than the average ranking of other municipalities.

Box // 2.1 // Top Performer: Municipality of Fushe Kosova

In 2014, Fushe Kosova was ranked first in the "Transparency" sub-index, with a score of 9.55 out of a possible 10. Interviewed businesses in this municipality consider access to municipal budget and planning documents as very easy. They also consider access to municipal regulations and policy documents, information and forms on municipal licensing and permitting, as well as information on upcoming municipal tenders, as very easy.

Upon publication of results for MCI 2013, Municipality of Fushe Kosova has undertaken an assessment of its situation regarding the official website, subsequently acting to improve content and timeliness. The municipal website gets updated daily and provides information on all the projects and accomplishments of the local authority. All public documents, municipal regulations, decisions, development plans, and other information and reports of the municipal authority's work are presented in the website. In order to improve transparency, Fushe Kosova has its own social media page on Facebook, which they use to inform interested parties on the activities undertaken by the local authority.

Compared to 2013, Peja has made the most significant improvement (by 2.2 points) in terms of increasing the transparency of the municipal administration. However, Fushe Kosova and Ferizaj have made the most significant improvement from the initial MCI evaluation in 2011. Through their continuous improvement, these two municipalities have increased their sub-index score by more than 5 points.

The indicators that build this sub-index have either improved or remained at roughly the same values as in 2013. Compared to 2011, there is an evident improvement in most indicators of transparency. Scores for access to information and forms on municipal permitting, as well as scores for information on upcoming public tenders, have improved from 2013.

The average rating of access to municipal budget and planning documents has dropped from 2013, but it remains above the scores from 2011 and 2012. On the other hand, the average rating of access to municipal regulations and policy documents has remained at roughly the same level since 2011, with a slight deterioration in 2014 as compared to 2013.

Box // 2.2 // Most Improved: Municipality of Peja

The municipality of Peja had a significant improvement in the "Transparency" sub-index with a score of 7.3 this year, compared to 5.1 in 2013. Improvements have been made in the average rating of access of business to municipal budget and planning documents, regulations and policy documents, as well as access to information and forms on municipal licensing and permitting. Moreover, improvement in the average rate of access to information on upcoming municipal public tenders has also been achieved.

According to a report on the municipality of Peja in 2013 from the GAP Institute for Advanced Studies, during the last three years there has been significant improvement in the level of municipal transparency in Peja. The municipal website contains various documents and information in all the areas which are covered by the municipality, including financial reports on the revenue and expenses of public money. The level of information communicated through media by the Office for Public Relations in Peja is also considered as satisfactory. Detailed information on the developments in the municipality of Peja is communicated through local media, such as "Dukagjini" radio and television station and "Syri Vision" television station.

Indicator	National Average			
	2011	2012	2013	2014
Average rating of access to municipal budget and planning documents (1=impossible to 5=very easy)	2.6	2.8	3.0	2.9
Average rating of access to municipal regulations and policy documents (1=impossible to 5=very easy)	2.9	2.9	3.1	3.0
Average rating of access to information and forms on municipal licensing and permitting (1=impossible to 5=very easy)	3.0	3.2	3.2	3.5
Average rate of access to information on upcoming municipal public tenders (1=impossible to 5=very easy)	2.6	2.5	2.7	3.0

Table 4: Transparency



3. PARTICIPATION AND PREDICTABILITY

Best Performer: Lipjan

Most Improved: Lipjan

The Participation and Predictability Sub-Index measures the involvement of the private sector in public policy formulation. It also measures how much municipal authorities provide advanced notice to businesses on policy changes.

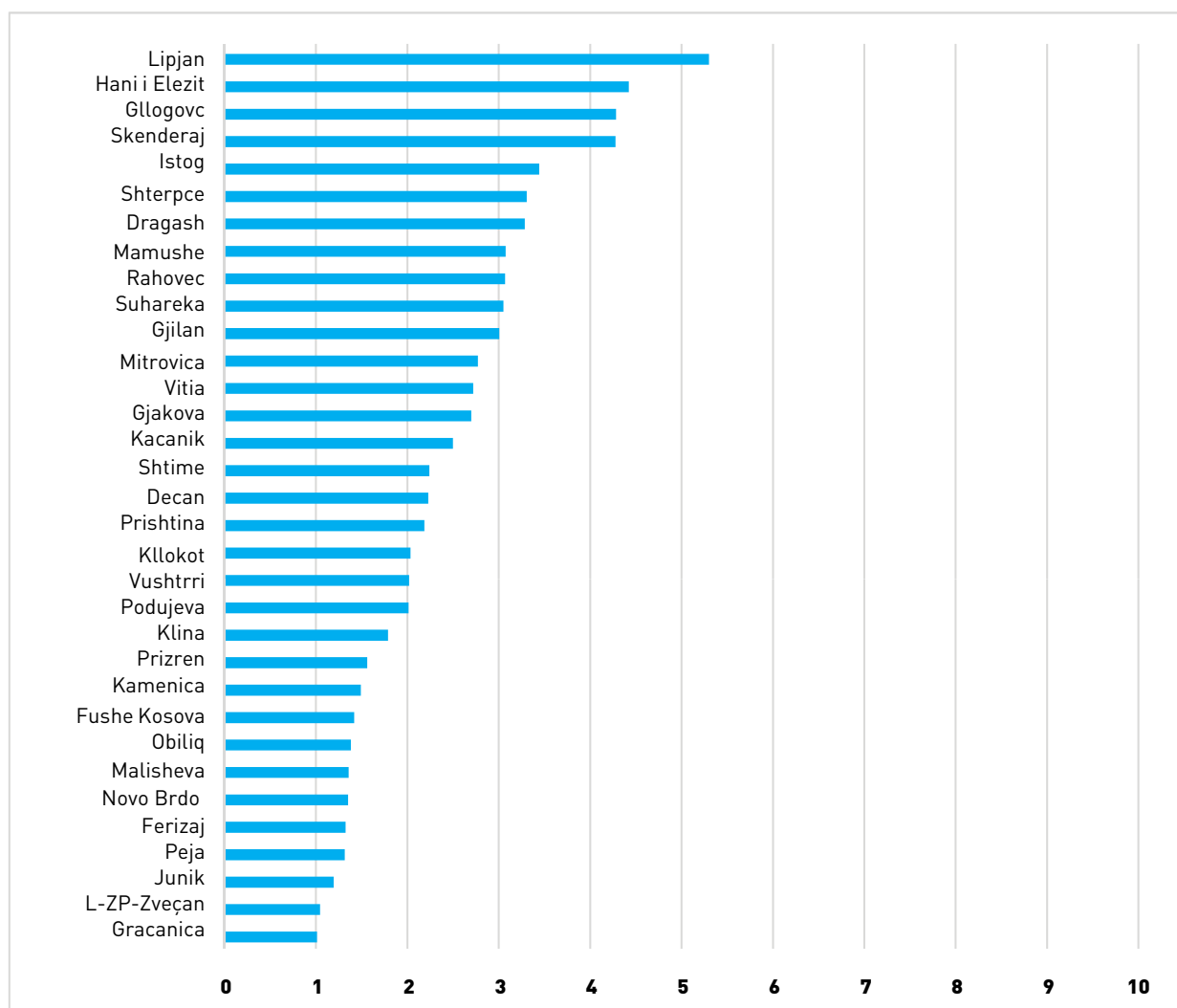


Figure 3: Participation and Predictability

Lipjan ranks as the top performing municipality in 2014 in terms of private sector involvement in the policy-making process, and in terms of the predictability of its policy changes. Lipjan scores above 5 on the Sub-Index, followed by Hani i Elezit, which surpasses the score of 4. All other municipalities score below 4, while the median score for all municipalities is 2.2. Lipjan also ranks as the top reforming municipality, more than doubling its score compared to 2013, and increasing its score by 4.12 since 2011, to a top score of 5.3 this year. The municipality of Glllogovc, which ranks third in terms of its performance in 2014, has also significantly improved its score compared both to 2013 and 2011.

Box // 3.1 // Top Performer: Municipality of Lipjan

Survey results show that 30% of the interviewed businesses in Lipjan said that “firms are informed in advance of changes to or new municipal regulations and administrative instructions”, whereas 47% of them declared that “new municipal regulations and administrative instructions account for firm interests advocated in public debates and hearings”. Findings show that 52% of the interviewed businesses are of the opinion that “implementation of municipal regulations and administrative instructions are predictable.”

During 2013 and 2014, the municipality of Lipjan approved a “Regulation on Municipal Taxes”, where all interested parties were given the opportunity to provide recommendations during the public consultations. The approval of the regulation was preceded by a public debate with businesses in order to ascertain their requests. All municipal regulations are posted on the municipal website and every intervention in existing regulations or approval of new ones is communicated to businesses through officials of corresponding directorates working with businesses.

Nevertheless, on a national level, businesses have consistently indicated that their participation in the local policy-making process is low, and that predictability of local policy changes is also unsatisfactory. On all the indicators used to build the sub-index, more than 75% of interviewed businesses report unsatisfactory participation and predictability of policy changes

Indicator	National Average			
	2011	2012	2013	2014
Firms informed in advance of changes to or new municipal regulations and administrative instructions (% frequently or always)	7.0%	6.0%	7.2%	6.9%
New municipal regulations and administrative instructions account for firm interests advocated in public debates and hearings (% frequently or always)	6.5%	8.5%	7.4%	10.3%
Implementation of municipal regulations and administrative instructions are predictable (% frequently or always)	18.0%	16.5%	16.0%	17.4%
Firms are informed of municipal public debates on changes to or new municipal policies, rules or regulations (% frequently or always)	4.0%	5.5%	6.0%	10.1%

Table 5: Participation & Predictability

4. TIME COSTS OF REGULATORY COMPLIANCE

Best Performer: Novo Brdo

Most Improved: Suhareka

Whether it is a factory trying to obtain a municipal environmental permit to expand its facilities or a small family restaurant trying to obtain information on required sanitary standards, both need to allocate time to comply with municipal regulations. Lowering the amount of time needed for regulatory compliance provides more space for businesses to develop their core functions. The Time Costs of Regulatory Compliance Sub-Index is constructed using indicators on the amount of time businesses spend to comply with municipal regulations.

The average Sub-Index score for 2014 indicates that average time costs of regulatory compliance have remained at the 2013 level, however both the lowest score and the highest score have significantly dropped from 2013. The municipality of Novo Brdo, which ranked as the third top performer in 2013 (with a score of 8.2) has climbed up as the top performer in 2014 (with a score of 8.7).

Box // 4.1 // Top Performer: Municipality of Novo Brdo

Businesses in Novo Brdo spend 1.5 days in a year contacting municipal officers to comply with regulations. They are subject to inspection an average of 1.18 times annually, and it takes an average of 1.33 separate municipal office visits to maintain compliance with local regulations.

The good performance of Novo Brdo in this sub-index can be associated with its size, low number of businesses, and the opening of two centers: a. Municipal Center for Business Registration (2011), and b. Citizen Service Center. These two institutions offer services for businesses and citizens in the form of One Stop Shops. Local availability of a business registration center is of great convenience for the citizens of Novo Brdo, given the fact of the municipalities' relative remoteness and multiethnic character, whereas the municipal administration staff is also multiethnic as well as generally bilingual.

On the other hand, the municipalities of Suhareka and Kacanik, which ranked below the Sub-Index average in 2013, rank as the other two top performers in 2014.

The municipality of Suhareka, followed by Obiliq and Kacanik, experienced the greatest score improvement in comparison to 2013. However, the municipality of Kacanik ranks as the top reformer due to its improvement from the initial score of 2011.

Box // 4.2 // Most Improved: Municipality of Suhareka

Within this sub-index the municipality of Suhareka has had a substantial improvement when compared to the results from 2013. The overall score of Suhareka in this sub-index has improved from 5.3 in 2013 to 8.2 this year. The interviewed business representatives stated that time costs for regulatory compliance have dropped considerably. The results from the study this year show that senior management spend less time in contact with municipal officers to comply with regulations, the average number of times businesses are subject to inspections has dropped, and in average there are fewer separate municipal offices that need to be visited to maintain compliance with local regulations.

The decrease of time costs for regulatory compliance in the municipality of Suhareka is a result of functionalization of Citizen Service Center. In this center businesses can file complaints, requests and various recommendations. Six administrative servants work in this center, of which three financial officials and one official from the Ministry of Internal Affairs. The center is designed as a one-stop shop, offering all services in one setting only. Moreover, in the municipality of Suhareka there is a Center for Business Registration which offers registration services for businesses as well as equips businesses with the licenses and permits required for them to operate.

In Hani i Elezit, the average number of separate municipal offices a business has to visit to maintain regulatory compliance has dropped from 2.3 in 2011 to 1.4 in 2014. However, increased frequency of municipal inspections and more contact-time with municipal officers required for compliance, as businesses report, have led the municipality of Hani i Elezit, as well as Shterpce and Junik, to rank significantly lower than their 2013 ranking.

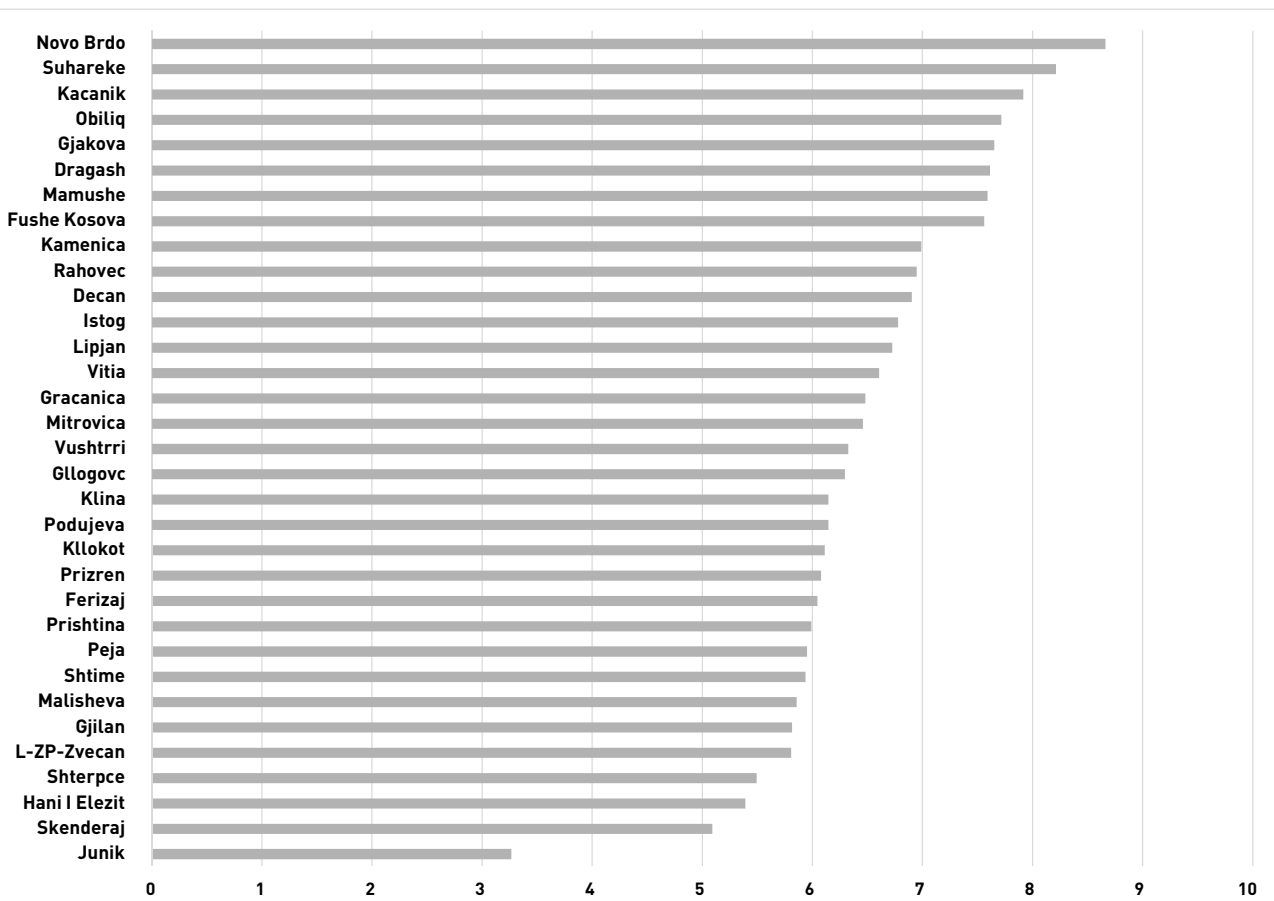


Figure 4: Time Costs of Regulatory Compliance

On a national level, however, there has been a significant drop in the number of days business senior management spends in contact with municipal officers to comply with regulations. The frequency of inspections has remained at the same level as in 2013, while the average number of separate offices visited to comply with local regulations has increased from 2.2 to 2.5.

Indicator	National Average			
	2011	2012	2013	2014
Average number of days senior management spend in contact with municipal officers to comply with regulations	6.5	7.0	5.7	4.2
Average number of times business subject to inspection by municipal agencies	2.0	2.8	2.4	2.4
Average number of separate municipal offices visited to maintain compliance with local regulations	2.0	2.4	2.2	2.5

Table 6: Time Costs of Regulatory Compliance

5. TAXES AND FEES

Best Performer: Shtime

Most Improved: Decan

Businesses in Kosovo are subject to income tax administered by the Tax Administration of Kosovo (TAK). They are also obliged to withhold taxes and pension contributions for their employees, as well as any rents they pay. Businesses collect the Value Added Tax, which is a consumption tax, on behalf of TAK.

Currently, property tax is the only type of tax administered by municipalities. Moreover, in addition to taxes, businesses are charged fees⁵ for the services they receive from municipalities, as well as to comply with municipal regulatory requirements.

The municipal business environment is affected by the administration of both central and municipal level taxes, as well as municipal fees. This sub-index looks at how businesses perceive the overall burden of levied taxes and charged fees.

Turning to the indicators, the first indicator measures the burden of the administration of income tax on businesses, where a maximum of five tax payments per annum (4 quarterly and 1 annual) is in line with regulations in general. The first indicator measures the share of businesses that are required to make more than 5 annual income tax payments. The second indicator measures the degree to which tax collection is equitable and free of corruption, inclusive of the extent to which the amount of taxes owed can be informally negotiated with tax officials. The third indicator measures the degree to which property taxes and municipal fees are considered a constraint on business. The fourth indicator measures the degree businesses declare they pay taxes.

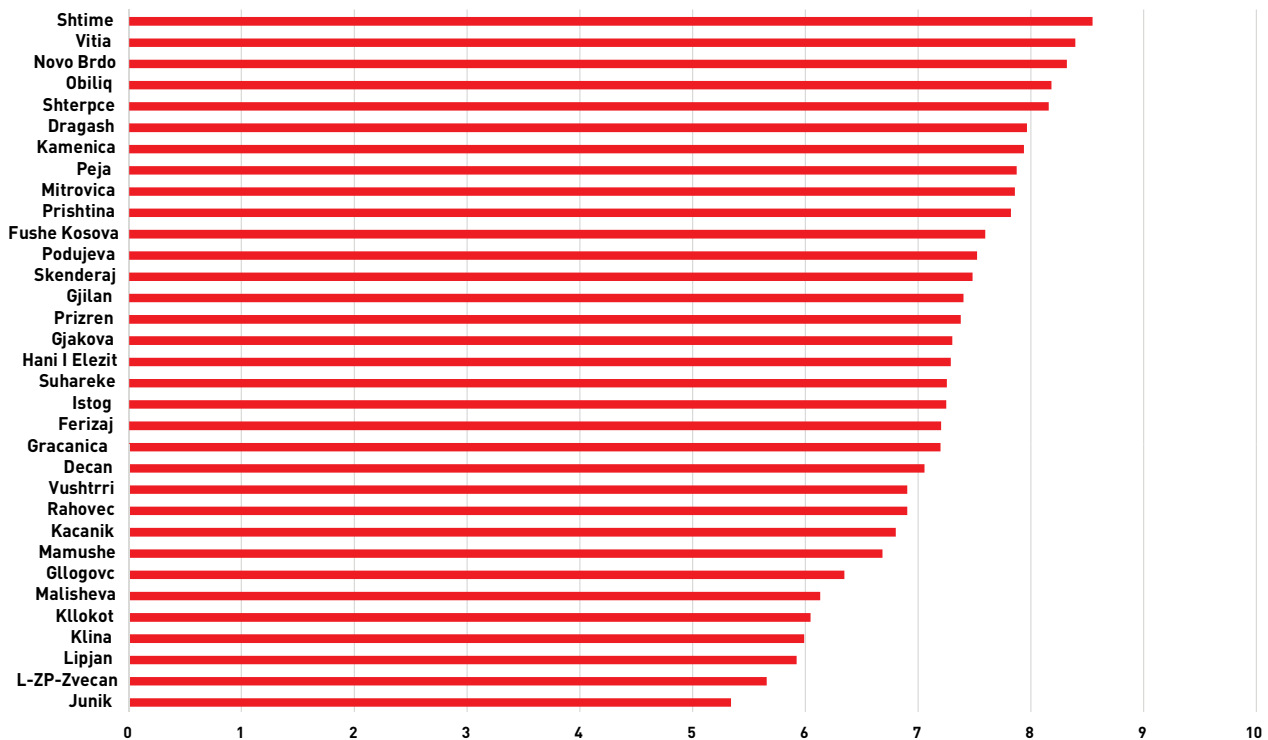


Figure 5: Taxes and Fees

5. It should be noted that in Kosovo the word "Taksë" refers to "Fees", while the word "Tatim" refers to "Taxes"

After having the lowest score last year, Decan made the biggest improvement this time around and now ranks just below the median in this sub-index. Shtimje, the highest-ranking municipality this year, Dragash, Novo Brdo, Shterpce, Vitia and Kamenica remain top performers this year as well. On the other hand, while ranking second last year, this year Gjakova has had a drop in score and now ranks just above the median score. Looking at all four years of the MCI survey, no major variations in the scores of municipalities occur in this sub-index.

Box // 5.1 // Top Performer: Municipality of Shtime

While ranking third last year, this year the municipality of Shtime ranks at the top of the list in the "Taxes and Fees" sub-index. The study results show that none of the businesses said that "firms make over 5 tax payments a year", whereas only 14% of the interviewed businesses stated that "informal negotiations with tax officials are normal".

On the other hand, 35% of the interviewed businesses declared that "taxes are a major constraint on business", with this percentage being the lowest across all municipalities of Kosovo. 96% of the interviewed businesses claimed they pay income taxes, whereas 37% of the businesses said they "pay municipal professional business license fee or other municipal taxes and fees".

Local businesses' positive perception of the municipal authority in the area of taxes and fees can be examined by looking at Shtime's decision to change the municipal regulation on taxes and fees. Through this decision (06/2253) which entered into force in January 2012, local authorities have exempted all start-up businesses operating in this municipality from the obligation to pay municipal fees for two years, while businesses in manufacturing are exempt from municipal fees for five years.

Overall, there is a minor increase of the average score of municipalities in the "Taxes & Fees" sub-index from 6.9 in 2013 to 7.0 in 2014.

Box // 5.2 // Most Improved: Municipality of Decan

The score of Decan in the "Taxes and Fees" sub-index has risen noticeably when compared to 2013. The study results show high satisfaction among businesses with the number of tax payments needed to be made annually. Furthermore, there is a lower percentage of businesses in Decan that think taxes are a major constraint on them, going from 69% in 2013 to 45% this time around.

The changes in the perception of businesses regarding taxes and fees can be associated with the changes made by local authorities of Decan in the business environment. In this regard, the assembly regulation approved in 2012 exempts all manufacturing firms that have more than five employees from paying the annual tax for conducting business for the next five years. Released from the payment this tax are also manufacturing firms with a lower number of employees, however they are exempt for only three years. Traditional craft businesses are also released from payments of municipal taxes.

On a national level, out of 3052 surveyed businesses, 1% declared that they have made over five income tax payments, excluding withholdings, within a year. Moreover, a lower percentage of businesses (34%) now believe that informal negotiations with TAK officials are normal.

The Municipal Competitiveness Index Report 2014

The percentage of businesses that believe that property tax and municipal fees are a major constraint on business has fallen from 75% in 2013 to 63% in 2014. On the other hand, the percentage of firms that declare that they pay income taxes has fallen from 98% in 2013 to 85% in 2014. The percentage of businesses that pay a professional business fee or another municipal fee has fallen from 34% in 2013 to 24% in 2014.

Indicator	National Average			
	2011	2012	2013	2014
Businesses make over 5 tax payments annually (% yes)	9%	3%	7%	1%
Informal negotiations with tax officials are normal (% agree and strongly agree)	41%	34%	51%	34%
Property tax and municipal fees are a major constraint on business (% firms agree or strongly agree)	73%	60%	75%	63%
Firms that pay income taxes (% yes)	92%	98%	98%	85%
Businesses pay municipal professional business license fee or other municipal taxes and fees (% yes)	34%	20%	34%	24%

Table 7: Taxes and Fees

6. MUNICIPAL ADMINISTRATION

Best Performer: Vitia

Most Improved: Shterpce

Cooperation between the municipal administration and the business community is crucial for improving the municipal business environment through transparency, efficacy, and efficiency of public policy implementation. This sub-index measures the perceptions of business community on municipal administration.

The sub-index is divided into two dimensions: the first measuring the quality of the municipal administration, while the second measures businesses' perceptions on the levels corruption within the municipal administration.

Businesses seek to obtain information on regulations, information on how to register a business, or changes in the regulatory environment by approaching their municipal officials.

The first dimension of the "Municipal Administration" sub-index measures the perceptions businesses have for the attitude of municipal officers towards private businesses, as well as for the professional capabilities of municipal officers.

The second dimension measures not only the costs of corruption through the percent of income that firms pay unofficially, but also by measuring the perception on the usefulness of such payments.

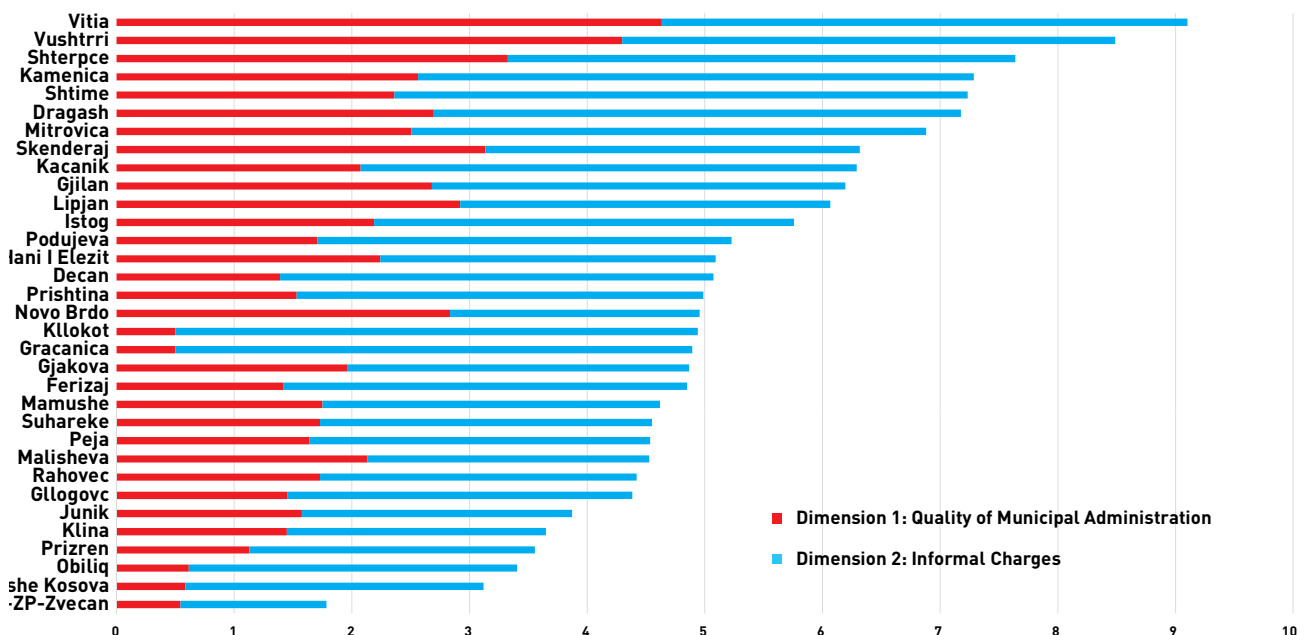


Figure 6: Municipal Administration

There has been a lot of movement in the rankings in this sub-index, with only Kamenica remaining in the top five performing municipalities from the top five ranking municipalities last year. Vitia, Vushtrri and Shterpce all had significant improvements in scores, rising to the first, second and third ranking positions, respectively. On the other hand, after a surprising low score of 2.9 in 2013, Mamushe's score increased to 4.5 this time around. Overall, after a drop in the median municipal score last year, the median municipal score in 2013 improved from 4.4 to 5 (out of 10).

Box // 6.1 // Top Performer: Municipality of Vitia

The municipality of Vitia attained a score of 9.1 out of a possible 10, climbing from the 10th position to the top of the sub-index ranking in 2014.

78% of the interviewed businesses in Vitia evaluated positively the “attitude of municipal officials towards private business”, whereas 67% of them are of the opinion that the “overall capability of officials and administrative officers in (the) municipality” is very helpful or essential. Only 7% of the interviewed businesses stated that “firms typically pay over 5% of income in unofficial payments to municipal officers”, while 71% of them do not believe that “connections (are) important to winning municipal public tenders”.

In order to create a more favorable business environment, the municipal assembly enforced a decision on 09.02.2012 exempting all businesses operating in Vitia from municipal tax payments. This decision exempts businesses from tax payments for three years, from 01.02.2012 to 31.12.2014. According to the local authority, this change resulted in 270 new businesses registered in 2013 alone. To increase in transparency for businesses, a positive step was taken by opening tenders in the Public Procurement Office in the presence of “Iliria” television station cameras (a local TV station in Vitia). Moreover, during the municipal budget planning period, local authorities held public discussions with business representatives.

Nationally, more businesses perceive the attitude of municipal officials towards private businesses as positive (from 21% of all businesses in 2013 to 30% in 2014). More businesses also perceive as appropriate the professional capacity of municipal officials (from 15% in 2013 to 17% in 2014).

Box // 6.2 // Most Improved: Municipality of Shterpce

Compared to 2013, the municipality of Shterpce had the biggest improvement within this sub-index, with its score going from 3.7 to 7.6. The results from the survey show increase in the satisfaction of businesses with the attitude of municipal officials toward private businesses, as well as an improvement of capabilities of officials and administrative officers in the municipality. There is also a drop in percentage of businesses that said firms typically pay over 5% of income in unofficial payments to municipal officials (from 23% to 6%) and that connections are important to winning municipal public tenders (from 64% to 29%).

The municipality of Shterpce did not make substantial changes to the municipal administration. However, given that trainings for young entrepreneurs are held within the municipality’s building, there is constant interaction between businesses and municipal officials. The municipal administration’s efficacy can also be attributed to municipality’s small size, which enables the administration to offer fast services for businesses, in both Serbian and Albanian, without them having to wait in line.

There is no noteworthy movement in the percentage of businesses that believe firms typically pay over 5% of income in unofficial payments to municipal officers, with only 8% believing that it is true. Although there has been a slight drop in the percentage of businesses that believe making informal payments to municipal officers to obtain a municipal service is “very useful” or “essential” when compared to last year, the percentage is still higher than in the 2011 and 2012 survey results.

The last indicator measures the importance of connections to winning municipal public tenders; an indicator of how much or how little transparency exists in the local public procurement process. In 2014, the percentage of businesses that agree that connections are important is the lowest of the four series of surveys, suggesting that businesses believe there is more transparency in the public tendering procedures.

Indicator	National Average			
	2011	2012	2013	2014
Attitude of municipal officials towards private business (% positive or strongly positive)	39%	33%	21%	30%
Overall capability of officials and administrative officers in municipality (% very helpful or essential)	16%	16%	15%	17%
Firms typically pay over 5% of income in unofficial payments to municipal officers (% yes)	10%	9%	7%	8%
Value of making informal payments to municipal officers to obtain municipal service (% very useful or essential)	27%	25%	40%	37%
Connections important to winning municipal public tenders (% agree or strongly agree)	59%	67%	68%	56%

Table 8: Municipal Administration

7. LABOR AND BUSINESS SUPPORT SERVICES

Best Performer: Vushtrri

Most Improved: Shterpce

The labor dimension of this sub-index focuses on the quality and availability of skilled local labor, where access to vocational training programs can improve the skill-sets and quality of labor as demanded by local business in the short-term. In the second dimension, the sub-index focuses on business support services that are useful at a local level across all municipalities.

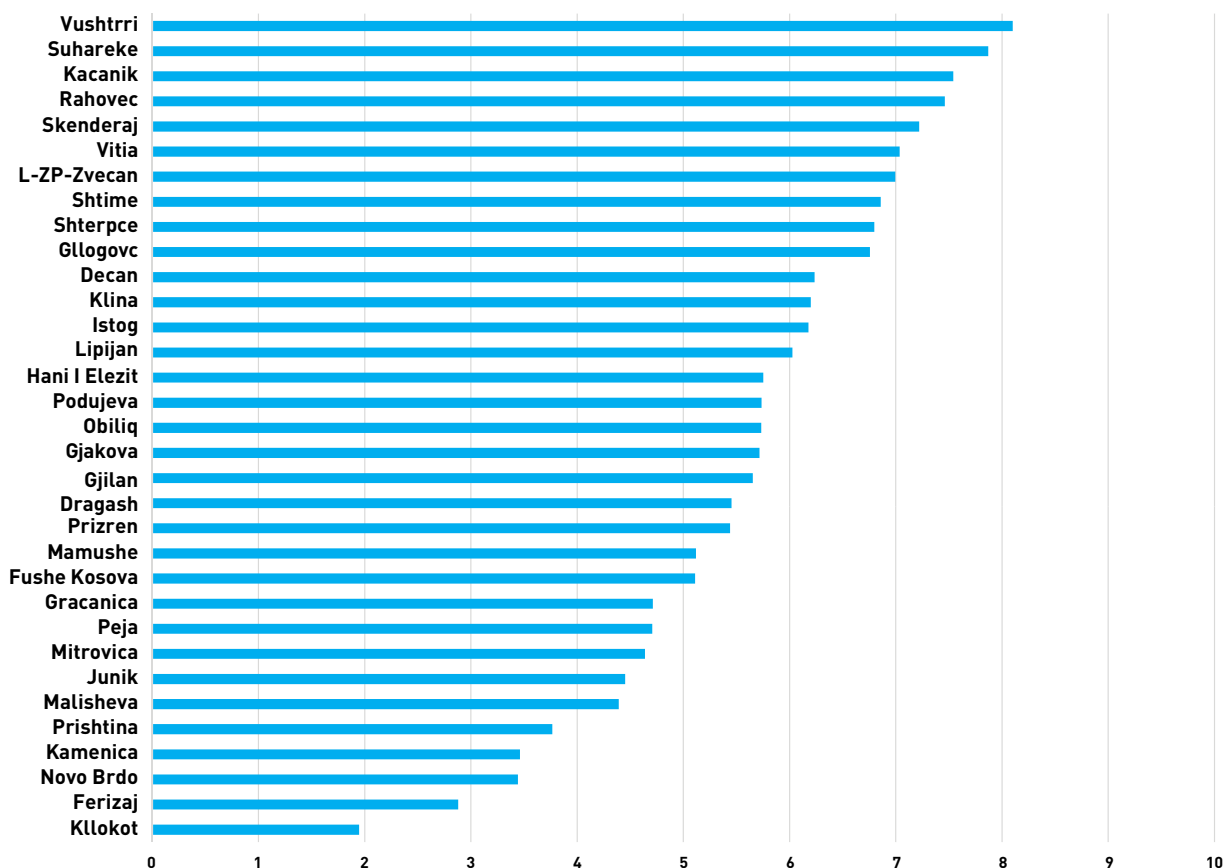


Figure 7: Labor and Business Support Services

Rankings in this sub-index have moved substantially in 2014. Mamushe, Podujeva and Pristina, which were the top three performing municipalities last year, experienced significant drops this year, falling under the median score.

Box // 7.1 // Top Performer: Municipality of Vushtrri

The municipality of Vushtrri ranks highest with a score of 8.09 out of a possible 10 on the Labor and Business Support Services sub-index. A vast majority, 93%, of the interviewed businesses said they are satisfied with the “quality of general education & level of vocational training of available workers”, and 96% of them stated that the “quality of local labor satisfies all the needs of the firm.”

Vushtrri is the top ranking municipality, followed by Suhareka as a close second. The municipality of Vushtrri has improved its score each year, climbing from 2.5 in 2011, to 8.1 in 2014. Compared to the previous three years, Shterpce, Vitia and Kacanik have also attained substantial improvements in scores, with the latter also ranking among the top three performers this year.

Box // 7.2 // Most Improved: Municipality of Shterpce

Shterpce's score in this sub-index has improved from 2.9 in 2013 to 6.8 in 2014. Businesses showed larger satisfaction with the quality of general education and level of vocational training of available workers, with 72% of them rating them as good or very good compared to 47% that did so in 2013. There is also a significant increase in percentage of businesses that are of the opinion that there are regulatory consulting services available in the municipality (from 11% to 84%) and that there is a range of business support services available in municipality (from 14% to 74%).

Although the municipality of Shterpce does not have funding to considerably support businesses, it participates in various activities supported from donors, which last years were focused mostly on economic development. Consequently, the overall economic development in this municipality is vastly a result of donor activities, whereas the municipality assists in informing and coordination. The municipality has a Business Support Center with a focus on agriculture because of municipality's rural character, giving it potential to develop in this area. Moreover, the Business Support Center supports young entrepreneurs, with sixteen businesses receiving grants in 2013. Additionally, the Directorate for Economic Development has drafted a guide for investors in the municipality of Shterpce, with support from DEMI project from USAID.

At the national level, a notable drop can be observed this year in businesses' satisfaction with the quality of the available workforce, where only 19% reported that the "quality of local labor satisfies all the needs of the firm".

Dissatisfaction with the quality of the labor force available in Kosovo is growing in prominence for a variety of different reasons⁶, and causality is frequently attributed to the inefficiency of the educational system,⁷ either in the quality thereof, the areas of study available or in terms of the vocational training.

Also, in 2014, within this sub-index area, fewer businesses consider regulatory consulting services available in their municipalities as sufficient.

Indicator	National Average			
	2011	2012	2013	2014
Quality of general education & level of vocational training of available workers (% good or very good)	81%	80%	70%	63%
Quality of local labor satisfies all the needs of the firm (% yes)	38%	34%	44%	19%
Regulatory consulting services are available in municipality (% yes)	20%	33%	66%	41%
Range of business support services are available in municipality (% yes)	20%	44%	73%	45%

Table 9: Labor and Business Support Services

6. MTI. "Përmirësimi i ambientit të biznesit në Kosovë, ndryshoi perceptimin e investitorëve." Apr, 2014. <http://mti-ks.org/sq/Aktivitetet-e-MTI-se/Nikaj-Permirësimi-i-ambientit-te-biznesit-ne-Kosove-ndryshoi-perceptimin-e-investitorëve-2918-2918>

7. Telegrafi. "Fuqia punëtorë duhet të kualifikohet." June, 2014. <http://www.telegrafi.com/ekonomi/fuqia-punetore-duhet-te-kualifikohet-46-18307.html>

8. MUNICIPAL INFRASTRUCTURE

Best Performer: Lipjan

Most Improved: Vitia

Improving business-related infrastructure in the municipalities can significantly improve the business environment, thus helping to create new jobs, establish new businesses, attract investment, and provide room for establishing public-private partnerships.

The indicators in this sub-index measure infrastructure projects that fall under the direct authority of municipalities. The first two indicators measure the quality of municipal road maintenance and construction, and the quality of sanitation and wastewater service provision. The third and fourth indicators evaluate water services, through an indicator measuring the water fee collection rate (as a proxy for degree of water availability and flow) and the average hours of water outage per month.

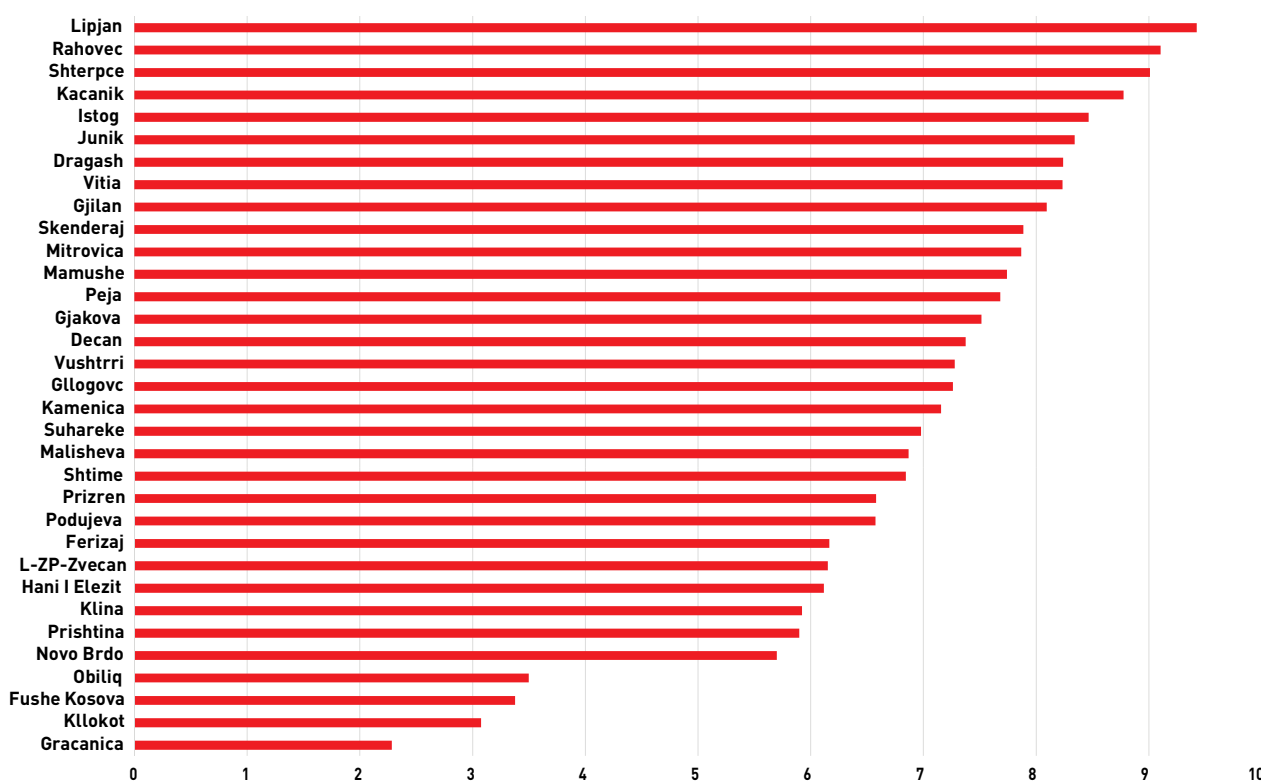


Figure 8: Municipal Infrastructure

Lipjan is the top performing municipality in the sub-index of municipal infrastructure this year, followed by Rahovec and Shterpce. It should be noted that the municipality of Shterpce has been improving each year and its score has risen from 3.5 in 2011 to 7.0 this year. After struggling with the indicator, “Service providers collect 100% of water fees from businesses (% frequently or always)”, over the past two years, the municipality of Istog significantly improved in this area, thus improving its overall ranking in this sub-index, becoming one of the top-five performing municipalities.

Box // 8.1 // Top Performer: Municipality of Lipjan

In this sub-index, the best performing municipality this year was Lipjan, scoring 9.42 out of 10. 89% of the interviewed businesses stated their satisfaction with “the quality of road maintenance and construction”, and 90% of businesses think that the “quality of sanitation and waste-water services” is good or very good.

Interviewed businesses were asked to assess the average hours of water outage in a month, and Lipjan averaged 4 hours of water outage. Moreover, 78% of the interviewed businesses said that service providers always or frequently collect 100% of water fees from businesses.

Over the last few years, the municipality of Lipjan implemented a number of substantial infrastructure projects in order to create a better environment for its citizens and businesses. The biggest investment in 2013 was the construction of a four-lane road that goes through the center of Lipjan and connects with the Pristina – Prizren motorway, an investment in the amount of 1.2 million Euros.

Meanwhile, Gračanica had the biggest drop in the score, ranking second-to-last this year after performing as one of the top three municipalities in 2013. Businesses in Gračanica showed particular dissatisfaction with road construction and maintenance, as well as water outage, making this year's score in this sub-index the lowest over the four years of the measurement.

Box // 8.2 // Most Improved: Municipality of Vitia

Municipality of Vitia is the municipality with the biggest improvement in its score within the “Municipality Infrastructure” sub-index, going from 5.1 in 2013 to 8.2 this year. The biggest improvement, according to the interviewed businesses, is the average hours of water outage per month, which after averaging 18 hours/month in 2013 dropped to only 1 hour/month in 2014. The municipality has also improved in other indicators within this sub-index, such as the percentage of businesses that think the quality of road maintenance and construction is very good (from 15% to 43%), and so is the quality of sanitation and waste-water services (from 59% to 87%). Moreover, 74% of the interviewed businesses are of the opinion that service providers collect 100% of water fees from businesses, compared to 25% who thought the same in 2013.

The year 2013 has been a bustling year in terms of investments regarding municipal infrastructure with around 1.5 million euros invested by the municipal administration alone. During the year 2013, municipal administration has invested in road infrastructure (primary and secondary roads), in the improvement of water supply, specifically extending the water supply network and also the sewage network in both urban and rural areas. Contribution to infrastructure projects was also delivered by foreign donors such as Helvetas Swiss Intercooperation and the Swiss Cooperation Office in Kosovo, which contributed in construction of some local roads, issuing of a municipal waste management plan (the first in Kosovo), and improvement of water and sewage networks.

Looking at the overall picture, it can be seen that a higher percentage of businesses believe the quality of road maintenance and construction is “good” or “very good” when compared to the previous three years. The perceived quality of sanitation and waste-water services has stayed consistent through the years, with three out of four interviewed businesses seeing it

as good or very good. Looking at the last indicator, however, the number of hours of water outage per month has risen to 40 this year, in comparison to 26 hours/month last year and a low of 18 hours/month back in 2011. It is important to notice that years 2012 and 2013⁸ have been characterized with serious draughts, such that reservoirs levels have fallen near their critical points and severe restrictions have been applied by water supply companies for the public in general.

Indicator	National Average			
	2011	2012	2013	2014
Quality of road maintenance and construction (% good or very good)	65%	59%	63%	70%
Quality of sanitation and waste-water services (% good or very good)	72%	70%	73%	74%
Service providers collect 100% of water fees from businesses (% frequently or always)	39%	37%	38%	37%
Average hours of water outage per month	18	32	26	40

Table 10: Municipal Infrastructure

8. DW. "Half a million in Kosovo facing water shortage." Jan, 2014. <http://www.dw.de/half-a-million-in-kosovo-facing-water-shortage/a-17352442>

MCI 2014: POLICY-WEIGHTED RANKINGS

The policy weighted MCI 2014 scores indicate a slight improvement in the level of the municipal business enabling environment in 2014. The median MCI score has increased from 45.6 in 2013 to 47.7 in 2014. Nevertheless, the year on year change in median score is lower than in 2013 and 2012.

The analysis of the sub-index results in the previous chapter identified improvement coming from increased transparency of the municipal authorities, better administration of taxes and fees, increased quality of municipal administration and a declining belief that informal payments and personal connections with municipal authorities can be beneficial for business operations. More businesses have ranked access to municipal permitting information and to upcoming municipal tenders as “easy”; municipal fees burden fewer businesses; and, more businesses rank the competence of municipal officers as “helpful” or “essential.”

The Time and Documents indicators within the Barriers to Entry sub-index have improved substantially, however due to an increased perception of barriers in the form of competition from informal sector businesses, the median score of the sub-index has remained at the 2013 level. The median scores in the Municipal Infrastructure sub-index and the Time Costs of Regulatory Compliance sub-index have also remained at 2013 levels.

The median score of the Labor and Business Support Services sub-index has fallen in comparison to 2013, as more businesses note dissatisfaction with the quality of local labor and the range of business support services available in the municipality. The Participation and Predictability sub-index continues to be the lowest-scored sub-index (with a median score of 2.4 in 2014), hinting at a gap that represents a great potential for improving the business enabling environment and MCI rankings in the future.

MCI 2014 scores show a more gradual, yet more widely shared, improvement of competitiveness. The municipality of Vitia, which ranked eleventh in 2013, is the top ranking municipality in 2014. However, it must be emphasized that the top ranking municipality is only 1.5 points above Lipjan - the second ranking municipality (the difference was 2.2 points in 2013), and only 1.8 points above the fifth ranking municipality (a 9.2 point difference in 2013), Suhareka. In 2014, the difference between the top score and median score is 5.4 points less than in 2013.

Of the ten top ranking municipalities in 2013, only Gjakova, Dragash, and Kacanik have maintained their top-ten ranking in 2014. The northern municipalities of Leposavic, Zubin Potok, and Zvecan, have again rated poorly, maintaining their last position on the MCI 2014.

Policy Weighted MCI 2014 Ranking

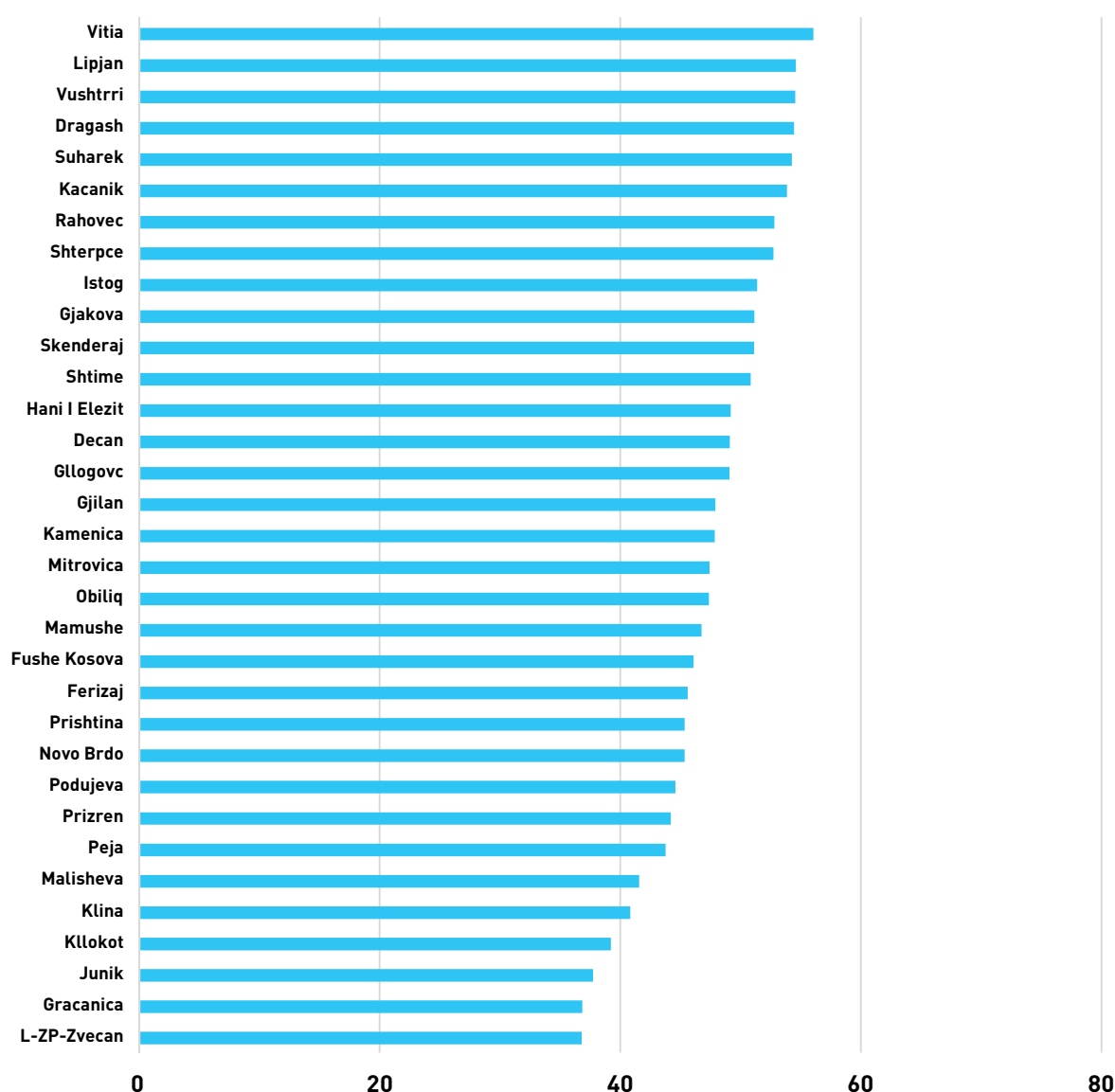


Figure 9: Policy Weighted MCI Ranking 2014

The municipality of Vushtrri has made the greatest improvement in the local business climate over the period 2011-2014 (increasing its overall MCI score by 22.2 points), while the municipality of Lipjan has made the most significant improvement compared to the 2013 MCI rankings. Table 11 below provides a ranking of top reformers over the four-year period and between 2013 and 2014.

Top MCI Reformers 2014			
Over last four years		Between 2013 and 2014	
Municipality	Change	Municipality	Change
Vushtrri	22.2	Lipjan	12.7
Vitia	19.9	Vushtrri	11.6
Shterpce	18.1	Shterpce	9.9
Lipjan	15.3	Vitia	9.3
Peja	14.9	Suharek	7.9

Table 11: Top Reforming Municipalities

AVERAGE MCI RANKINGS OVER TIME

One of the shortcomings of an aggregated comparison of the business climate between municipalities is the abstraction of important differences, which stem from the size of the business population in a municipality. Evidently, the business population in a municipality is not always congruent with the municipality's financial capacity, which in Kosovo is mainly determined by the municipality's share on central government transfers (grants). To address this shortcoming, all MCI results are weighted by the share of the business population in each municipality. The MCI 2014 report goes further by providing an alternative presentation in Figures 10 to 13 below with average municipal rankings over time, where municipalities are categorized in three groups based on their population of businesses in the registry. For a detailed description of both weighting and categorization, see chapter 5 on the Methodology of the MCI.

The first group comprises of the municipalities with a business population of less than 500. The municipality of Novo Brdo, which falls in this category of grouping, was the Kosovo MCI winner in 2013. In the figure below, Fig. 10, it can be seen that this year's group top performer is the municipality of Shterpce.

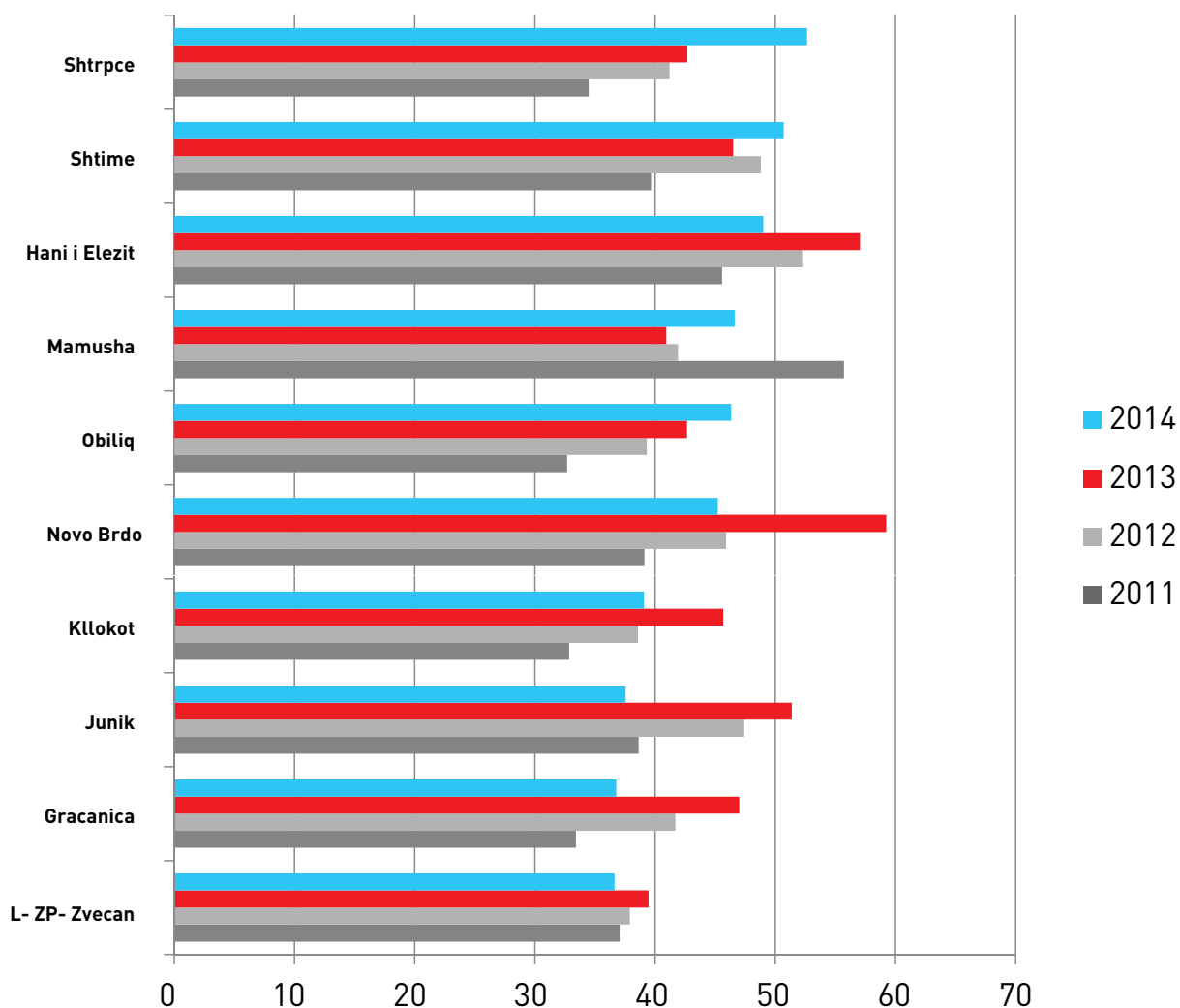


Figure 10: Grouped municipalities with less than 500 businesses

The second group comprises of municipalities that have more than 500 and up to 1500 businesses. The top ranking municipality within the group is the municipality of Viti, which is also this year's overall MCI winner. It may be observed that, the municipality of Kamenica also falls into this group, which was the MCI's best performer in 2012, and this year it ranks 12th in the group. Viti was ranked in the 10th position in 2012 and 4th in 2013 within the group, implying that it has made significant and sustained advantages over the last two years.

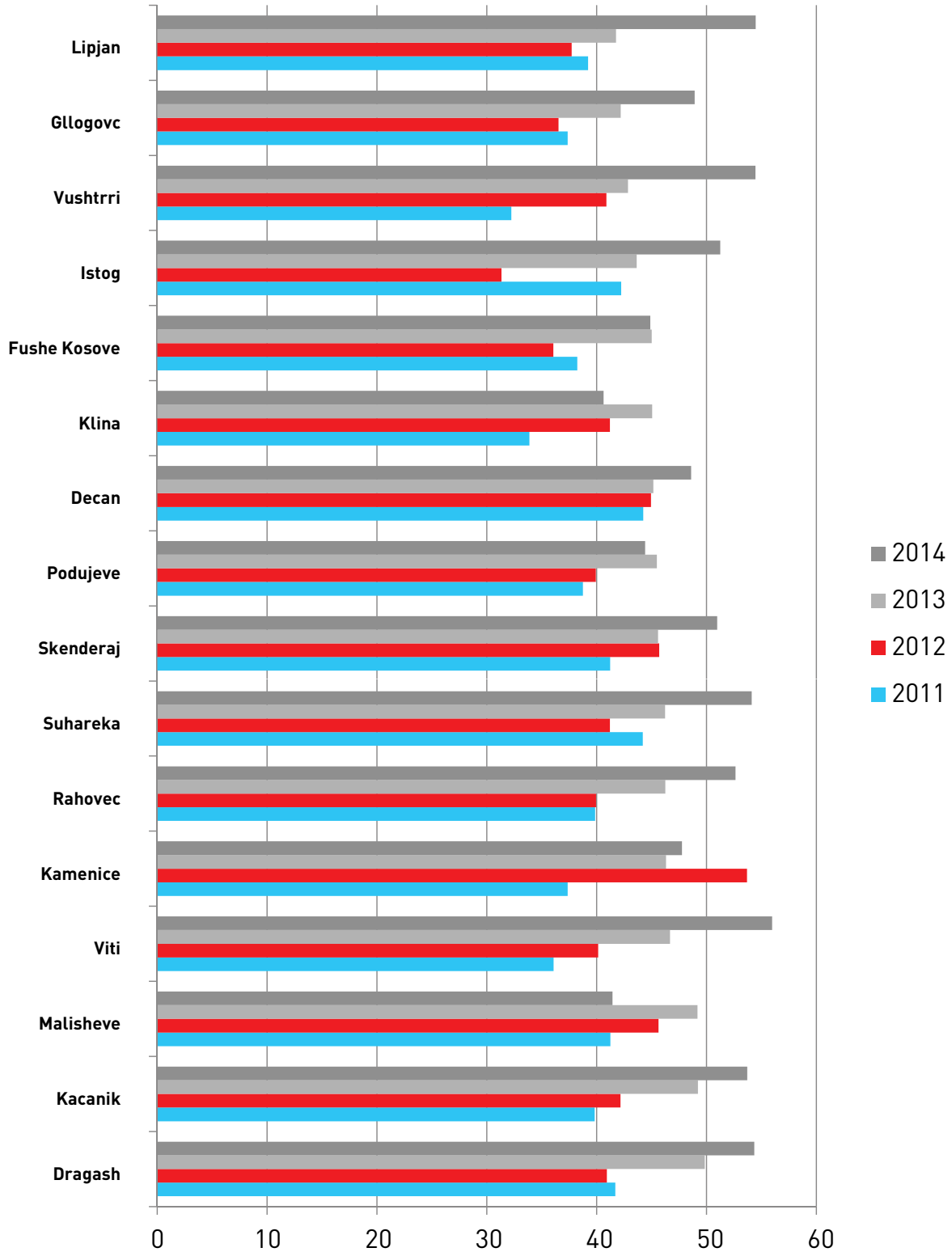


Figure 11: Grouped municipalities 500 to 1500 businesses

The third group comprises of municipalities that have more than 1500 business. Gjakova is this group's top ranking municipality in 2014, scoring above the group average over the entire four-year range of measurements. Gjakova has made gradual improvements through reforms, and its transition over the years indicates the consolidation of the reforms over the period in consideration. The municipality of Mitrovica also has a history of consistent improvement, although it started barely from the last position, just above Peja, in 2011, and this year it ranks fourth.

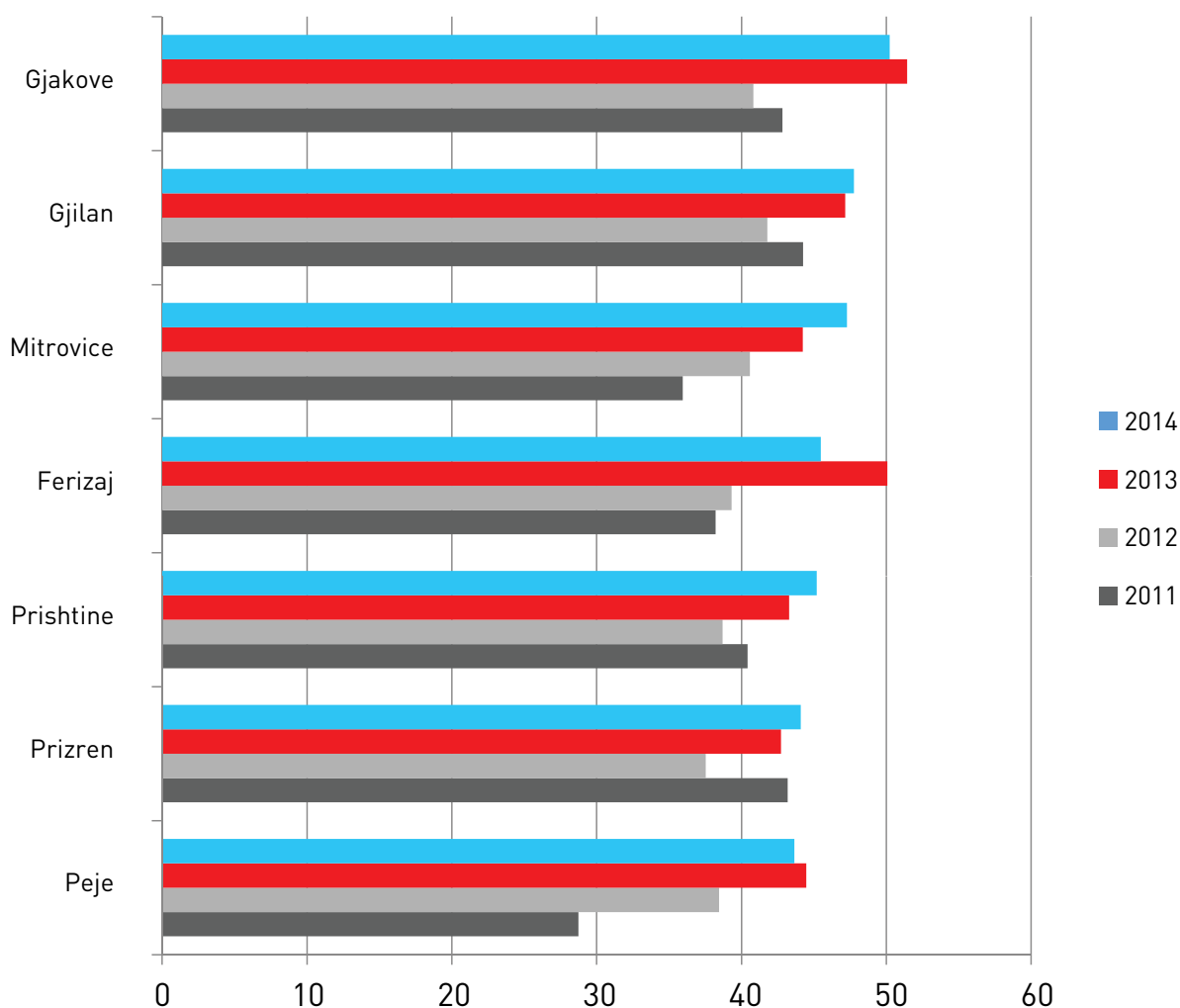


Figure 12: Grouped municipalities with more than 1500 businesses

An analysis of group performance in terms of their average values over the four-year period indicates that in general, groups follow closely the general incremental improvement over the four-year period. Analysis of small differences in results, indicates that a group of smaller municipalities have been relatively faster in adopting and benefiting from reforms in the first two years, 2011 and 2012; that may be explained as a result of the small size of staff and leaner administrative structures that may have less inertia to change.

In the subsequent years, the mid-sized group of municipalities shows a slightly better performance, indicating that reforms and benefits have started to accrue with some time lag. The group of larger municipalities shows a steady and incremental improvement over the first three years, but at a lesser rate than the small- and mid-sized municipalities; and in the 2013 MCI survey, this group was the only group to show a small level of decline in the group average

compared to the preceding year. Graphical analysis of the group averages over the four-year period is given below, in Figure 13.

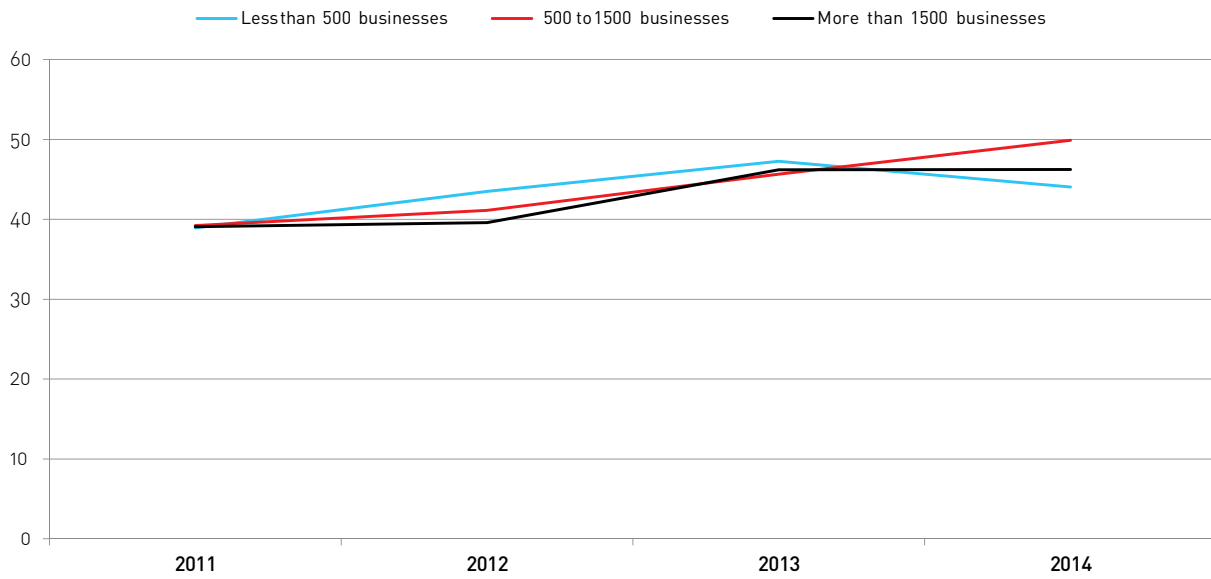
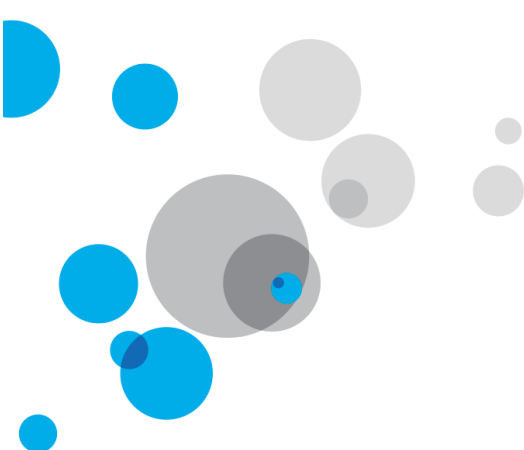


Figure 13: Average MCI values of grouped municipalities by business population



CONSOLIDATED REFORMERS

The high volatility in the MCI rankings over the four-year period highlights the importance of sustaining improvement, achieved within a single year, over a longer period of time. Such a consolidated path, where a municipality continuously improves above the previous year's score, indicates a more gradual, yet more sustainable path of improvement. Figure 14 below, presents eight municipalities that have continually consolidated their reforms, each scoring higher than the year before.

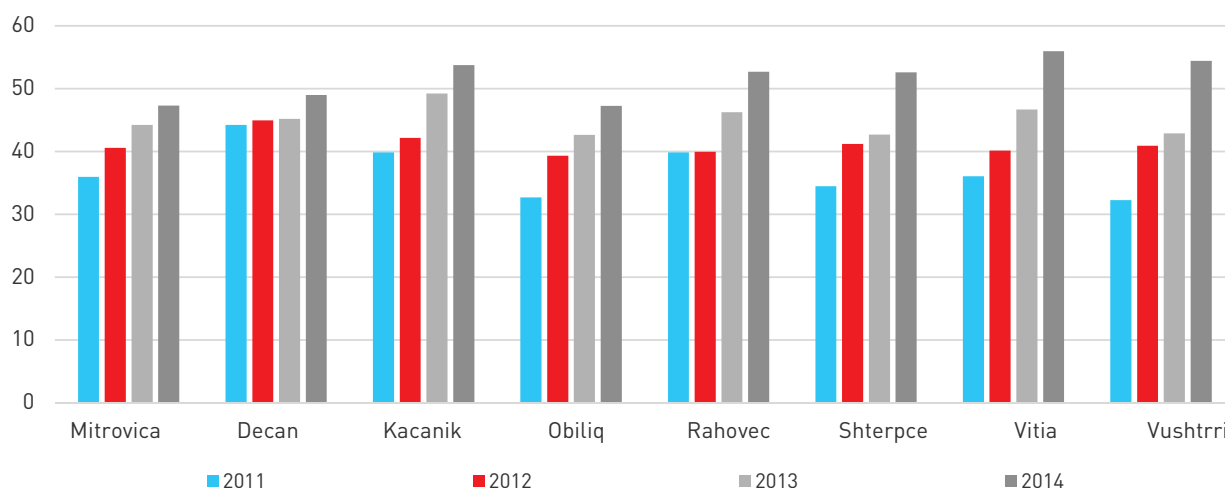


Figure 14: Consolidated Reformers

MCI METHODOLOGY

The MCI index of 2014 is the fourth annual report of surveys that measure the business environment at the municipal level in Kosovo since 2011. The MCI ranks municipalities' economic governance, with the primary goal of improving the productivity and performance of private business by identifying and reducing government-influenced constraints to private sector development at the sub-national level, such as extraneous regulatory burdens, corruption, and opacity in the legal environment.⁹The MCI is based upon responses to a firm-level survey of Kosovo business owners administered from March to May 2014 throughout the country. This year, the MCI reflects the responses of 3,052 randomly selected businesses. While the average country-wide number of respondents was 83 per municipality, for the majority of municipalities about 100 firms were surveyed. In nine small municipalities, we sought to survey as much of the whole population as possible (Mamushe, Laposavic, Zvecan, Zubin Potok, Novo Brdo, Ranillug, Partesh, Klllokot, and Junik). For the details of the sample, see Appendix 3.

We continue, as in previous years, to group the three northern Serb municipalities together. The municipalities of Ranillug and Partesh continue to have similarly small business populations. This year again, we continue to include them in their previous municipalities, Gjilan and Kamenica, respectively.

9. Edmund Malesky and Nina Merchant-Vega, "A Peek under the Engine hood: The Methodology of Subnational Economic Governance Indices," Hague Journal on the Rule of Law 3 (2011): 186-219.

As a result of consultations with municipal officers during the workshop sessions held in March 2014, it was agreed that due to large differences between municipalities in their sizes and economic structures, it would be useful to group municipalities for a more equitable comparison of their MCI rankings.

The municipalities were grouped by the number of businesses registered, specifically three groups were created: up to 500 businesses; up to 1,500 businesses, and; above 1,500 businesses.

The novelty and importance of the 2014 MCI Report is that it not only portrays the business perceptions of the business environment in 2014 in Kosovo, the report is augmented by a trend analysis of the current business environment based upon the context of these four years of historical data.

Drawing from the accumulated experience from the preceding three rounds of MCI surveys, and in accordance with the highest standards of work and quality assurance, the MCI 2014 has been fully organized and implemented by UBO-Consulting.

Sample Design

The sample design for the MCI 2014 is based on the established practice to use the Kosovo Business Registration Agency (KBRA) business registry as the sampling frame, subsequently stratified by municipalities, type of business activities and by type of legal incorporation. Upon construction of the sample structure, a random selection function is applied to select businesses for interview, respectively to produce municipality based lists of businesses for interview. Specifically, the sample design is based on the multiple stage stratified random sampling technique to obtain a fair list of selected candidate businesses for interview.

KBRA has provided lists of businesses registered in 2012 and 2013 to update the businesses registration database, which has been used to produce a representative (objective and fair) sample of businesses for interview. The data from the survey therefore is a representative depiction of firm perceptions of the economic environments in which they work. Where firms in the sample were either inactive, closed, or without accurate contact information, another firm from a second sample list was randomly selected from the same basket. Further, if a firm refused to respond, this was noted, and another firm randomly selected. The overall response rate was 61% average across all municipalities, with a high of 80% and a low of 46%.

Field Work

The survey was implemented through face-to-face interviews of business owners or competent persons in Albanian and Serbian languages. Businesses were first contacted through a screening call to determine their eligibility (if they are active) and to set up an interview time. In order to minimize the impact of new 'treatment' effects resulting from different enumerators, the enumerators were rigorously trained on the survey, the MCI methodology, and the rationale behind the MCI, to limit the potential for enumerator bias in responses. Further, many of the enumerators had experience from implementing the MCI in the preceding years.

Experienced field supervisors implemented field checks and quality control on all completed surveys and where follow-up was necessary or problems arose, enumerators were sent back to respondents for clarifications or corrections.

The survey instrument retained most of the same content and structure from the previous years, with some unused questions removed to decrease the length to administer it.

Index Creation

The methodology of creating the Index comprises three core elements of Collection, Construction, and Calibration. The first component, collection, was undertaken during the development of the first MCI in 2010. The process is described below, however, it is conducted only in the first year, and a more detailed description of the process can be found in the 2011 MCI Report.¹⁰

Collection involves the selection of indicators most relevant to sub-national governance after a thorough review of the relevant theoretical, and country-specific literature, as well as detailed conversations with experts and practitioners in each country. Indicators are selected to reflect the most appropriate measurements of key theoretical concepts of governance. The baskets of indicators comprising the concepts become the sub-indices. Sometimes baskets of indicators are too general to capture nuanced concepts, and in these cases, sub-indices have been further divided into dimensions.

Sub-Index Construction

To create the final Index, the individual indicator scores in each sub-index are first standardized and then aggregated into a score that is both comparable across indicators, municipalities, as well as over time. For indicators where a non-constrained absolute number was required, to avoid the influence of high outliers on municipal scores all high values received the response at the 90th percentile. This was done on all such indicators (for example, the number of days to register a business or the number of hours of water outage per day).

Each indicator is first standardized around a 10-point scale. Specifically, this standardization ensures that the relative differences and not the numerical magnitude of scores are responsible for the difference in scores.

Standardizing converts indicators into values that solely provide comparison of scores between municipalities. This process also allows for different data units to be converted and combined into one sub-index. Finally, it allows for comparison of scores and MCI results over time. All the indicators within each sub-index are averaged to create a sub-index score. The indicators are all given the same weight within one index. Where a sub-index comprises two dimensions, each dimension receives the same weight, and indicators within each dimension also receive the same weight. This process is reiterated for each of the eight sub-indices.

10. Hanshaw, Natasha. "The Municipal Competitiveness Index Report 2011." USAID Business Enabling Environment Project (BEEP), June 2011.

Index Construction

One of the most important contributions of the MCI to policy-makers stems from the care taken to ensure the final scores offers highly policy-relevant information. This is done through the weighting of sub-indices. These weights signal to policy-makers or donors how to best prioritize reform interventions or new programming for the greatest impact. The final MCI is the weighted sum of the sub-indices, where the weights represent an averaged rounded contribution of each sub-index to private sector performance outcomes. The weights for each individual sub-index that were determined in the first year (and as show in Table 12 below) continue to be used this year and will also be used next year. The reason for this is to ensure that we can compare the weighted results over time and also rests under the assumption that the policy importance of one sub-index area over another is not subject to much fluctuation in the short-term period of a few years.

Sub-Index	T-Statistic	Original T-Statistic	Share	Rounded Weights
Transparency	2.58	NA	19%	20%
Time Costs of Compliance	2.52	NA	19%	20%
Municipal Administration	2.17	NA	16%	15%
Participation & Predictability	1.66	NA	12%	15%
Labor & Business Support Services	1.3	NA	10%	10%
Municipal Infrastructure	1.19	NA	9%	10%
Taxes and Fees	1	-0.63	7%	5%
Barriers to Business Entry	1	-3.91	7%	5%

Table 12: Rounded Weights by Sub-Index

For a much more detailed description of the entire MCI creation process, please refer to Chapter 6 of the MCI 2011 Report.¹¹

11. Hanshaw, Natasha. "The Municipal Competitiveness Index Report 2011." USAID Business Enabling Environment Project (BEEP), June 2011.

APPENDICES

Appendix 1: Detailed Descriptions of Sub-indices and Component Indicators

1. Business Start-up Barriers

- Average length of days to register business in 2012
- Average number of licenses and permits necessary to start operations
- Business experience competition from informal sector (% yes)
- Business registration process and obtaining all necessary permits barrier to entry (% yes)

2. Transparency of Information

- Average rating of access to municipal budget and planning documents (1=impossible to 5=very easy)
- Average rating of access to municipal regulations and policy documents (1=impossible to 5=very easy)
- Average rating of access to information and forms on municipal licensing and permitting (1=impossible to 5=very easy)
- Average rate of access to information on upcoming municipal public tenders (1=impossible to 5=very easy)

3. Participation & Predictability

- Percentage of firms that said they were frequently or always informed in advance of changes to or new municipal regulations and administrative instructions
- Percentage of firms that said new municipal regulations and administrative instructions frequently or always account for the interests advocated in public debates and hearings
- Percentage of firms that said the implementation of municipal regulations and administrative instructions are frequently or always predictable
- Percentage of firms that said they were frequently or always informed of municipal public debates on changes to or new municipal policies, rules or regulations

4. Time Costs

- Average number of days senior management spend in contact with municipal officers to comply with regulations
- Average number of times business subject to inspection by municipal agencies
- Average number of separate municipal offices visited to maintain compliance with local regulations

5. Taxes & Fees

- Businesses make over 5 tax payments annually (% yes)
- Informal negotiations with tax officials are normal (% agree and strongly agree)
- Taxes are a major constraint on business (% firms strongly agree or agree)
- Percentage of firms that pay taxes
- Businesses pay municipal professional business license fee or other municipal taxes and fees (% yes)

6. Municipal Administration

- Attitude of municipal officials towards private business rated strongly positive or positive (%)
- Overall capabilities of municipal officials and administrative officers in municipality rated very helpful or essential (%)
- Percentage of businesses that typically pay over 5% of income in unofficial payments to municipal officers per year
- Making informal payments to municipal officers to obtain municipal service is essential and very useful to obtaining service (%)
- Connections important to winning municipal public tenders (% agree or strongly agree)

7. Labor & Business Support Services

- Quality of general education and level of vocational training of available workers (% good or very good)
- Quality of local labor satisfies all the needs of the firm (% yes)
- Regulatory consulting services are available in municipality (% yes)
- Range of business support services are available in municipality (% yes)

8. Municipal Infrastructure

- Quality of road maintenance and construction is good or very good (%)
- Quality of sanitation and waste-water services is good or very good (%)
- Service providers collect 100% of water fees from businesses (% frequently or always)
- Average hours of water outage per month

Appendix 2: Comparison of scores over time

Index	Measure	2011	2012	2013	2014
Final Ranking (Weighted)	Min	28.7	31.3	39.5	36.7
	Median	39.1	41.5	45.6	47.7
	Max	55.7	53.7	59.2	55.9
Final Ranking (Unweighted)	Min	32.4	36.6	39.5	36.6
	Median	41.5	44.6	46.4	48.5
	Max	55.5	55.7	58.4	57.6
Barriers to Entry	Min	4.1	5.3	2.9	3.3
	Median	6.1	6.7	6.6	6.6
	Max	7.8	8.2	8.6	8.7
Transparency	Min	1.8	2.8	5.1	5.5
	Median	5.1	5.4	7.5	7.6
	Max	7.9	7.7	9.9	9.5
Participation and Predictability	Min	1.1	1	1.1	1
	Median	2.1	2.2	2.4	2.4
	Max	8	4.7	5.6	5.3
Time Costs of Regulatory Compliance	Min	3.1	3.4	4.4	3.2
	Median	5	5.3	6.3	6.3
	Max	7.2	7	8.9	8.7
Taxes and Fees	Min	4.8	6.1	4.6	5.3
	Median	6.9	7.6	6.9	7.2
	Max	8.7	9.2	9	8.5
Municipal Administration	Min	2.8	2.7	2.6	1.8
	Median	5.5	5.4	4.8	5.3
	Max	9.2	7.5	9.8	9.1
Labor & Business Support Services	Min	1.5	2	2.9	1.9
	Median	4.5	5.3	5.8	5.6
	Max	8.4	8.5	9.5	8.1
Municipal Infrastructure	Min	2.7	3.9	4.7	2.3
	Median	6.3	6.6	6.9	6.9
	Max	9.1	9	9.3	9.4

Appendix 3: Detailed Descriptions of Sub-indices and Component Indicators

Municipality	Year	Sub-Index Score: Barriers to Business Entry	Average number of days to register business	Average number of licenses and permits necessary to start operations	Businesses experience competition from informal sector [% yes]	Business registration process and obtaining all necessary permits barrier to entry [%yes]
Decan	2011	6.2	14	3.5	53%	12%
	2012	7.2	8.2	2.7	51%	25%
	2013	6.9	2	3.9	28%	34%
	2014	5.3	1	3.9	72%	32%
Dragash	2011	5.3	20.2	3.3	70%	13%
	2012	5.6	20.5	3.3	65%	31%
	2013	6.5	4	3.1	69%	17%
	2014	5.8	5	2.8	63%	26%
Ferizaj	2011	6.8	9.7	2.6	44%	14%
	2012	6.5	7.5	3.2	77%	11%
	2013	6.6	3	2.6	59%	36%
	2014	8.3	2	3	9%	3%
Fushe Kosova	2011	6.3	8.9	2.9	77%	11%
	2012	6.7	14	3.4	18%	46%
	2013	7.1	2	2.1	74%	20%
	2014	8.3	2	1.4	48%	4%
Gjakova	2011	6.9	16	2.4	47%	1%
	2012	6	11.6	4.5	53%	23%
	2013	8.6	2	3.2	9%	3%
	2014	7.3	1	1.8	63%	23%
Gjilan	2011	6.2	10.2	2.7	55%	38%
	2012	6.4	9.9	2.6	72%	33%
	2013	6.8	3	2.5	71%	22%
	2014	7.7	1	1.7	29%	40%
Gllgovc	2011	5.8	11.7	3.2	65%	24%
	2012	6.3	12.5	3.2	75%	15%
	2013	5.6	4	4.3	88%	11%
	2014	5.8	1	3.4	92%	12%
Gracanica	2011	7	9.4	2.2	56%	18%
	2012	6	28.1	3.1	6%	44%
	2013	8.4	5	2.8	2%	6%
	2014	4.9	5	2.1	41%	96%
Hani I Elezit	2011	5.8	8.1	4.1	60%	8%
	2012	6.7	11.9	3.2	41%	37%
	2013	6.2	3	3.9	74%	14%
	2014	7.7	1	3.2	7%	24%
Istog	2011	5.3	13.7	3.3	73%	36%
	2012	6.3	13.7	2.6	71%	43%
	2013	7.3	2	2.8	79%	1%
	2014	6.5	2	3.0	70%	10%

The Municipal Competitiveness Index Report 2014

Municipality	Year	Sub-Index Score: Barriers to Business Entry	Average number of days to register business	Average number of licenses and permits necessary to start operations	Businesses experience competition from informal sector [% yes]	Business registration process and obtaining all necessary permits barrier to entry [%yes]
Junik	2011	4.9	6	2.9	89%	72%
	2012	6.9	15.8		3%	38%
	2013	8.4	2	2.5	23%	10%
	2014	4.7	1	3.3	70%	70%
Kacanik	2011	7.6	6.5	2.2	29%	15%
	2012	8.1	3.9	2.7	34%	17%
	2013	6.5	3	4.4	42%	22%
	2014	7.3	1	2.6	23%	39%
Kamenica	2011	5.4	18.9	3	36%	60%
	2012	8	10.2	2.7	20%	6%
	2013	5.7	7	2.7	64%	39%
	2014	6.5	4	1.8	76%	22%
Klina	2011	6.4	11.2	2.9	38%	38%
	2012	8.2	5.3	3.1	29%	3%
	2013	8.5	3	2.1	34%	0%
	2014	5.7	1	3.7	87%	10%
Klllokot	2011	6.2	20.3	3.7	4%	32%
	2012	5.9	14.2	3.8	48%	48%
	2013	7.1	3.5	3	58%	12%
	2014	4.5	1	4.3	27%	92%
Lipjan	2011	7.8	7.5	2.8	14%	0%
	2012	8	9.5	2.6	18%	7%
	2013	7.4	5	2.5	45%	11%
	2014	6.2	3	2.5	13%	76%
Malisheva	2011	6.6	6.3	3.1	32%	42%
	2012	7.3	5.4	2.9	69%	8%
	2013	6.5	6	3.3	51%	14%
	2014	7.7	2	3.0	17%	16%
Mamushe	2011	7.5	24.2	2.3	15%	0%
	2012	6.6	11.3	3.4	66%	15%
	2013	6.6	12	3.5	10%	5%
	2014	6.9	2	2.6	56%	15%
Mitrovica	2011	6.8	10.9	3	59%	1%
	2012	7.3	6.1	2.7	60%	13%
	2013	6.9	2	3	66%	19%
	2014	6.5	2	2.7	79%	8%
Novo Brdo	2011	6.3	13.7	1.9	70%	15%
	2012	6.4	11	1	88%	25%
	2013	6.9	7	1.1	70%	22%
	2014	7.5	1	1.4	64%	23%

The Municipal Competitiveness Index Report 2014

Municipality	Year	Sub-Index Score: Barriers to Business Entry	Average number of days to register business	Average number of licenses and permits necessary to start operations	Businesses experience competition from informal sector [% yes]	Business registration process and obtaining all necessary permits barrier to entry [%yes]
Obiliq	2011	4.1	14.3	4.7	62%	65%
	2012	6.4	7.7	2.6	60%	56%
	2013	6	7	2.8	27%	54%
	2014	8.6	1	1.3	53%	0%
Peja	2011	6.3	15	3.1	16%	40%
	2012	6.1	9.9	4.3	65%	23%
	2013	6.4	7	2.7	7%	59%
	2014	6.1	4	3.6	53%	13%
Podujeva	2011	5.1	6.6	3.3	46%	59%
	2012	6.5	9.1	3.5	29%	55%
	2013	7.3	2	2.7	72%	6%
	2014	6.3	1	2.9	33%	58%
Prishtina	2011	6.6	7	2.4	61%	33%
	2012	6.5	13.6	2.5	63%	23%
	2013	6.2	15	3	18%	4%
	2014	7.8	1	2.5	31%	17%
Prizren	2011	6.6	19.2	2.4	53%	13%
	2012	6.9	10.8	2.3	75%	10%
	2013	2.9	12	5.3	88%	38%
	2014	6.3	2	2.1	63%	45%
Rahovec	2011	6.6	15.5	2.6	26%	39%
	2012	7	8.6	3.8	54%	9%
	2013	6.3	7	3.6	53%	10%
	2014	7.8	1	3.0	30%	6%
Shterpce	2011	4.5	8.9	2.6	98%	78%
	2012	5.7	17	2.3	88%	30%
	2013	3.4	15	2.4	98%	46%
	2014	4.9	5.5	2.4	57%	71%
Shtime	2011	6.3	7	3.2	35%	13%
	2012	7.1	9.5	3.6	49%	12%
	2013	6.5	2.5	3.1	57%	35%
	2014	8.7	2	1.7	5%	23%
Skenderaj	2011	5.8	9.8	3.6	55%	32%
	2012	6	10.3	4.4	71%	23%
	2013	6	7	4	56%	11%
	2014	6.6	2	3.4	51%	14%
Suhareka	2011	4.9	8.9	4	94%	20%
	2012	7.4	11.1	3	46%	7%
	2013	4.8	7.5	3.2	78%	44%
	2014	7.6	1	2.5	53%	2%

The Municipal Competitiveness Index Report 2014

Municipality	Year	Sub-Index Score: Barriers to Business Entry	Average number of days to register business	Average number of licenses and permits necessary to start operations	Businesses experience competition from informal sector (% yes)	Business registration process and obtaining all necessary permits barrier to entry (%yes)
Vitia	2011	6	9.7	2.6	86%	15%
	2012	6.4	10.7	2.6	91%	12%
	2013	7.1	3.5	2.5	62%	14%
	2014	7.7	4	2.3	7%	30%
Vushtrri	2011	5.6	5.3	3.2	94%	9%
	2012	6.7	12.5	2.5	82%	12%
	2013	7.4	4	3.3	38%	8%
	2014	7.0	4	2.1	68%	5%
L-ZP-Zvecan	2011	5.7	18.3	2.7	46%	37%
	2012	5.3	25.1	3.8	57%	25%
	2013	4.8	12.5	3	71%	25%
	2014	3.3	15	2.5	84%	49%

The Municipal Competitiveness Index Report 2014

Municipality	Year	Sub-Index Score: Transparency	Average rating of access to municipal budget & planning documents (1=impossible to 5=very easy)	Average rating of access to municipal regulations & policy documents (1=impossible to 5=very easy)	Average rating of access to information & forms on municipal licensing & permitting (1=impossible to 5=very easy)	Average rate of access to information on upcoming municipal public tenders (1=impossible to 5=very easy)
Decan	2011	5.9	2.87	3.26	3.44	2.47
	2012	4.9	2.96	3.17	3.44	3
	2013	7.4	2.75	2.86	3.68	3.37
	2014	8.3	3.09	3.30	3.75	2.98
Dragash	2011	5.3	2.07	3.1	3.58	2.14
	2012	4.8	1.83	2.79	3.48	2.26
	2013	7	2.41	2.89	3.6	2.85
	2014	8.2	2.50	3.67	3.98	2.74
Ferizaj	2011	4.1	2.1	2.22	2.17	1.93
	2012	5.4	3.02	2.64	3.12	2.42
	2013	7.8	2.98	4.02	4.21	2.28
	2014	9.4	3.76	3.69	3.77	3.66
Fushe Kosova	2011	3.7	1.74	2.4	2.87	2.12
	2012	5.7	2.6	2.95	2.81	3.06
	2013	9.1	4.16	3.83	3.97	4.01
	2014	9.5	3.69	3.83	3.90	3.77
Gjakova	2011	5.7	2.71	2.96	2.97	2.93
	2012	5	3.52	2.93	2.57	3.17
	2013	7	2.43	2.97	3.29	3.21
	2014	8.3	3.31	3.26	3.43	3.03
Gjilan	2011	4.7	2.34	2.88	2.8	1.65
	2012	5.3	2.54	3.15	3.11	2.09
	2013	7.3	2.54	3.61	3.42	2.9
	2014	6.5	2.15	2.59	3.08	2.06
Gllogovc	2011	5.1	1.97	2.78	3.8	2.42
	2012	5.4	3.37	2.82	3.03	2.12
	2013	7.8	3.68	3.12	3.42	3.19
	2014	7.8	2.85	3.03	2.97	3.18
Gracanica	2011	1.8	1.1	1.53	2.36	1.35
	2012	5.4	2.61	2.96	3.05	2.31
	2013	6.4	2.29	3.59	3.6	1.28
	2014	5.5	1.89	1.96	2.17	2.07
Hani i Elezit	2011	5.8	2.58	3.1	3.75	25.5
	2012	7.7	3.96	3.92	3.81	3.91
	2013	7.8	3.35	3.34	3.7	2.99
	2014	8.5	3.33	3.33	3.36	3.27
Istog	2011	5.4	2.79	2.69	2.75	2.62
	2012	2.8	1.33	1.48	3.11	1.39
	2013	8.6	3.84	3.68	3.75	3.79
	2014	7.6	2.83	3.08	3.35	2.58

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Municipality	Year	Sub-Index Score: Transparency	Average rating of access to municipal budget & planning documents (1=impossible to 5=very easy)	Average rating of access to municipal regulations & policy documents (1=impossible to 5=very easy)	Average rating of access to information & forms on municipal licensing & permitting (1=impossible to 5=very easy)	Average rate of access to information on upcoming municipal public tenders (1=impossible to 5=very easy)
Junik	2011	5.9	2.99	3.13	3.17	3.03
	2012	4.2	2.27	2.51	2.62	2.39
	2013	9.9	4.54	4.47	4.22	4.32
	2014	7.5	3.01	2.38	3.37	2.95
Kacanik	2011	5.2	2.54	2.67	2.74	2.52
	2012	6.1	3.4	3.13	3.33	2.6
	2013	7.5	3.6	3.22	3.31	2.74
	2014	7.4	2.55	3.33	3.30	2.28
Kamenica	2011	5.3	2.62	2.75	3.06	2.7
	2012	7.4	3.72	3.74	3.76	3.68
	2013	7.1	3.07	3.16	3.1	2.75
	2014	7.4	2.79	3.27	3.77	1.61
Klina	2011	3.5	2.08	2.51	3.29	2.33
	2012	5.5	2.65	3.16	2.83	2.56
	2013	8.3	3.76	3.51	3.57	3.59
	2014	6.2	2.68	2.30	2.76	1.64
Klllokot	2011	3.9	2.44	2.29	2.24	1.12
	2012	6.3	3.07	3.16	3.28	3.15
	2013	7.1	2.95	3.34	3.48	2.3
	2014	8	3.55	2.56	2.35	3.80
Lipjan	2011	5.7	2.58	3.21	3.18	2.72
	2012	4.5	2.2	2.48	2.35	2.21
	2013	7	2.67	2.98	3.48	2.73
	2014	8	2.63	3.16	3.70	3.10
Malisheva	2011	3.8	1.98	2.79	2.8	2.16
	2012	5.6	2.2	3.3	3.46	2.6
	2013	7.9	3	3.64	3.69	3.22
	2014	6.6	1.48	3.33	3.59	1.64
Mamushe	2011	7.9	3.94	3.96	4	3.92
	2012	3.6	1.73	1.89	2.43	2.37
	2013	6.6	2.58	2.79	2.78	2.89
	2014	6	1.74	2.79	3.03	1.39
Mitrovica	2011	3.7	2.39	2.68	3.15	2.22
	2012	4.8	2.96	3.01	3.08	3.3
	2013	6.5	2.32	2.94	3.5	2.15
	2014	6	1.71	2.62	2.91	1.79
Novo Brdo	2011	5.7	2.72	3.24	3.33	2.37
	2012	6.3	3.54	3.48	3.31	2.38
	2013	8.2	4.04	3.73	4.41	2
	2014	6.4	2.30	2.81	2.95	1.55

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Municipality	Year	Sub-Index Score: Transparency	Average rating of access to municipal budget & planning documents (1=impossible to 5=very easy)	Average rating of access to municipal regulations & policy documents (1=impossible to 5=very easy)	Average rating of access to information & forms on municipal licensing & permitting (1=impossible to 5=very easy)	Average rate of access to information on upcoming municipal public tenders (1=impossible to 5=very easy)
Obiliq	2011	5.4	2.77	2.72	2.73	2.78
	2012	5.3	1.4	3.01	2.61	3.67
	2013	8.4	3.81	3.63	3.47	3.7
	2014	9.4	3.68	3.72	3.84	3.75
Peja	2011	3.6	1.68	2.8	2.56	1.67
	2012	4.3	2.12	2.9	3.24	1.89
	2013	5.1	1.69	1.97	2.63	1.79
	2014	7.3	2.26	2.97	3.43	2.54
Podujeva	2011	4.7	2.12	2.58	3.1	2
	2012	4.2	1.62	2.52	3.14	1.3
	2013	9.3	4.25	4.02	4.05	4.1
	2014	6.6	2.39	2.88	2.94	1.84
Prishtina	2011	6.1	3.04	3.1	3.05	3.08
	2012	5.6	3.07	2.93	3.17	2.66
	2013	6.6	2.92	2.76	2.74	2.58
	2014	8.2	3.01	2.80	3.54	3.42
Prizren	2011	6.3	3.13	3.23	3.29	3.09
	2012	4.4	1.84	2.79	3.05	1.33
	2013	7	3.4	3.16	2.83	2.57
	2014	8.2	3.24	3.19	3.34	3.11
Rahovec	2011	6.1	3.15	3.25	3.03	2.94
	2012	4.7	2.22	2.67	3.59	1.6
	2013	7.4	3.32	2.93	3.86	2.52
	2014	8.4	3.13	3.51	4.46	2.24
Shterpce	2011	5.2	3.87	2.8	2.12	1.88
	2012	4.4	2.96	2.26	2.57	3.27
	2013	7.4	3.79	2.94	2.7	3.2
	2014	8	3.09	3.13	3.15	3.11
Shtime	2011	5.5	2.74	3.05	3.11	2.8
	2012	6.8	3.34	3.87	3.85	3.09
	2013	6.5	2.51	2.62	2.93	2.7
	2014	7.5	3.12	2.38	2.63	3.42
Skenderaj	2011	4.7	2.05	3.04	3.42	2.06
	2012	7.1	3.64	3.73	4.02	3.06
	2013	7.6	3.71	3.25	3.29	2.82
	2014	7.8	2.41	3.08	3.35	3.26
Suhareka	2011	5.9	2.53	3.01	3.68	3.18
	2012	6.6	2.99	3.4	3.61	3.54
	2013	8.2	3.34	3.57	3.56	3.65
	2014	8.8	3.95	3.09	3.64	3.20

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Municipality	Year	Sub-Index Score: Transparency	Average rating of access to municipal budget & planning documents (1=impossible to 5=very easy)	Average rating of access to municipal regulations & policy documents (1=impossible to 5=very easy)	Average rating of access to information & forms on municipal licensing & permitting (1=impossible to 5=very easy)	Average rate of access to information on upcoming municipal public tenders (1=impossible to 5=very easy)
Vitia	2011	4.5	2.38	2.3	2.55	2.08
	2012	5.9	2.57	3.02	3.31	3.05
	2013	6.4	2.34	2.74	3.64	2.03
	2014	7.8	2.88	3.02	3.57	2.77
Vushtrri	2011	5.9	2.97	3.06	3.15	2.99
	2012	5.3	2.74	3.09	3.23	2.59
	2013	7.4	3.2	3.32	3.49	2.55
	2014	8.7	3.06	3.49	3.67	3.41
L-ZP-Zvecan	2011	6.3	3.02	3.59	3.55	3.1
	2012	5.8	3.05	3	3.18	3.28
	2013	6.9	2.60	2.97	3.7	2.37
	2014	6.2	1.97	2.53	2.84	1.97

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Municipality	Year	Sub-Index Score: Participation & Predictability	Firms informed in advance of changes to or new municipal regulations & administrative instructions [% always or frequently]	New municipal regulations & administrative instructions account for firm interests advocated in public debates & hearings [% always or frequently]	Implementation of municipal regulations & administrative instructions are predictable [% always or frequently]	Firms informed of municipal public debates on changes to or new municipal policies, rules or regulations [% always or frequently]
Decan	2011	2.1	8%	18%	18%	3%
	2012	2.3	7%	16%	30%	4%
	2013	2	4%	11%	14%	7%
	2014	2.2	4%	19%	18%	5%
Dragash	2011	2.5	7%	8%	37%	15%
	2012	1.7	0%	0%	33%	0%
	2013	2.4	6%	3%	43%	2%
	2014	3.3	21%	7%	44%	9%
Ferizaj	2011	1.5	1%	6%	9%	4%
	2012	2.5	7%	15%	35%	8%
	2013	2.7	15%	18%	15%	11%
	2014	1.3	2%	5%	5%	0%
Fushe Kosova	2011	2.8	10%	6%	59%	6%
	2012	1.3	1%	4%	6%	2%
	2013	1.3	2%	2%	9%	0%
	2014	1.4	1%	5%	6%	3%
Gjakova	2011	2.1	3%	14%	31%	1%
	2012	3.3	11%	35%	47%	9%
	2013	2.2	8%	10%	18%	7%
	2014	2.7	9%	13%	35%	6%
Gjilan	2011	2.9	11%	12%	49%	15%
	2012	2.4	13%	4%	33%	12%
	2013	3.1	31%	4%	24%	10%
	2014	3.0	22%	5%	21%	18%
Glllogovc	2011	2	6%	17%	15%	5%
	2012	1.5	1%	7%	11%	3%
	2013	1.6	4%	8%	12%	0%
	2014	4.3	18%	33%	43%	23%
Gracanica	2011	1.1	0%	0%	4%	0%
	2012	1.6	9%	2%	4%	10%
	2013	1.7	6%	6%	6%	6%
	2014	1	0%	0%	0%	0%
Hani I Elezit	2011	2.6	4%	18%	36%	14%
	2012	4.2	33%	20%	24%	66%
	2013	5.1	22%	20%	29%	62%
	2014	4.4	23%	19%	35%	38%
Istog	2011	1.6	3%	9%	9%	8%
	2012	1	0%	0%	0%	0%
	2013	1.1	0%	1%	2%	0%
	2014	3.4	14%	28%	29%	16%

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Municipality	Year	Sub-Index Score: Participation & Predictability	Firms informed in advance of changes to or new municipal regulations & administrative instructions (% always or frequently)	New municipal regulations & administrative instructions account for firm interests advocated in public debates & hearings (% always or frequently)	Implementation of municipal regulations & administrative instructions are predictable (% always or frequently)	Firms informed of municipal public debates on changes to or new municipal policies, rules or regulations (% always or frequently)
Junik	2011	1.8	11%	11%	14%	0%
	2012	4.5	18%	53%	43%	45%
	2013	3	18%	10%	18%	21%
	2014	1.2	0%	3%	5%	0%
Kacanik	2011	1.8	8%	9%	15%	2%
	2012	2.7	22%	11%	18%	24%
	2013	4.8	36%	22%	23%	42%
	2014	2.5	15%	7%	23%	7%
Kamenica	2011	2.3	14%	14%	19%	10%
	2012	4	8%	38%	83%	6%
	2013	2.7	4%	24%	25%	12%
	2014	1.5	5%	4%	4%	4%
Klina	2011	1.3	8%	2%	2%	5%
	2012	1.2	1%	1%	6%	3%
	2013	1.1	1%	0%	3%	0%
	2014	1.8	4%	3%	5%	13%
Klllokot	2011	2	32%	4%	4%	4%
	2012	2.3	7%	11%	26%	11%
	2013	1.5	8%	0%	4%	4%
	2014	2	0%	0%	42%	0%
Lipjan	2011	1.2	0%	3%	1%	3%
	2012	1.4	1%	6%	7%	3%
	2013	1.6	4%	3%	10%	4%
	2014	5.3	30%	47%	52%	24%
Malisheva	2011	2.4	5%	18%	35%	3%
	2012	2.1	3%	0%	40%	5%
	2013	3.6	15%	9%	50%	20%
	2014	1.3	1%	2%	1%	7%
Mamushe	2011	8	65%	90%	93%	65%
	2012	2.2	7%	20%	10%	15%
	2013	1.1	0%	2%	2%	0%
	2014	3.1	21%	13%	10%	23%
Mitrovica	2011	1.7	4%	9%	16%	1%
	2012	1.4	6%	4%	4%	5%
	2013	2.2	3%	5%	31%	7%
	2014	2.8	6%	16%	35%	9%
Novo Brdo	2011	2.9	20%	25%	20%	20%
	2012	4.7	31%	44%	63%	25%
	2013	5.6	13%	35%	48%	61%
	2014	1.3	0%	14%	0%	0%

The Municipal Competitiveness Index Report 2014

Municipality	Year	Sub-Index Score: Participation & Predictability	Firms informed in advance of changes to or new municipal regulations & administrative instructions (% always or frequently)	New municipal regulations & administrative instructions account for firm interests advocated in public debates & hearings (% always or frequently)	Implementation of municipal regulations & administrative instructions are predictable (% always or frequently)	Firms informed of municipal public debates on changes to or new municipal policies, rules or regulations (% always or frequently)
Obiliq	2011	1.3	5%	2%	5%	3%
	2012	2.2	8%	10%	27%	7%
	2013	2.2	2%	15%	27%	3%
	2014	1.4	3%	2%	2%	5%
Peja	2011	1.2	6%	0%	1%	0%
	2012	1.9	9%	5%	17%	8%
	2013	2.4	10%	13%	20%	7%
	2014	1.3	3%	3%	1%	3%
Podujeva	2011	1.1	0%	1%	1%	1%
	2012	1.3	1%	0%	12%	0%
	2013	1.2	3%	0%	3%	0%
	2014	2	7%	3%	17%	8%
Prishtina	2011	1.3	8%	1%	3%	0%
	2012	1.2	1%	5%	1%	2%
	2013	1.6	1%	5%	15%	1%
	2014	2.2	4%	9%	15%	13%
Prizren	2011	2.7	13%	4%	51%	7%
	2012	1.5	5%	3%	13%	1%
	2013	1.4	3%	1%	5%	5%
	2014	1.6	0%	9%	5%	6%
Rahovec	2011	1.9	4%	21%	10%	6%
	2012	1.5	5%	4%	8%	3%
	2013	1.6	4%	4%	14%	2%
	2014	3.1	17%	14%	35%	8%
Shterpce	2011	1.3	6%	2%	0%	6%
	2012	1.9	5%	9%	18%	7%
	2013	1.9	10%	3%	12%	6%
	2014	3.3	19%	16%	23%	20%
Shtime	2011	1.7	3%	13%	13%	2%
	2012	3	26%	10%	34%	20%
	2013	3.1	15%	12%	19%	24%
	2014	2.2	8%	18%	11%	7%
Skenderaj	2011	3	21%	18%	38%	11%
	2012	3.4	28%	29%	32%	19%
	2013	3.8	21%	26%	26%	24%
	2014	4.3	18%	38%	39%	22%
Suhareka	2011	2.3	6%	13%	29%	9%
	2012	1.8	5%	12%	7%	10%
	2013	3.3	14%	18%	30%	19%
	2014	3	8%	11%	46%	11%

The Municipal Competitiveness Index Report 2014

Municipality	Year	Sub-Index Score: Participation & Predictability	Firms informed in advance of changes to or new municipal regulations & administrative instructions (% always or frequently)	New municipal regulations & administrative instructions account for firm interests advocated in public debates & hearings (% always or frequently)	Implementation of municipal regulations & administrative instructions are predictable (% always or frequently)	Firms informed of municipal public debates on changes to or new municipal policies, rules or regulations (% always or frequently)
Vitia	2011	2.1	24%	12%	12%	2%
	2012	2.3	14%	11%	17%	17%
	2013	1.9	3%	7%	8%	12%
	2014	2.7	8%	6%	8%	32%
Vushtrri	2011	1.6	4%	7%	10%	6%
	2012	2.3	6%	14%	35%	2%
	2013	1.9	7%	9%	15%	4%
	2014	2	2%	14%	23%	1%
L-ZP- Zvecan	2011	1.3	3%	5%	2%	2%
	2012	1.2	3%	1%	1%	1%
	2013	1.20	3%	3%	0%	1%
	2014	1	0%	0%	1%	0%

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Municipality	Year	Sub-Index Score: Time Costs	Average number of days senior management spend in contact with municipal officers to comply with regulations	Average number of times business subject to inspection by municipal agencies	Average number of separate municipal offices visited to maintain compliance with local regulations
Decan	2011	6.2	4.4	2.9	1.7
	2012	5.6	5.8	2.5	2.6
	2013	6	7.1	2.5	2.1
	2014	6.9	5.2	2.6	1.5
Dragash	2011	4.2	4.8	4.6	2.9
	2012	5.1	6	3	3.1
	2013	6.6	3.5	2.3	2.3
	2014	7.6	2.4	2.2	1.6
Ferizaj	2011	4.8	1.5	1.9	0.9
	2012	3.9	4.9	3.6	2.1
	2013	7.6	2.3	2.3	1.3
	2014	6	4.1	2.3	3
Fushe Kosova	2011	5.4	4.5	2.2	1.7
	2012	5.4	10.8	1.8	3.2
	2013	6.3	4.6	2.1	2.6
	2014	7.6	2	1.5	2.3
Gjakova	2011	5.4	8	1	2.1
	2012	3.4	15.7	1.5	2.3
	2013	7.2	2.8	1.5	2.4
	2014	7.6	2.3	1.7	2
Gjilan	2011	4.5	18.8	2.4	2.7
	2012	4.9	11.6	2.8	2.7
	2013	5.3	8.9	2.2	2.8
	2014	5.8	8.4	2.5	2.2
Glogovc	2011	4.7	5.7	2.9	2.6
	2012	5.1	3.9	2.9	3.4
	2013	5.2	3.9	3.3	3
	2014	6.3	3	2.3	2.9
Gracanica	2011	7.2	1.8	0.8	1
	2012	5.6	5.1	1.4	2.7
	2013	7.1	3.9	1.2	2.5
	2014	6.5	12.6	1.7	1.2
Hani I Elezit	2011	5.9	3.4	3.3	1.7
	2012	6.3	1.6	3.4	1.7
	2013	6.7	2.3	2.4	2.3
	2014	5.4	7.4	4.2	1.4
Istog	2011	4.5	14.1	2.9	2.9
	2012	3.9	6.3	1.1	2.6
	2013	7.1	3.4	2.3	1.7
	2014	6.8	5.2	2.3	1.8

The Municipal Competitiveness Index Report 2014

Municipality	Year	Sub-Index Score: Time Costs	Average number of days senior management spend in contact with municipal officers to comply with regulations	Average number of times business subject to inspection by municipal agencies	Average number of separate municipal offices visited to maintain compliance with local regulations
Junik	2011	6.3	6.1	2.3	2.3
	2012	6.3	3.9	3.8	1.1
	2013	6.1	6.4	3	1.7
	2014	3.3	10.4	4.9	2.8
Kacanik	2011	4.4	3.5	2	2.1
	2012	5.9	7.5	3.2	3.6
	2013	5.2	5.5	3.3	2.7
	2014	7.9	1.5	2.8	0.8
Kamenica	2011	4.4	6.1	2	2.8
	2012	6.6	2.9	2.7	1.7
	2013	6.8	2.9	2.6	2
	2014	7	4.1	1.9	2.2
Klina	2011	4.3	9.3	2.7	3.2
	2012	6.1	4.4	2.4	1.5
	2013	7.1	3.5	1.9	2
	2014	6.1	3.7	2.5	2.7
Kllokot	2011	3.9	11.2	2.8	3.9
	2012	5.5	6.5	2.4	1.8
	2013	8.9	0.8	1.5	0.8
	2014	6.1	5.1	2.9	2.2
Lipjan	2011	4.6	2.8	4.1	0.9
	2012	5.2	3.5	2.1	1.4
	2013	4.4	9.9	3.5	2.6
	2014	6.7	7.3	2.2	1.6
Malisheva	2011	6.2	6	2.6	1.5
	2012	6.7	3.2	3.1	2.9
	2013	6.3	3.4	2.6	2.5
	2014	5.9	6.6	2.5	2.5
Mamushe	2011	5.7	9.1	3.4	1.8
	2012	7	2.8	3.2	1.2
	2013	4.9	11.2	3.8	1.5
	2014	7.6	2.5	2.8	1
Mitrovica	2011	4.1	9.2	3.6	3.5
	2012	5.3	6.6	2.5	3.4
	2013	6.1	4.2	2.4	2.7
	2014	6.5	2.4	3.2	2
Novo Brdo	2011	5.8	4.4	1.9	1.9
	2012	5.2	3.1	1.1	1.7
	2013	8.2	3.3	1	1.6
	2014	8.7	1.5	1.2	1.3

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Municipality	Year	Sub-Index Score: Time Costs	Average number of days senior management spend in contact with municipal officers to comply with regulations	Average number of times business subject to inspection by municipal agencies	Average number of separate municipal offices visited to maintain compliance with local regulations
Obiliq	2011	4.3	8.1	3.3	2.6
	2012	6.3	8.1	1.8	2.9
	2013	6	8.1	1	3.3
	2014	7.7	2	1.5	2.1
Peja	2011	3.2	3.9	1.6	2.4
	2012	4.1	9.8	4.2	3.2
	2013	6.3	3.8	3.3	1.8
	2014	5.9	4.3	3.1	2.4
Podujeva	2011	3.1	13.9	1.7	3.3
	2012	3.4	18.2	1.1	3.9
	2013	6.1	3.1	2.6	2.8
	2014	6.1	5.3	2.5	2.5
Prishtina	2011	6.1	1	1.8	0.7
	2012	5.6	3.4	2.6	2
	2013	6.2	6.9	2.3	2.1
	2014	6	3.9	2.2	3.2
Prizren	2011	5.5	10.1	2.1	2.4
	2012	5.3	11.2	3.3	1.8
	2013	5.4	7.7	2.8	2.5
	2014	6.1	3.4	2.7	2.7
Rahovec	2011	5.6	2.7	2.1	2.2
	2012	5.1	6.3	3	2.9
	2013	7.8	2.4	2.3	1.1
	2014	6.9	4.2	1.9	2.2
Shterpce	2011	6.6	3.4	1.8	1.1
	2012	6.7	4.3	1.7	1.8
	2013	7.7	3.2	1	2.2
	2014	5.5	5.2	2.6	3.2
Shtime	2011	4.4	5	2.7	1
	2012	6.2	5.9	3.1	2.1
	2013	5.2	5.7	3.6	2.3
	2014	5.9	8.9	2.4	2
Skenderaj	2011	4.8	4.4	3.6	2.3
	2012	4.5	8.9	4.4	3.2
	2013	4.5	6.8	3.5	3.1
	2014	5.1	6.3	3.2	2.9
Suhareka	2011	6.1	7.5	1.7	0.3
	2012	4.5	9.6	4.1	3.2
	2013	5.5	8.9	1.4	3.3
	2014	8.2	4.9	1.5	0.9

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Municipality	Year	Sub-Index Score: Time Costs	Average number of days senior management spend in contact with municipal officers to comply with regulations	Average number of times business subject to inspection by municipal agencies	Average number of separate municipal offices visited to maintain compliance with local regulations
Vitia	2011	4.6	4	2.8	2.1
	2012	5.1	3.8	3.1	1.9
	2013	8.5	1.5	1.8	0.9
	2014	6.6	6.6	2.4	1.7
Vushtrri	2011	3.4	7.4	2.9	3.7
	2012	4.3	5.1	3.5	3.1
	2013	4.8	8.4	3	2.9
	2014	6.3	3.7	2.6	2.5
L-ZP-Zvecan	2011	4.1	7.9	0.5	2.3
	2012	4.7	16.7	1.7	2.6
	2013	6.3	8.6	1	2.8
	2014	5.8	11.4	1.4	2.5

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Municipality	Year	Sub-Index Score: Taxes & Fees	Informal negotiations with tax officials are normal (% agree or strongly agree)	Taxes are major constraint on business (% agree or strongly agree)	Firms pay taxes on profit (% yes)
Decan	2011	6.9	38%	70%	95%
	2012	7.7	36%	49%	99%
	2013	4.6	51%	69%	90%
	2014	7.1	21%	45%	93%
Dragash	2011	7.1	12%	45%	100%
	2012	9.2	13%	32%	100%
	2013	9	23%	33%	97%
	2014	8.0	29%	50%	99%
Ferizaj	2011	6.8	64%	73%	100%
	2012	7.8	36%	49%	99%
	2013	7.8	28%	70%	97%
	2014	7.2	44%	38%	59%
Fushe Kosova	2011	7.9	23%	36%	94%
	2012	6.4	90%	90%	98%
	2013	6.5	95%	98%	100%
	2014	7.6	23%	64%	98%
Gjakova	2011	6.7	10%	94%	36%
	2012	9	22%	14%	99%
	2013	8.8	7%	15%	100%
	2014	7.3	15%	86%	85%
Gjilan	2011	7.9	7%	81%	97%
	2012	7.5	36%	75%	99%
	2013	7.6	41%	83%	100%
	2014	7.4	20%	54%	58%
Glllogovc	2011	6.8	21%	59%	90%
	2012	8.3	41%	23%	98%
	2013	6.6	56%	65%	98%
	2014	6.3	63%	73%	96%
Gracanica	2011	6.9	58%	22%	55%
	2012	6.1	58%	64%	99%
	2013	6.8	1%	79%	100%
	2014	7.2	15%	49%	47%
Hani i Elezit	2011	6.3	38%	82%	81%
	2012	8.5	3%	49%	98%
	2013	6.8	4%	97%	100%
	2014	7.3	48%	66%	95%
Istog	2011	5	55%	95%	98%
	2012	8.2	10%	42%	65%
	2013	5.6	99%	91%	97%
	2014	7.2	30%	28%	74%

The Municipal Competitiveness Index Report 2014

Municipality	Year	Sub-Index Score: Taxes & Fees	Informal negotiations with tax officials are normal (% agree or strongly agree)	Taxes are major constraint on business (% agree or strongly agree)	Firms pay taxes on profit (% yes)
Junik	2011	5.3	81%	97%	100%
	2012	7.7	33%	18%	100%
	2013	6.1	62%	59%	97%
	2014	5.3	95%	95%	97%
Kacanik	2011	6.9	52%	77%	94%
	2012	7.1	64%	59%	99%
	2013	7	64%	69%	100%
	2014	6.8	13%	74%	79%
Kamenica	2011	6.5	50%	89%	82%
	2012	8.7	6%	43%	99%
	2013	8	22%	43%	97%
	2014	7.9	32%	68%	95%
Klina	2011	6.6	32%	77%	91%
	2012	6.7	61%	66%	93%
	2013	5.9	96%	98%	82%
	2014	6.0	19%	90%	73%
Klllokot	2011	8	84%	16%	100%
	2012	7	52%	67%	100%
	2013	6.7	81%	88%	100%
	2014	6.0	96%	96%	100%
Lipjan	2011	6.5	74%	60%	100%
	2012	7.7	45%	41%	98%
	2013	5.4	68%	92%	80%
	2014	5.9	5%	29%	15%
Malisheva	2011	8	5%	40%	100%
	2012	6.9	64%	71%	100%
	2013	5.3	65%	93%	98%
	2014	6.1	78%	96%	88%
Mamushe	2011	8.7	10%	53%	95%
	2012	7.3	44%	93%	98%
	2013	6.2	93%	95%	98%
	2014	6.7	54%	95%	95%
Mitrovica	2011	7.9	17%	31%	100%
	2012	8.3	30%	27%	100%
	2013	7.5	63%	65%	100%
	2014	7.9	26%	48%	90%
Novo Brdo	2011	6.5	35%	70%	71%
	2012	9.1	0%	25%	100%
	2013	8.6	17%	52%	90%
	2014	8.3	27%	32%	71%
Obiliq	2011	6.1	30%	60%	92%
	2012	6.6	82%	90%	100%
	2013	6.6	89%	94%	99%
	2014	8.2	9%	39%	90%

The Municipal Competitiveness Index Report 2014

Municipality	Year	Sub-Index Score: Taxes & Fees	Informal negotiations with tax officials are normal (% agree or strongly agree)	Taxes are major constraint on business (% agree or strongly agree)	Firms pay taxes on profit (% yes)
Peja	2011	6.6	53%	59%	97%
	2012	6.3	48%	88%	95%
	2013	7.3	37%	83%	99%
	2014	7.9	3%	89%	90%
Podujeva	2011	7.8	19%	34%	100%
	2012	7.2	29%	60%	100%
	2013	6.4	87%	91%	99%
	2014	7.5	21%	63%	94%
Prishtina	2011	6.8	41%	85%	98%
	2012	7.7	29%	64%	99%
	2013	6.3	63%	89%	99%
	2014	7.8	40%	61%	91%
Prizren	2011	7	69%	71%	93%
	2012	8	22%	68%	99%
	2013	6.7	47%	64%	99%
	2014	7.4	60%	77%	95%
Rahovec	2011	5.1	57%	99%	45%
	2012	7.9	20%	63%	100%
	2013	6.7	49%	79%	98%
	2014	6.9	43%	75%	100%
Shterpce	2011	8.2	24%	22%	79%
	2012	8.7	19%	17%	83%
	2013	7.8	50%	61%	95%
	2014	8.2	40%	53%	96%
Shtime	2011	6.8	47%	70%	100%
	2012	7.7	10%	37%	73%
	2013	8.6	21%	49%	100%
	2014	8.5	14%	35%	96%
Skenderaj	2011	7.1	27%	61%	89%
	2012	7.3	20%	48%	94%
	2013	7.3	48%	46%	98%
	2014	7.5	31%	51%	96%
Suhareka	2011	7.7	4%	91%	100%
	2012	7	39%	82%	100%
	2013	6.8	43%	73%	99%
	2014	7.2	42%	68%	98%
Vitia	2011	7.2	45%	65%	93%
	2012	7.9	43%	53%	92%
	2013	8	39%	54%	97%
	2014	8.4	24%	63%	98%
Vushtrri	2011	4.8	91%	94%	92%
	2012	6.6	82%	86%	97%
	2013	6.2	60%	94%	93%
	2014	6.9	67%	86%	91%

The Municipal Competitiveness Index Report 2014

Municipality	Year	Sub-Index Score: Taxes & Fees	Informal negotiations with tax officials are normal (% agree or strongly agree)	Taxes are major constraint on business (% agree or strongly agree)	Firms pay taxes on profit (% yes)
L-ZP-Zvecan	2011	6.4	44%	60%	89%
	2012	7.8	25%	26%	97%
	2013	6.8	94%	41%	95%
	2014	5.7	97%	85%	97%

The Municipal Competitiveness Index Report 2014

Municipality	Year	Sub-Index Score: Municipal Administration	Overall capability of officials & administrative officers in municipality (% very helpful or essential)	Firms typically pay over 5% of income in unofficial payments to municipal officers (% yes)	Value of informal payments to municipal officers to obtain municipal service (% very useful or essential)	Connections important to winning municipal public tenders (% agree or strongly agree)
Decan	2011	6	20%	13%	28%	68%
	2012	6.6	22%	12%	4%	33%
	2013	6.3	25%	5%	19%	64%
	2014	5.1	8%	8%	6%	66%
Dragash	2011	6.5	32%	2%	0%	47%
	2012	6.1	14%	3%	1%	47%
	2013	7.1	25%	4%	6%	19%
	2014	7.2	35%	1%	2%	38%
Ferizaj	2011	5	29%	6%	64%	83%
	2012	3.6	9%	45%	46%	75%
	2013	4.3	7%	25%	14%	74%
	2014	4.8	9%	1%	46%	51%
Fushe Kosova	2011	6.2	11%	6%	3%	41%
	2012	2.7	0%	4%	94%	88%
	2013	2.7	3%	4%	97%	86%
	2014	3.1	2%	2%	77%	67%
Gjakova	2011	7	23%	0%	34%	17%
	2012	5.8	15%	1%	22%	37%
	2013	6.8	22%	0%	5%	8%
	2014	4.9	15%	4%	39%	80%
Gjilan	2011	6.8	50%	0%	5%	64%
	2012	5.4	30%	2%	25%	81%
	2013	6.2	38%	1%	32%	76%
	2014	6.2	42%	3%	36%	54%
Glllogovc	2011	5.3	15%	23%	11%	44%
	2012	3.9	4%	2%	56%	77%
	2013	4	0%	1%	41%	73%
	2014	4.4	4%	1%	48%	74%
Gracanica	2011	4.4	6%	10%	18%	68%
	2012	4.6	12%	0%	1%	95%
	2013	4.2	5%	0%	6%	96%
	2014	4.9	0%	1%	2%	42%
Hani I Elezit	2011	6.3	10%	0%	10%	18%
	2012	7	27%	1%	2%	29%
	2013	9.8	72%	0%	0%	5%
	2014	5.1	24%	1%	55%	72%
Istog	2011	5.3	2%	0%	8%	79%
	2012	5.1	12%	10%	1%	60%
	2013	3.1	0%	0%	66%	94%
	2014	5.8	18%	4%	12%	71%

The Municipal Competitiveness Index Report 2014

Municipality	Year	Sub-Index Score: Municipal Administration	Overall capability of officials & administrative officers in municipality [% very helpful or essential]	Firms typically pay over 5% of income in unofficial payments to municipal officers [% yes]	Value of informal payments to municipal officers to obtain municipal service [% very useful or essential]	Connections important to winning municipal public tenders [% agree or strongly agree]
Junik	2011	5.1	17%	6%	53%	53%
	2012	6.5	43%	23%	20%	38%
	2013	4.8	8%	5%	28%	69%
	2014	3.9	8%	0%	70%	88%
Kacanik	2011	5.3	24%	9%	47%	56%
	2012	5.4	32%	22%	45%	67%
	2013	6.4	39%	9%	38%	55%
	2014	6.3	16%	2%	2%	50%
Kamenica	2011	5.1	23%	3%	36%	54%
	2012	7.5	34%	0%	1%	41%
	2013	4.7	9%	25%	9%	62%
	2014	7.3	33%	4%	3%	22%
Klina	2011	4.4	2%	15%	11%	61%
	2012	6	25%	2%	5%	46%
	2013	3.6	0%	0%	44%	87%
	2014	3.6	7%	10%	65%	85%
Kllokot	2011	4.1	20%	0%	96%	84%
	2012	5.1	11%	0%	4%	70%
	2013	4.4	12%	0%	27%	81%
	2014	4.9	0%	4%	0%	38%
Lipjan	2011	5.4	20%	9%	46%	81%
	2012	4.8	7%	6%	31%	70%
	2013	3.7	7%	10%	63%	85%
	2014	6.1	43%	11%	84%	20%
Malisheva	2011	6.5	18%	0%	5%	33%
	2012	5.6	14%	13%	4%	79%
	2013	4.9	13%	7%	44%	85%
	2014	4.5	17%	1%	76%	76%
Mamushe	2011	9.2	80%	0%	0%	5%
	2012	6.1	12%	0%	7%	46%
	2013	2.9	5%	0%	90%	95%
	2014	4.6	10%	8%	28%	87%
Mitrovica	2011	6	11%	1%	17%	67%
	2012	5.5	13%	2%	17%	83%
	2013	4.7	14%	11%	15%	83%
	2014	6.9	20%	5%	6%	35%
Novo Brdo	2011	4.7	15%	25%	20%	70%
	2012	6.2	38%	6%	44%	63%
	2013	8.5	78%	4%	30%	35%
	2014	5.0	36%	45%	27%	82%

The Municipal Competitiveness Index Report 2014

Municipality	Year	Sub-Index Score: Municipal Administration	Overall capability of officials & administrative officers in municipality [% very helpful or essential]	Firms typically pay over 5% of income in unofficial payments to municipal officers [% yes]	Value of informal payments to municipal officers to obtain municipal service [% very useful or essential]	Connections important to winning municipal public tenders [% agree or strongly agree]
Obiliq	2011	4.4	7%	13%	32%	48%
	2012	2.9	10%	20%	94%	76%
	2013	2.6	6%	20%	95%	79%
	2014	3.4	2%	4%	77%	52%
Peja	2011	2.8	1%	41%	69%	84%
	2012	5.6	17%	3%	12%	61%
	2013	5.2	15%	14%	25%	47%
	2014	4.5	17%	31%	7%	78%
Podujeva	2011	6.2	21%	4%	30%	63%
	2012	6.6	47%	2%	32%	74%
	2013	2.9	1%	1%	90%	84%
	2014	5.2	7%	7%	4%	77%
Prishtina	2011	4.5	3%	1%	30%	60%
	2012	4.9	14%	4%	27%	66%
	2013	3.9	14%	0%	56%	84%
	2014	5.0	10%	6%	45%	45%
Prizren	2011	5.9	23%	26%	1%	51%
	2012	4.7	4%	15%	11%	78%
	2013	5	13%	0%	40%	45%
	2014	3.6	10%	17%	49%	80%
Rahovec	2011	4.4	9%	64%	3%	30%
	2012	5.3	5%	6%	1%	65%
	2013	4.2	0%	6%	27%	80%
	2014	4.4	15%	4%	50%	81%
Shterpce	2011	4.2	6%	4%	54%	42%
	2012	5.6	15%	3%	18%	30%
	2013	3.7	13%	23%	61%	64%
	2014	7.6	42%	6%	15%	29%
Shtime	2011	5.6	22%	2%	30%	72%
	2012	6.7	51%	1%	24%	62%
	2013	6	25%	12%	14%	21%
	2014	7.2	17%	4%	2%	15%
Skenderaj	2011	6.5	14%	11%	2%	33%
	2012	6.4	31%	19%	19%	35%
	2013	4.3	10%	31%	43%	48%
	2014	6.3	27%	27%	23%	54%
Suhareka	2011	6.1	30%	1%	1%	51%
	2012	4.3	6%	44%	19%	55%
	2013	3.7	16%	54%	35%	77%
	2014	4.6	17%	0%	41%	87%

The Municipal Competitiveness Index Report 2014

Municipality	Year	Sub-Index Score: Municipal Administration	Overall capability of officials & administrative officers in municipality (% very helpful or essential)	Firms typically pay over 5% of income in unofficial payments to municipal officers (% yes)	Value of informal payments to municipal officers to obtain municipal service (% very useful or essential)	Connections important to winning municipal public tenders (% agree or strongly agree)
Vitia	2011	5.2	6%	2%	20%	76%
	2012	5.3	20%	3%	12%	84%
	2013	5.6	20%	1%	18%	58%
	2014	9.1	67%	7%	5%	29%
Vushtrri	2011	5.9	36%	4%	39%	73%
	2012	6.4	36%	7%	22%	69%
	2013	5.7	24%	10%	16%	78%
	2014	8.5	55%	1%	17%	39%
L-ZP-Zvecan	2011	5.8	24%	10%	19%	35%
	2012	4.8	0%	31%	4%	24%
	2013	3.3	0.01	0.12	0.61	0.78
	2014	1.8	0%	60%	49%	90%

The Municipal Competitiveness Index Report 2014

Municipality	Year	Sub-Index Score: Labor & Business Support Services	Quality of general education & level of vocational training of available workers (% good or very good)	Quality of local labor satisfies all the needs of the firm (% yes)	Regulatory consulting services are available in municipality (% yes)	Range of business support services are available in municipality (% yes)
Decan	2011	4.4	93%	27%	19%	12%
	2012	6.1	96%	67%	23%	44%
	2013	4.3	85%	24%	19%	16%
	2014	6.2	44%	21%	96%	65%
Dragash	2011	5.3	87%	15%	42%	47%
	2012	4.8	82%	5%	22%	49%
	2013	5	90%	13%	5%	68%
	2014	5.4	69%	23%	55%	43%
Ferizaj	2011	5.4	93%	73%	7%	19%
	2012	7.5	92%	43%	63%	84%
	2013	7.2	98%	49%	39%	84%
	2014	2.9	65%	7%	3%	4%
Fushe Kosova	2011	3.8	89%	7%	19%	11%
	2012	6.5	51%	1%	95%	97%
	2013	6.8	47%	38%	93%	76%
	2014	5.1	9%	2%	81%	89%
Gjakova	2011	4.5	99%	53%	0%	3%
	2012	6.5	96%	34%	40%	67%
	2013	6.2	100%	43%	34%	47%
	2014	5.7	26%	31%	61%	85%
Gjilan	2011	6.7	96%	74%	33%	50%
	2012	5.4	85%	34%	37%	42%
	2013	5.3	68%	37%	35%	47%
	2014	5.6	78%	20%	53%	49%
Gllgovc	2011	5	68%	27%	26%	48%
	2012	5	64%	42%	20%	46%
	2013	6.3	90%	2%	52%	90%
	2014	6.7	90%	3%	63%	92%
Gracanica	2011	3.3	60%	42%	0%	0%
	2012	5.9	93%	79%	34%	11%
	2013	6.2	99%	1%	96%	35%
	2014	4.7	87%	63%	1%	0%
Hani i Elezit	2011	6.9	86%	44%	67%	60%
	2012	5.1	99%	17%	46%	26%
	2013	4.3	99%	14%	30%	3%
	2014	5.7	49%	22%	71%	62%
Istog	2011	8.4	97%	47%	94%	91%
	2012	2	16%	15%	5%	9%
	2013	4.7	44%	1%	89%	32%
	2014	6.2	82%	19%	50%	70%

The Municipal Competitiveness Index Report 2014

Municipality	Year	Sub-Index Score: Labor & Business Support Services	Quality of general education & level of vocational training of available workers (% good or very good)	Quality of local labor satisfies all the needs of the firm (% yes)	Regulatory consulting services are available in municipality (% yes)	Range of business support services are available in municipality (% yes)
Junik	2011	2.8	31%	3%	33%	14%
	2012	6.3	73%	40%	83%	58%
	2013	5.1	56%	67%	23%	28%
	2014	4.4	15%	75%	28%	25%
Kacanik	2011	4.8	82%	79%	2%	3%
	2012	3.5	73%	5%	28%	13%
	2013	5.1	93%	21%	34%	31%
	2014	7.5	93%	30%	75%	81%
Kamenica	2011	5	79%	29%	39%	33%
	2012	4.9	95%	72%	5%	1%
	2013	5.3	53%	40%	43%	50%
	2014	3.5	44%	38%	14%	7%
Klina	2011	5.6	85%	32%	75%	45%
	2012	3.7	85%	8%	8%	21%
	2013	5.6	55%	1%	82%	67%
	2014	6.2	87%	3%	65%	69%
Klllokot	2011	5.8	96%	24%	0%	92%
	2012	3.1	30%	15%	42%	7%
	2013	4.4	62%	31%	27%	27%
	2014	1.9	15%	0%	12%	15%
Lipjan	2011	5.2	91%	74%	13%	9%
	2012	4.6	90%	16%	29%	27%
	2013	6.6	83%	53%	73%	33%
	2014	6	69%	28%	26%	90%
Malisheva	2011	4.1	77%	15%	40%	17%
	2012	6.3	96%	17%	44%	69%
	2013	6.4	99%	15%	44%	79%
	2014	4.4	95%	2%	29%	19%
Mamushe	2011	3.2	98%	0%	0%	0%
	2012	4.6	76%	7%	67%	29%
	2013	9.5	100%	78%	95%	93%
	2014	5.1	85%	8%	67%	18%
Mitrovica	2011	3.4	54%	34%	16%	10%
	2012	4.3	78%	53%	14%	7%
	2013	5.2	74%	20%	34%	59%
	2014	4.6	57%	20%	30%	48%
Novo Brdo	2011	3	30%	30%	21%	10%
	2012	4.1	50%	13%	38%	38%
	2013	5.4	87%	17%	48%	43%
	2014	3.4	27%	18%	18%	41%

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Municipality	Year	Sub-Index Score: Labor & Business Support Services	Quality of general education & level of vocational training of available workers (% good or very good)	Quality of local labor satisfies all the needs of the firm (% yes)	Regulatory consulting services are available in municipality (% yes)	Range of business support services are available in municipality (% yes)
Obiliq	2011	2.9	48%	10%	6%	18%
	2012	6.7	92%	0%	93%	70%
	2013	4.4	29%	1%	73%	50%
	2014	5.7	15%	1%	95%	97%
Peja	2011	2.7	56%	13%	6%	4%
	2012	5.7	95%	20%	49%	46%
	2013	6	76%	44%	50%	44%
	2014	4.7	68%	3%	20%	68%
Podujeva	2011	7.7	94%	26%	92%	90%
	2012	8.5	99%	48%	100%	90%
	2013	8.3	51%	78%	98%	85%
	2014	5.7	82%	11%	62%	48%
Prishtina	2011	4.7	86%	46%	18%	14%
	2012	4.7	79%	38%	21%	26%
	2013	8.2	53%	63%	97%	98%
	2014	3.8	54%	14%	23%	27%
Prizren	2011	3	84%	1%	4%	0%
	2012	4.8	44%	30%	12%	64%
	2013	7.1	67%	43%	66%	90%
	2014	5.4	64%	26%	68%	32%
Rahovec	2011	5.7	33%	36%	68%	74%
	2012	6.2	93%	57%	24%	45%
	2013	5.9	89%	13%	28%	83%
	2014	7.5	84%	17%	95%	82%
Shterpce	2011	1.5	2%	0%	7%	10%
	2012	5.3	34%	36%	63%	57%
	2013	2.9	47%	13%	11%	14%
	2014	6.8	72%	19%	84%	74%
Shtime	2011	5.3	88%	37%	33%	33%
	2012	5.2	90%	31%	42%	27%
	2013	5.4	96%	13%	38%	46%
	2014	6.9	90%	9%	87%	66%
Skenderaj	2011	5	88%	5%	51%	36%
	2012	6	74%	22%	50%	75%
	2013	6.4	65%	22%	62%	89%
	2014	7.2	65%	17%	91%	95%
Suhareka	2011	4.2	91%	33%	9%	10%
	2012	7.2	87%	2%	90%	95%
	2013	6.8	80%	32%	73%	69%
	2014	7.9	79%	39%	91%	84%

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Municipality	Year	Sub-Index Score: Labor & Business Support Services	Quality of general education & level of vocational training of available workers (% good or very good)	Quality of local labor satisfies all the needs of the firm (% yes)	Regulatory consulting services are available in municipality (% yes)	Range of business support services are available in municipality (% yes)
Vitia	2011	2.8	53%	11%	6%	9%
	2012	2.6	72%	1%	0%	0%
	2013	4.6	94%	24%	20%	21%
	2014	7.0	92%	32%	74%	59%
Vushtrri	2011	2.5	23%	27%	12%	7%
	2012	6.1	82%	88%	31%	28%
	2013	6.3	86%	35%	54%	55%
	2014	8.1	93%	96%	57%	50%
L-ZP-Zvecan	2011	3.9	59%	22%	20%	29%
	2012	6.6	81%	21%	78%	68%
	2013	5.5	0.84	0.36	10%	0.62
	2014	7	81%	57%	39%	75%

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Municipality	Year	Sub-Index Score: Municipal Infrastructure	Quality of road maintenance & construction (% good or very good)	Quality of sanitation & waste-water services (% good or very good)	Service providers collect 100% of water fees from businesses (% frequently or always)	Average hours of water outage per month
Decan	2011	8.1	83%	65%	87%	21
	2012	8.3	82%	78%	77%	11
	2013	7	76%	76%	27%	15
	2014	7.4	66%	69%	43%	7
Dragash	2011	8.2	88%	93%	43%	6
	2012	7.6	86%	88%	47%	34
	2013	8.2	92%	90%	46%	10
	2014	8.2	85%	80%	54%	14
Ferizaj	2011	8.1	93%	89%	36%	3
	2012	6.8	76%	66%	39%	24
	2013	6.7	61%	78%	28%	17
	2014	6.2	79%	75%	8%	43
Fushe Kosova	2011	5.2	60%	76%	30%	88
	2012	3.9	21%	28%	5%	31
	2013	5.8	30%	50%	60%	33
	2014	3.4	12%	17%	3%	29
Gjakova	2011	6.3	70%	3%	63%	0
	2012	6.6	82%	71%	36%	16
	2013	7.5	84%	88%	18%	0
	2014	7.5	72%	84%	31%	8
Gjilan	2011	8.6	74%	89%	84%	13
	2012	7.7	70%	86%	51%	9
	2013	7.3	56%	80%	52%	9
	2014	8.1	76%	94%	54%	28
Glogovac	2011	4.8	42%	65%	32%	69
	2012	4.1	26%	40%	34%	71
	2013	5.9	61%	74%	27%	53
	2014	7.3	84%	93%	27%	41
Gracanica	2011	5.1	56%	38%	18%	33
	2012	9	90%	92%	84%	12
	2013	9.1	96%	68%	98%	7
	2014	2.3	6%	49%	1%	117
Hani i Elezit	2011	7.4	92%	86%	58%	14
	2012	7.7	88%	87%	27%	3
	2013	9.3	92%	93%	94%	15
	2014	6.1	78%	78%	6%	45
Istog	2011	9.1	97%	97%	76%	9
	2012	7.3	99%	79%	4%	1
	2013	5.7	65%	88%	3%	58
	2014	8.5	92%	74%	58%	9

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Municipality	Year	Sub-Index Score: Municipal Infrastructure	Quality of road maintenance & construction (% good or very good)	Quality of sanitation & waste-water services (% good or very good)	Service providers collect 100% of water fees from businesses (% frequently or always)	Average hours of water outage per month
Junik	2011	5.6	44%	47%	19%	9
	2012	8	98%	47%	50%	5
	2013	8.1	64%	69%	87%	5
	2014	8.3	95%	98%	25%	1
Kacanik	2011	8	80%	83%	55%	6
	2012	5.4	59%	69%	39%	79
	2013	7.4	88%	83%	50%	45
	2014	8.8	78%	82%	73%	7
Kamenica	2011	5.3	53%	56%	16%	41
	2012	8.6	61%	91%	91%	5
	2013	6.8	69%	82%	20%	13
	2014	7.2	28%	66%	72%	10
Klina	2011	5.8	61%	44%	48%	44
	2012	6.2	87%	77%	11%	44
	2013	5.6	61%	77%	9%	48
	2014	5.9	59%	64%	7%	16
Klllokot	2011	3.4	8%	16%	0%	22
	2012	4	41%	15%	4%	10
	2013	4.9	8%	54%	23%	8
	2014	3.1	15%	15%	0%	43
Lipjan	2011	6.3	79%	59%	13%	18
	2012	6.2	73%	72%	6%	23
	2013	8.5	79%	86%	76%	9
	2014	9.4	89%	90%	78%	4
Malisheva	2011	6.7	92%	80%	28%	44
	2012	7.6	74%	89%	40%	10
	2013	8.1	80%	93%	55%	19
	2014	6.9	87%	81%	6%	21
Mamushe	2011	5.3	93%	98%	0%	119
	2012	7.2	88%	90%	0%	3
	2013	6.2	32%	100%	5%	6
	2014	7.7	95%	92%	8%	1
Mitrovica	2011	7.1	29%	79%	91%	33
	2012	8	55%	67%	97%	7
	2013	7.2	55%	75%	56%	12
	2014	7.9	66%	67%	69%	16
Novo Brdo	2011	5.1	65%	60%	5%	48
	2012	6.4	69%	81%	6%	17
	2013	7	91%	91%	43%	72
	2014	5.7	55%	95%	23%	85
Obiliq	2011	4.8	38%	58%	7%	37
	2012	4.9	55%	37%	8%	30
	2013	6.7	87%	90%	1%	31
	2014	3.5	13%	17%	7%	30

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Municipality	Year	Sub-Index Score: Municipal Infrastructure	Quality of road maintenance & construction (% good or very good)	Quality of sanitation & waste-water services (% good or very good)	Service providers collect 100% of water fees from businesses (% frequently or always)	Average hours of water outage per month
Peja	2011	7.2	74%	83%	19%	1
	2012	8.1	54%	93%	71%	2
	2013	8.7	89%	82%	84%	20
	2014	7.7	80%	89%	35%	21
Podujeva	2011	7.8	87%	91%	34%	14
	2012	7.5	72%	91%	45%	24
	2013	4.8	6%	26%	78%	44
	2014	6.6	47%	73%	56%	49
Prishtina	2011	6.2	50%	71%	15%	8
	2012	5.2	34%	61%	19%	29
	2013	5.9	54%	69%	9%	17
	2014	5.9	67%	69%	30%	67
Prizren	2011	7.5	67%	91%	53%	25
	2012	6	73%	73%	50%	89
	2013	7.1	71%	66%	78%	52
	2014	6.6	76%	71%	18%	27
Rahovec	2011	5.3	66%	43%	39%	66
	2012	6.4	76%	77%	32%	56
	2013	6.4	86%	87%	28%	74
	2014	9.1	86%	87%	77%	12
Shterpce	2011	3.5	2%	2%	10%	4
	2012	5.6	38%	54%	15%	2
	2013	6.3	71%	55%	14%	5
	2014	9	78%	85%	80%	9
Shtime	2011	7	48%	73%	60%	14
	2012	7.8	90%	87%	30%	4
	2013	8.1	79%	73%	75%	14
	2014	6.8	78%	71%	19%	17
Skenderaj	2011	6.9	85%	85%	55%	66
	2012	6.5	76%	77%	50%	66
	2013	7.5	92%	84%	44%	40
	2014	7.9	84%	57%	73%	30
Suhareka	2011	8.2	93%	93%	54%	24
	2012	5.7	88%	65%	3%	55
	2013	7.3	68%	84%	51%	27
	2014	7	75%	73%	27%	21
Vitia	2011	6.5	71%	65%	20%	8
	2012	6.9	80%	66%	29%	10
	2013	5.1	15%	59%	25%	18
	2014	8.2	43%	87%	74%	1

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Municipality	Year	Sub-Index Score: Municipal Infrastructure	Quality of road maintenance & construction (% good or very good)	Quality of sanitation & waste-water services (% good or very good)	Service providers collect 100% of water fees from businesses (% frequently or always)	Average hours of water outage per month
Vushtrri	2011	2.7	20%	27%	19%	86
	2012	6.1	75%	79%	60%	87
	2013	4.7	73%	50%	42%	118
	2014	7.3	78%	85%	82%	103
L-ZP-Zvecan	2011	4.9	37%	49%	38%	46
	2012	4.3	47%	34%	0%	43
	2013	5	0.41	0.64	0	30
	2014	6.2	57%	69%	7%	9

Appendix 4: Business population and sample size by municipality

Municipality	Population (Sample frame) 2011	Newly Registered in 2012-2013 Population (Sample frame)	Percentage Sample	Sample Size	Response Rate
Ranillug	16	(nd)	0%	Population	54%
Novobërdë	20	67	0%	Population	73%
ZubinPotok	21	44	0%	Population	53%
Zveçan	26	51	0%	Population	69%
Partesh	27	(nd)	0%	Population	56%
Leposaviq	36	57	0%	Population	51%
Kllokot	39	(nd)	0%	Population	63%
Junik	75	(nd)	0%	Population	69%
Mamushë	94	(nd)	0%	Population	51%
Graçanicë	261	169	1%	95	66%
Shtërpce	163	133	0%	100	71%
Hanii Elezit	204	(nd)	0%	100	64%
Obiliq	340	158	1%	100	67%
Shtime	486	190	1%	100	69%
Dragash	555	139	1%	100	64%
Deçan	558	239	1%	100	61%
Malishevë	562	246	1%	100	69%
Skenderaj	684	366	2%	100	73%
Klinë	699	321	2%	100	63%
Istog	714	293	2%	100	65%
Kaçanik	725	285	2%	100	72%
Kamenicë	769	238	2%	100	66%
Glllogoc	888	399	2%	100	63%
Viti	892	528	2%	100	65%
Rahovec	971	423	2%	100	63%
FushëKosovë	978	496	2%	100	56%
Lipjan	1049	382	2%	100	65%
Suharekë	1223	443	3%	100	69%
Vushtrri	1240	451	3%	100	69%
Podujevë	1524	530	3%	100	70%
Mitrovicë	1893	805	4%	100	70%
Gjakovë	2968	833	6%	100	68%
Gjilan	2989	1108	6%	100	66%
Pejë	3277	916	7%	100	66%
Ferizaj	3705	1338	8%	100	59%
Prizren	4696	1411	10%	100	70%
Prishtinë	10494	4997	24%	150	75%
Total	45861	18104	100%	3052	65%

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