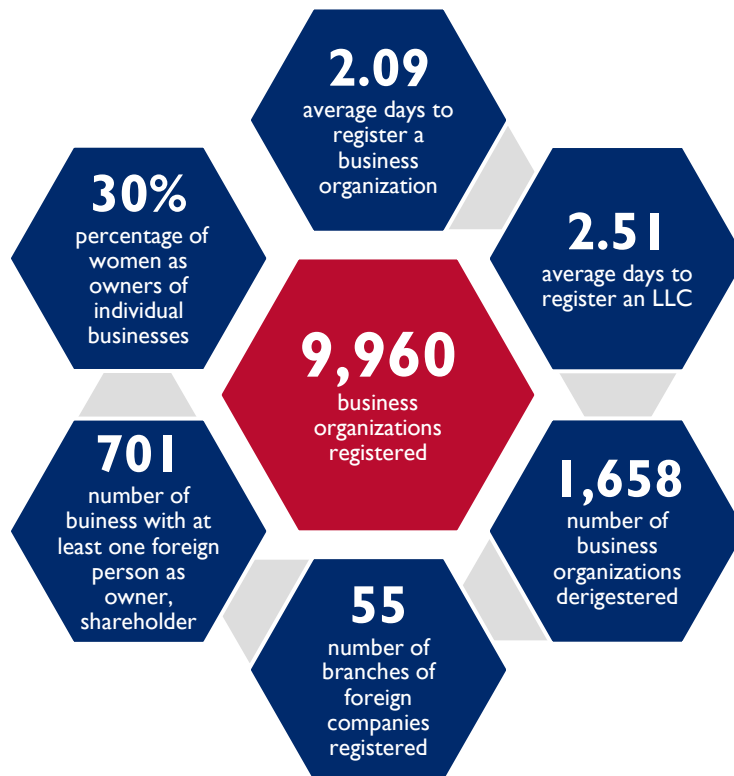




BASIC PERFORMANCE INDICATORS REPORT ON BUSINESS REGISTRATION IN KOSOVO FOR 2018



KOSOVO BUSINESS REGISTRATION AGENCY

JANUARY 2019

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I. INTRODUCTION

This report presents a summary of key reforms and basic performance indicators for 2018 regarding the process of business registration in Kosovo by the Kosovo Business Registration Agency (hereinafter "KBRA"). The report, as such, is prepared by KBRA team

The report contains information on a number of indicators related to the performance of KBRA, including:

- Time to register a business organization in general in Kosovo and for Limited Liabilities Companies, and by municipality;
- Number of business organizations registered and deregistered by legal form;
- Number of branches of foreign companies registered by country of origin;
- Number of businesses including at least one foreign owner, partner or shareholder, and the number of foreign persons as owners, partners or shareholders;
- Percentage of individual businesses by gender; and
- Percentage of partners or shareholders by gender in business organizations in Kosovo.

With the further advancement of the business registration process, including the efforts to functionalize full electronic registration, it is expected that the number of indicators and the quality of the data will be increased and reflected in subsequent reports.

During 2018, the lowest average of days for registration of business organizations was 1.86 days in June, while the highest was 2.36 days in January.

World Bank Doing Business 2019: Since 2012, Kosovo has improved its ranking by 86 places in the World Bank Doing Business Report. The 2019 Report confirms significant progress in the improvement of the business environment, ranking Kosovo in the 44th place in the world out of a total of 190 countries. Kosovo's improved performance this year was supported by the implementation of two business regulatory reforms in the areas of: construction permit and paying taxes. Kosovo made starting a business easier by simplifying the process of enrollment of employees as well as by implementing processes for regular performance measurements of business registration services. Kosovo ranked among the 13th most efficient countries in the world for starting a business.

Unique Number and Online Registration: KBRA continued cooperation with the Tax Administration of Kosovo (TAK) and Customs in order to fully functionalize the integrated system for registration of business organizations. As a result of this cooperation, in March 2017, KBRA in cooperation with TAK implemented the unification of the business registration number with the fiscal number in a single identification number. Also in this year KBRA has taken steps to provide business registration online. During 2018, 237 business organizations were registered online.

New Electronic Platform of business registration have been commissioned in July this year and is expected to finish by the end of the year. KBRA is expecting to start with the new software for business registration within the first month of 2019.

II. METHODOLOGY AND INDICATORS

This report analyzes data extracted from the KBRA registry of business organizations. According to the Law on Business Organizations, the process of registration of business organizations in Kosovo is a formal, administrative and informative act. Consequently, this report does not make any assumptions or provide any information on the number of business organizations which are active and operating in Kosovo, but it focuses mainly in measuring efficiency of KBRA and municipal registration centers in conducting business registration or deregistration procedures.

To obtain a clearer picture of the number, size and operational status of business organizations and other economic entities engaged in economic activity in Kosovo would require a more comprehensive effort involving other government institutions, primarily the Tax Administration of Kosovo and the Ministry of Public Administration.

For the purpose of this report, days have been calculated based on the measurement of work days. The comparison between the cumulative averages of days of the previous quarter (“old value”) with the cumulative averages of days of the current quarter (“new value”) is calculated using the percentage change formula¹.

According to the Law on Business Organizations and other applicable laws, KBRA currently registers the following forms of commercial companies: Individual Business, General Partnership, Limited Partnership, Limited Liability Company, Joint Stock Company, Branches of Foreign Companies and Agricultural Cooperative.

III. AVERAGE DAYS TO REGISTER A BUSINESS

Business organizations, as defined in the Law on Business Organizations are required to register at the KBRA central office in Pristina or in one of the 29 municipal business registration centers across Kosovo. This section of the report measures the number of days needed to register a business organization.

Chart I presents the total average of days, based on the registration of all legal forms of business organizations. While in recent years there has been a significant improvement in terms of reducing the time for the registration of business organizations (which includes all types of business organizations), it should be emphasized that some types of business organizations have seen much more noticeable improvements than the average presented below in the chart. For example, the time to register an Individual Business is significantly shorter than the time to register a Joint Stock Company.

The cumulative average of days for registration of all business organizations for 2018 is 2.09 days compared with 2017 there is slight increase from 1.96 days. The lowest average of days was in July with 1.88 days, whereas the highest in February with 2.43 days.

¹ $\text{New value (V2)} - \text{Old value (V1)} \div \text{Old value (V1)} \times 100\% = \text{Percentage change}$

Chart 1: Average days to register a business organization, 2017 – 2018:

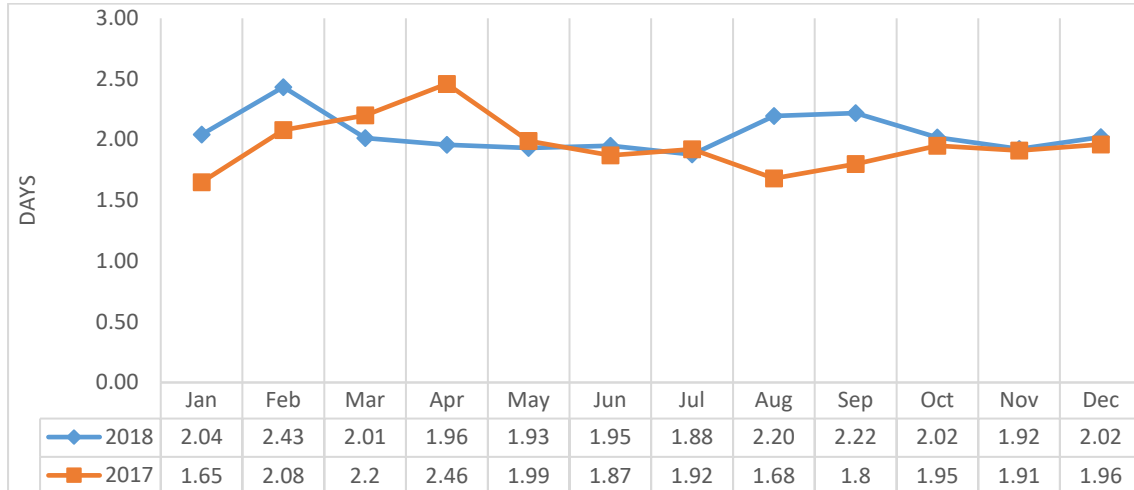
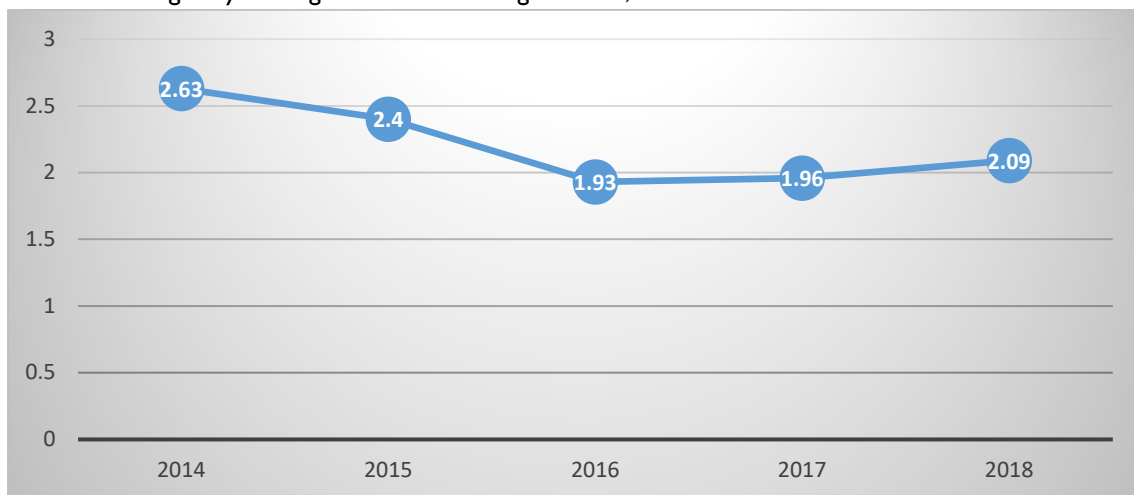


Chart 2 shows the cumulative average for 2014, 2015, 2016, 2017 and 2018. During these five years a downward trend is notable, especially in 2016 and 2017 where the average has been below 2 days, however in 2018 there is an increase to just above 2 days, this is due the higher number of businesses registered from 9,335 businesses last year to 9,960 businesses in 2018.

After analyzing the data, KBRA has learned that cases which take more than 30 days to register have characteristics that differentiate them from other cases. For example, one reason why a case would take more than 30 days is that the party that filed the case did not submit all the required documentation. This has caused delays in completing the case as KBRA waited for the party to submit the rest of the documents. Consequently, for more accurate reporting purposes, the calculation of the cumulative average of days excludes cases that exceed 30 days. For example, the number of such cases in 2018 is 7 out of a total of 9,960 registered business organizations.

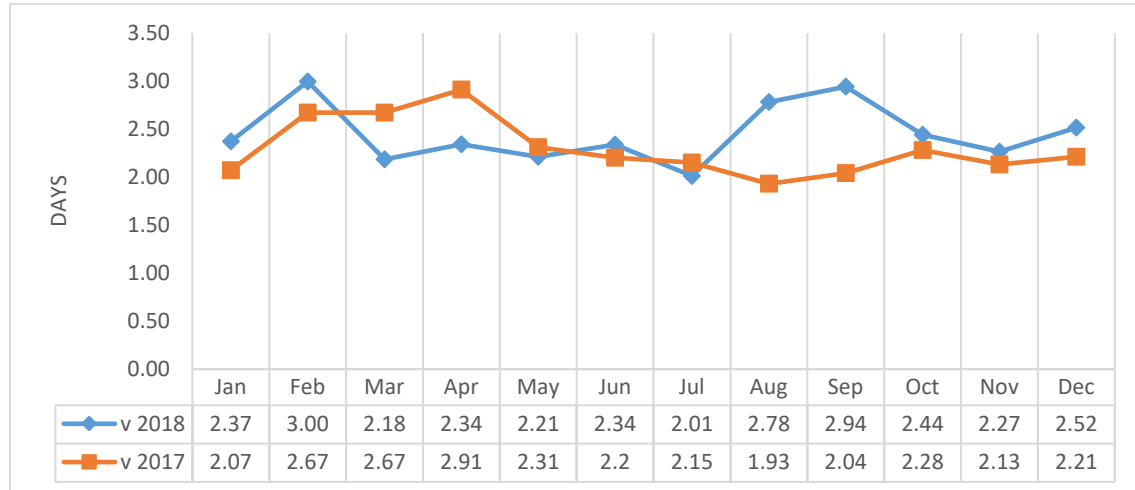
Chart 2: Average days to register a business organization, 2014 - 2018:



IV. AVERAGE DAYS TO REGISTER AN LLC

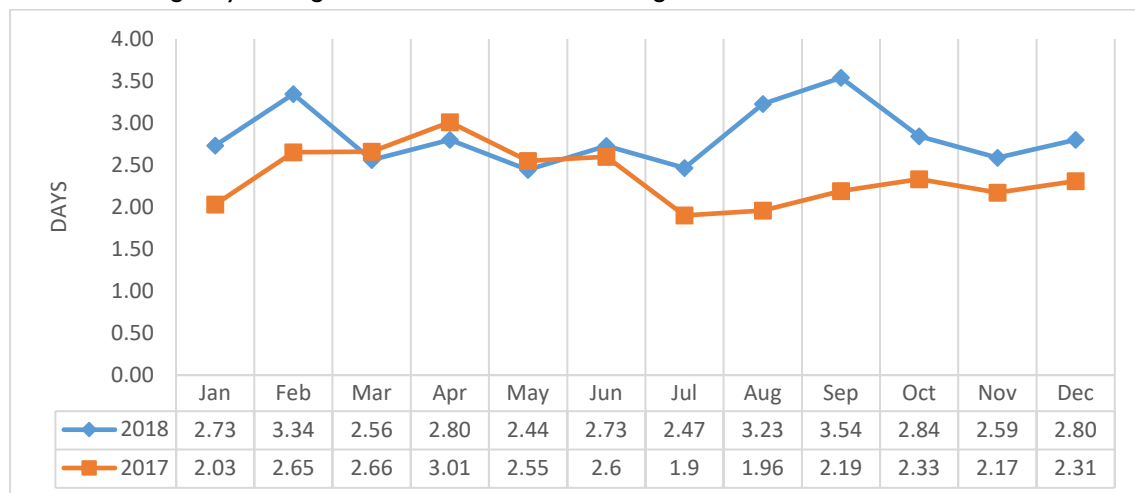
This section of the report analyzes the time for registration of a Limited Liability Company (LLC). The cumulative average of days for registration of LLCs in 2017 was 2.30 days, which when compared to 2018 when the cumulative average of days increased to 2.44 days, represents a drop in performance of 6.08% for this year.

Chart 3: Average days to register an LLC, 2017 - 2018:



The cumulative average of days for registration of LLCs in Prishtina in 2018 is 2.83 days, which when compared to 2017 when the cumulative average of days was 2.36 days, represents a drop in performance of 19.91% for this year.

Chart 4: Average days to register an LLC at the business registration center in Prishtina, 2017 - 2018:



V. BUSINESS REGISTRATION TIME BY REGISTRATION CENTER

Table I below shows the average number of days to register a business organization by municipal business registration center for 2018. The table displayed below includes 29 municipal business registration centers and the KBRA central office in Pristina.

The separation by registration centers is created based on the data of registered addresses of business organizations. For example, if a business has a registered address in Gjilan, it is assumed that the business registered at the registration center in Gjilan, even though it is possible that this business had registered at the main KBRA registration center in Pristina. The reason for this is because KBRA currently has a unified system of registering business organizations which includes data for business organizations registered in the entire territory of Kosovo and not by registration center.

Table I: Average days to register a business organization by municipal business registration center, 2018:

Registration Center	January	February	March	April	May	June	July	August	September	October	November	December	Average	No. of Cases
NovoBërdë	4.33	1.00	2.00	1.22	2.00	6.00	20.00		1.88	1.00	1.00	1.43	2.72	39
Shtërpce	2.20	2.40	1.00	1.75	1.33	1.00	5.67	24.50	3.00	1.67	2.25	2.00	3.33	39
Hani i Elezit	1.63	2.25	1.33	1.75	1.75	1.00	2.00	1.25	2.50	1.00	1.67	2.33	1.71	41
Dragash	1.75	1.50	1.00	1.17	2.00	1.25	1.00	13.20	1.00	2.00	1.75	1.33	2.46	59
Obiliq	2.00	2.43	2.20	1.33	1.38	2.13	1.70	1.50	2.38	1.33	3.00	2.29	1.93	84
Kaçanik	1.57	3.00	1.50	1.45	1.71	1.50	2.73	1.00	1.57	1.50	1.50	4.00	1.76	90
Graçanicë	10.57	3.50	1.75	2.11	2.00	1.20	1.89	1.67	2.71	2.75	1.80	3.00	2.89	96
Shtime	2.10	2.55	1.53	2.56	1.42	2.00	3.00	1.64	2.67	1.50	3.00	1.91	2.05	120
Deçan	2.41	1.70	2.00	1.88	1.25	1.25	1.50	1.83	2.00	1.29	2.50	3.50	1.57	133
Kamenicë	1.93	1.71	2.56	1.06	1.75	1.17	1.33	1.14	1.36	1.20	1.83	1.29	1.93	144
Klinë	1.53	1.60	1.67	1.17	2.00	1.92	2.13	3.63	2.07	1.53	1.33	4.36	2.01	145
Skenderaj	1.67	2.91	1.37	1.46	2.31	1.40	2.00	8.00	1.83	1.62	1.86	1.16	2.01	147
Malishevë	1.56	1.60	1.40	1.91	3.56	1.75	1.44	1.29	1.86	2.61	1.30	1.57	1.95	148
Istog	1.53	1.45	1.86	1.21	1.30	1.18	1.36	1.50	1.80	1.77	1.25	1.85	1.51	173
Glllogoc	4.30	1.77	1.50	2.42	1.73	1.29	1.27	1.00	1.33	1.61	1.30	1.60	1.93	177
North Mitrovica	7.33	2.19	3.13	1.25	1.88	1.25	1.69	1.41	1.43	1.77	4.92	2.00	2.23	194
Viti	1.57	2.92	1.54	1.57	1.65	1.25	1.84	1.55	1.87	1.65	2.00	1.88	1.76	196
Rahovec	1.25	1.55	1.70	1.52	1.40	1.50	2.14	1.20	3.86	2.72	4.31	2.33	2.11	197
Lipjan	3.00	1.95	1.47	1.80	1.87	1.25	1.27	1.27	2.08	2.48	1.80	2.92	1.96	217
Suhareka	1.75	2.08	1.83	1.52	1.59	1.44	2.24	1.33	1.00	1.35	1.10	1.47	1.62	226
Vushtrri	2.50	2.03	2.05	1.48	2.03	2.21	1.90	2.29	1.96	1.88	1.56	1.66	1.94	277
Podujevë	1.58	1.53	2.00	1.40	1.33	1.55	1.38	1.30	1.32	1.42	1.85	1.20	1.44	301
Fushë Kosovë	2.81	2.92	2.18	1.86	2.14	1.95	2.12	3.23	2.62	2.20	2.05	2.28	2.36	367
Gjakovë	1.73	2.15	1.98	1.97	1.80	1.53	1.43	1.81	1.69	1.69	1.92	1.29	1.75	386
Mitrovicë	2.03	1.50	2.00	1.65	1.79	1.59	1.78	1.88	1.75	1.38	1.40	1.46	1.68	387
Pejë	1.39	1.70	1.57	1.48	1.54	1.80	1.82	1.49	1.94	1.49	1.47	1.36	1.58	540
Gjilan	2.00	2.12	1.63	1.45	1.51	1.68	1.58	1.67	1.73	1.37	1.92	2.54	1.73	556
Prizren	1.42	1.96	1.62	1.36	1.58	1.73	1.29	1.22	1.49	1.61	1.60	1.63	1.55	779
Ferizaj	2.25	2.24	1.98	1.76	1.77	1.85	2.22	1.77	2.08	1.81	1.43	1.46	1.90	845
Pristinë	2.84	3.13	2.79	2.87	2.72	2.42	2.28	2.89	3.14	2.64	2.47	2.57	2.73	2,857
Total	2.36	2.34	2.08	1.92	1.95	1.86	1.96	2.31	2.22	2.01	2.05	2.02	2.09	9,960

*Red color presents a high average of days for registration of a business organization.

*Green color presents a low average of days for registration of a business organization.

VI. REGISTRATION AND DEREGISTRATION BY LEGAL FORM OF BUSINESS ORGANIZATION

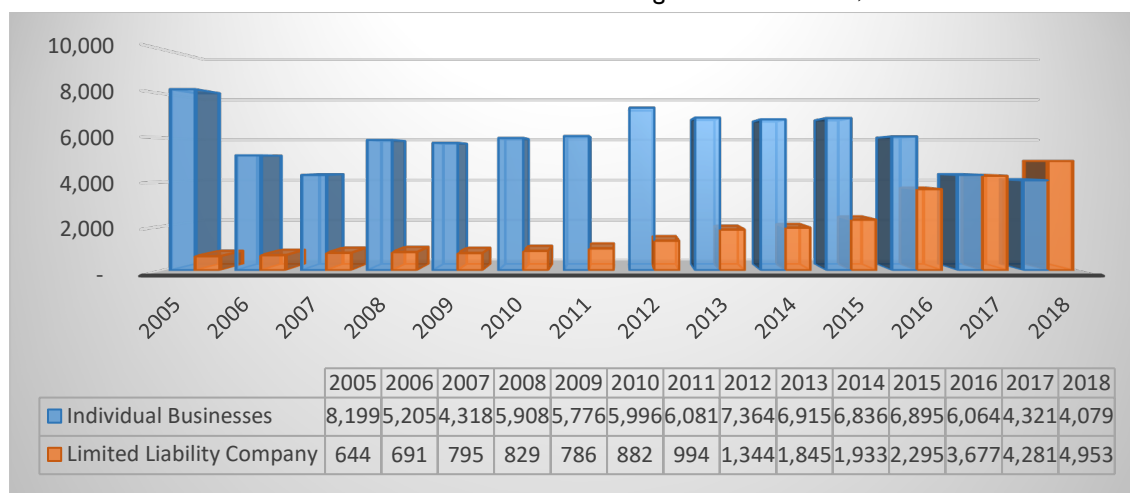
Table 2 below presents the number of registered and deregistered business organizations by legal form of business organizations and by month of registration for 2018. The table shows that the most registered legal form of business organization in 2018 was the Limited Liability Company, followed by the Individual Business. With regards to the most deregistered business organization, it is the Individual Business that leads.

Table 2: Number of business organizations registered and deregistered by legal form, 2018:

	Month	Individual Business	General Partnership	Limited Partnership	Limited Liability Company	Joint Stock Company	Branch of Foreign Company	Agricultural Cooperative	Social Enterprise	Total
Business Organizations Registered	Jan	360	3		473	3	2			841
	Feb	413	3		443	2	3			864
	Mar	335			544	1	2	2		884
	Apr	431	1	1	504	2	8			947
	May	492			503	3	9			1,007
	Jun	308	3		390	3	4	1		709
	Jul	329	1		439	2	8	1		780
	Aug	306			370	1	6		1	684
	Sep	406	1		380		2	1	1	791
	Oct	404	1		525	5	3	2	1	941
	Nov	294			383		3			680
	Dec	424			402	1	5			832
Total	4,502	13	1	5,356	23	55	7	3	9,960	
Business Organizations Deregistered	Jan	107	2		19		3			131
	Feb	153	3		16					172
	Mar	163	3		15		2			183
	Apr	94	5		11		4			114
	May	151	1		14		1			167
	Jun	118	3		9					130
	Jul	122	6		11	1	2			142
	Aug	93	2		9		1			105
	Sep	73	1		16	1				91
	Oct	130	2	1	18		1			152
	Nov	93	2		16		1			112
	Dec	140	1		16		2			159
Total	1,437	31	1	170	2	17	0	0	1,658	

While during the period before 2018 (2005 - 2017) the most registered form was the Individual Business, in 2018, as noted below, the highest form of registration was LLCs – this as a result of the simplification of procedures for registration and raised awareness among businesses.

Chart 5: Total number of Individual Businesses and LLCs registered in Kosovo, 2005 - 2018:



*Calculation in this chart uses 2004 as the initial year because of data accuracy.

VII. REGISTRATION OF BRANCHES OF FOREIGN COMPANIES BY COUNTRY OF ORIGIN

Based on the Law on Business Organizations, a foreign company is defined as any business organization that has been duly established and is currently validly existing under the law of a jurisdiction outside Kosovo and which may engage in business activities in Kosovo through the registration of a branch in Kosovo at KBRA. Table 3 shows the total number of branches of foreign companies registered in 2018.

Table 3: Branches of foreign companies registered in Kosovo by country of origin, 2017 - 2018:

Country of origin of foreign companies	Branches of foreign companies 2017	Branches of foreign companies 2018
Albania	10	15
Switzerland	7	6
Turkey	7	10
Croatia	2	2
Macedonia	6	1
Switzerland		6
Italy	4	2
Serbia		3
Germany	3	4
USA	2	1
(other countries)	5	5
Total	46	55

VIII. NUMBER OF BUSINESS ORGANIZATIONS INCLUDING AT LEAST ONE FOREIGN OWNER, PARTNER OR SHAREHOLDER

The data in Table 4 present the number of business organizations which include at least one foreign owner, partner or shareholder. During 2018 a total of 9,960 business organizations were registered, from which 701 have one foreign natural or legal person as owner, partner or shareholder. This number does not include branches of foreign companies, which are presented in Table 3.

Table 4: Number of business organizations including at least one foreign owner, partner or shareholder, 2017 - 2018:

Year	Individual Businesses	General Partnership	Limited Partnership	Limited Liability Company	Joint Stock Company	Agricultural Cooperative	Total
2017	126	14	-	574	7	-	721
2018	105	8	1	578	9	-	701

*The data presented in the table does not include the percentage of capital of foreign persons. The purpose of this table is to present the participation of foreign persons as owners, partners or shareholders in business organizations in Kosovo.

*This number does not include branches of foreign companies, which are presented in Table 3.

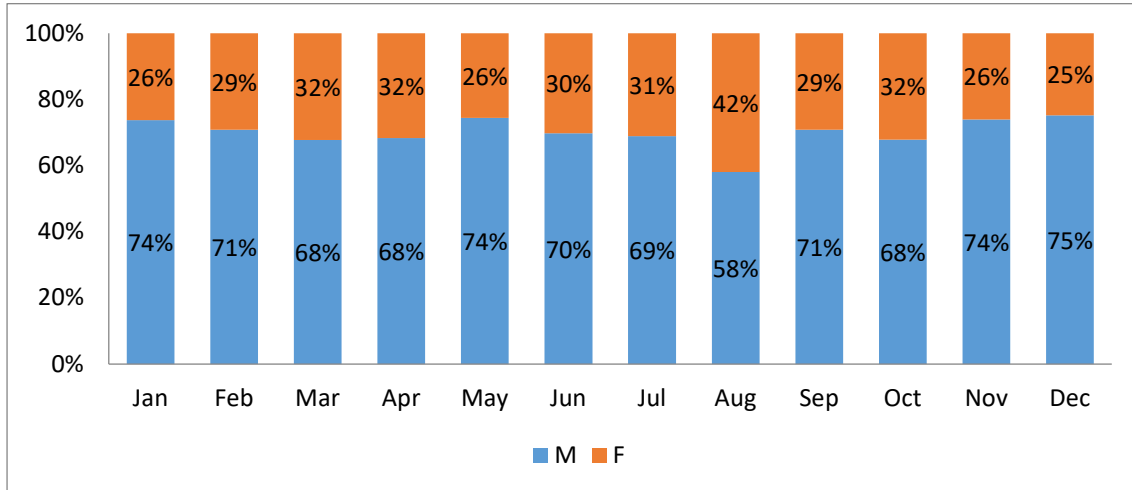
From 9,960 business organizations registered during this period in Kosovo, the total number of foreign persons as owners, partners or shareholders is 937 (which implies that there is more than one foreign person as owner, partner or shareholder in one business organization).

As shown in Table 4, the most registered legal form of business organization among foreign persons is the LLC.

IX. REGISTRATION OF BUSINESS ORGANIZATIONS BY GENDER

The data in Chart 6 and 8 present the gender participation in business organizations registered during 2018. Due to the nature of different legal forms of business organizations, the data below are presented separately for individual businesses, which are sole proprietorships and are usually small businesses, and separately for other legal forms of business organizations where owners participate as partners or shareholders.

Chart 6: Percentage of individual businesses by gender, 2018:



Although women's participation as owners of individual businesses is still relatively low, the data show an increasing trend of their participation, the annual average has increased from 25% in 2016 to 28% in 2017 to 30% in 2018.

Chart 7: Annual cumulative average of the percentage of individual businesses by gender, 2017 - 2018:

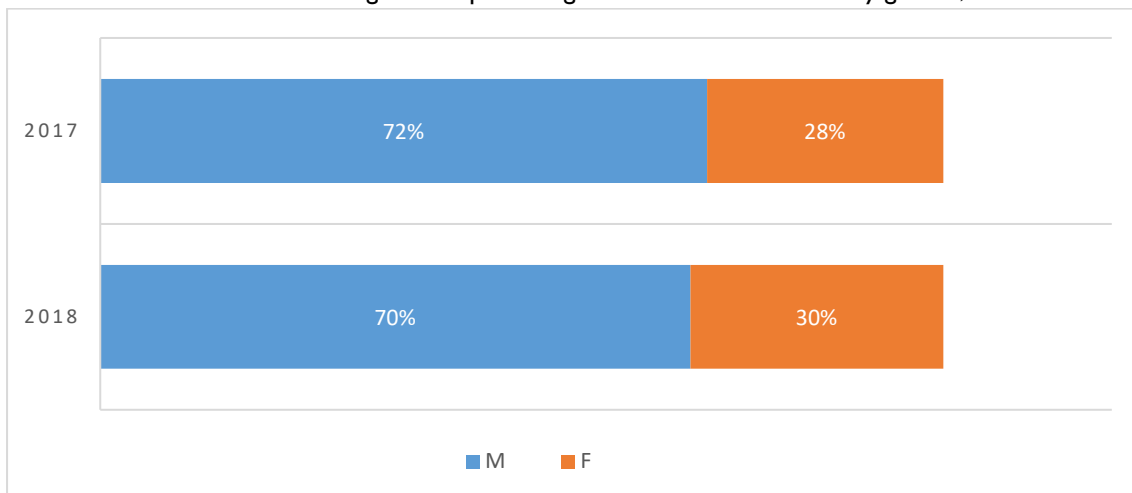
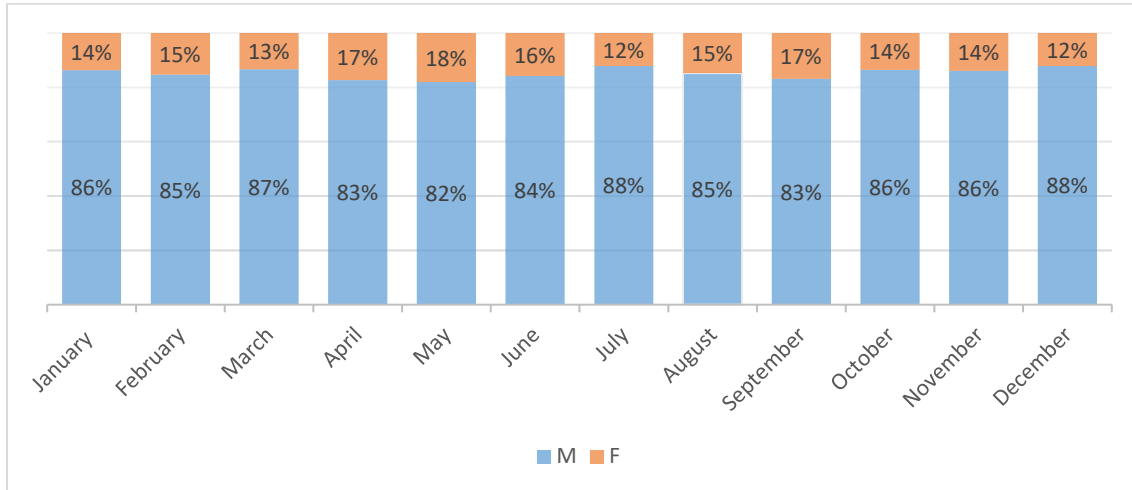


Chart 8 shows the percentage of partners or shareholders of business organizations by gender registered during 2018, excluding individual businesses and branches of foreign companies.

Chart 8: Percentage of partners and shareholders by gender, 2018:



Women's participation as partners or shareholders is still relatively low. If we compare 2017 to 2018, we can see that the annual average has remained unchanged in the last two years.

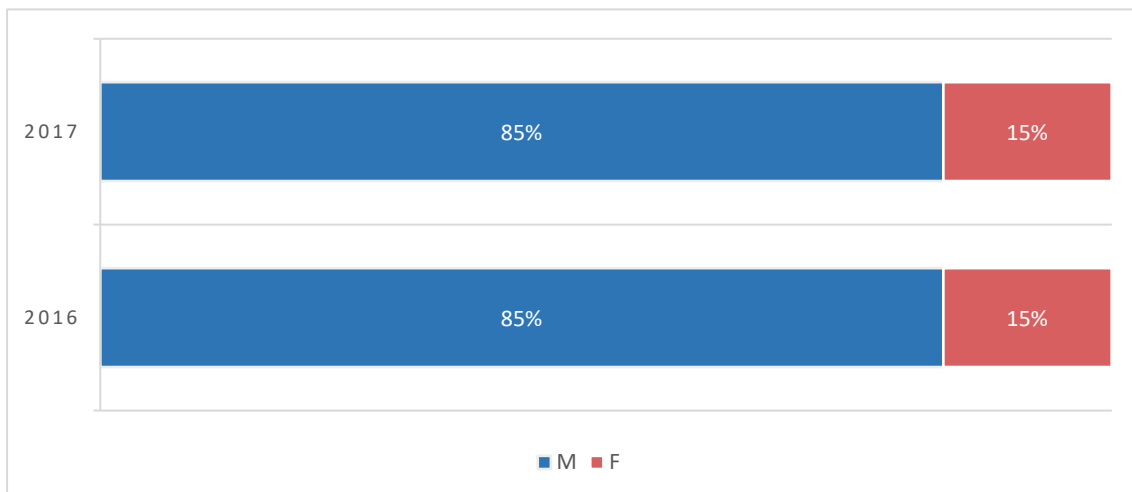


Chart 9: Annual cumulative average of the percentage of partners and shareholders by gender, 2017 - 2018

X. CONCLUSION

Taken as a whole, the report reflects the performance of KBRA and registration centers in Kosovo, in the context of the average time for registering a business organization. From these data, it can be seen that the good trend of performance continued even in 2018. In addition, there were encouraging trends in terms of gender-related business registration data, foreign investors, etc.

The Ministry of Trade and Industry, in order to further improve the efficiency of registration at KBRA, undertook these actions:

- Initiated development, institutionalization, and regular use of performance metrics drawing on official registration data to monitor the time across municipal registration centers for processing of registration applications and identifying best performers and most improved ones;
- Increased focus on ensuring compliance with the Law on Business Organizations which is currently in the process of editing and amending;

The publication of regular performance measurement reports prepared and published by the KBRA serve as an informative tool for further process improvements.

QUICK FACTS RELATED TO BUSINESS REGISTRATION IN KOSOVO

Below is a quick summary of the data presented in the Basic Performance Indicators Report on Business Registration in Kosovo for 2018.

This report and summary were prepared by the Kosovo Business Registration Agency (KBRA) team.

These data present various figures, ranging from the average days for registration of a business organization to the number of business organizations including at least one foreign person as owner, partner or shareholder.

SUMMARY FOR THE PERIOD FOR ACTIVE BUSINESSES 1999 – 2018

