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Ministry of Local Government Administration

**REPORT ON THE IMPLEMENTATION OF THE
NATIONAL PROGRAM FOR LOCAL ECONOMIC
DEVELOPMENT**

2030

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List of abbreviations

NPLED	National Program for Local Economic Development
NDP	National Development Plan
NRDP	National Rural Development Plan
MLGA	Ministry of Local Government Administration
RDP	Rural Development Program
MDP	Municipal Development Plan
CH	Cultural Heritage
ISA	Information Society Agency
OSCE	Organization for Security and Cooperation in Europe
KPA	Kosovo Privatization Agency
MIET	Ministry of Industry, Entrepreneurship and Trade
MAFRD	Ministry of Agriculture, Forestry and Rural Development
GIZ	German Society for International Cooperation
DATS	Department of Advisory and Technical Services
MIAC	Municipal Information and Advisory Centers
ME	Ministry of Economy
MCYS	Ministry of Culture, Youth and Sports
IT	Information Technology
MFLT	Ministry of Finance, Labor and Transfers
MESTI	Ministry of Education, Science, Technology and Innovation
ALMM	Active Labor Market Measures
PIU	Project Implementation Unit
EBRD	European Bank for Reconstruction and Development
MRWSC	Mitrovica Regional Water Supply Company
WTP	Wastewater Treatment Plant
LuxDev	Luxembourg Agency for Development Cooperation
KIESA	Kosovo Investment and Enterprise Support Agency
MSME	Micro, Small and Medium Enterprises
MPMS	Municipal Performance Management System
MZM	Municipal Zoning Map
KIPA	Kosovo Institute for Public Administration
LALRP	Land Acquisition and Livelihood Restoration Plan
EARK	Employment Agency of the Republic of Kosovo
VTC	Vocational Training Centers
EIB	European Investment Bank

WBF	Western Balkans Fund
SECO	Swiss State Secretariat for Economic Affairs

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I. INTRODUCTION

The National Program for Local Economic Development 2030 aims to figure out the strategic orientations arising from the National Development Strategy and Plan and relevant sectoral strategies. It mainly focuses on economic issues that affect the vast majority of municipalities, but at the same time also addresses issues that belong to the central level, such as those that have a direct impact on local economic development.

Despite the good regulatory basis and the efforts made over the years, most municipalities of Kosovo still do not have quality planning for local economic development and are challenged with problems of various natures. Some of the problems are lack of investments, skills mismatch in the labor market, lack of financial sustainability and limited cooperation. This program serves as a basis for municipalities to draft their economic development strategies in accordance with the economic strategic framework drafted at the national level. This document was approved by the Government of the Republic of Kosovo with Decision 14/165 dated 12.10.2023.

In accordance with the National Program for Local Economic Development 2030 and with the aim of regularly monitoring the implementation of this program, the MLGA has established the Implementation Committee for the 2030 National Program for Local Economic Development to ensure sound and effective coordination between institutions during implementation. Municipalities are represented through the Collegium for Local Economic Development.

The purpose of this report is to monitor the process of implementing the measures arising from this program and to define the steps to realize the obligations pledged by the institutions of the Republic of Kosovo to advance local economic development in the country.

Monitoring data is collected on an annual basis. Based on these data, regular progress reports are prepared to reflect the level of implementation of this document.

The National Program for Local Economic Development 2030 has foreseen four main objectives:

1. **Strategic Objective 1** – Competitive local economy;
2. **Strategic Objective 2** – Inclusive employment;
3. **Strategic Objective 3** – Improved local infrastructure;
4. **Strategic Objective** - Effective and cooperative economic governance.

II. EXECUTIVE SUMMARY

The report is based on 72 measures, of which 10 are the responsibility of central level institutions, 27 of them are joint, meaning they belong to both the central and local levels, and 35 measures are the responsibility of the local level, which they must address through their local economic development strategies, for which the Ministry of Local Government Administration has requested concrete actions from the representative institutions in the committee.

In this period, within the framework of the first strategic objective "**Competitive local economy**", cooperation with the local level has increased to promote and support foreign investors to make investments in Kosovo municipalities. The construction of industrial parks in the municipalities of Drenas, Lipjan, Mitrovica and Podujeva has begun in the amount of 7.2 million Euros. The Rural Development Program has been designed with a budget of 24.6 million. About €74,447,392.00 have been allocated to support or subsidize farmers, and informative advice has been provided on applying for subsidies and grants. The Government has approved a concept document for agricultural cooperatives and the Law on Agricultural Cooperatives has been finalized. In support of agricultural production, trainings have been conducted to increase skills for sustainable and efficient cultivation. A draft administrative instruction for the State Brand and Symbol of Kosovo Tourism has also been drafted, which is also foreseen by the Law on Tourism. Meanwhile, in Cultural Heritage (CH), investments were made in 78 capital projects worth €6,499,684.61.

The Ministry of Local Government Administration (MLGA), in cooperation with the Information Society Agency (ISA) and the Organization for Security and Co-operation in Europe (OSCE), has organized a dedicated training for municipal officials focused on the use and application of the e-Municipality platform as a key tool for the digitalization of municipal services. This initiative contributes to the streamlining of administrative processes and improves the quality, transparency, and accessibility of services for citizens.

In accordance with the second objective of the strategy "**Inclusive Employment**", 16 professional profiles have been designed and are in the dual education system, which are being implemented in vocational schools and vocational skills centers in the Republic of Kosovo.

These profiles have been developed based on labor market analyses and the needs of priority economic sectors, in cooperation with relevant labor market stakeholders, including businesses,

chambers of commerce and social partners. The curricula are structured according to the dual education model, integrating theoretical learning in educational institutions with practical learning in enterprises.

During 2025, within the framework of Active Labor Market Measures (ALMM), 1,287 women and 1,446 young people aged 15–29 have benefited.

Special focus has also been given to the advancement of local infrastructure based on the third objective of the program "**Improved local infrastructure**" where the development of local infrastructure, in addition to the impact on improving the lives of citizens, plays a crucial role in economic growth. In this regard, the following projects are in the process of implementation: "Construction of a regional wastewater treatment plant for Pristina, Fushe Kosove, Obiliq and Gracanica", "Construction of a wastewater treatment plant in Mitrovica (South Mitrovica, North Mitrovica, Vushtrri, Zvecan)", "Construction of a wastewater treatment plant in Gjilan".

During 2025, energy efficiency measures were implemented in 17 public buildings owned by six municipalities (Istog, Suhareka, Podujeva, Lipjan, Shtime and Viti), with a total investment value of €3,727,801.00. The projects are currently in the inauguration phase of public buildings. Overall, the implemented measures are expected to generate annual energy savings of 5,416 MWh and contribute to the reduction of CO₂ emissions of around 522 tons per year, improving energy use in the public sector and supporting the objectives for sustainable energy management. Based on objective four of the strategy "**Effective and cooperative economic governance**", a population census was carried out in 2024, which was also reflected in the change in the financing of municipalities for 2025.

In implementing the measures for which municipalities are responsible based on Chapter 8, Implementation, monitoring, reporting and evaluation-The implementation of the NPLED 2030 will be carried out through local economic development strategies and their action plans drafted by municipalities, as well as through the institutional plans of the ministries. The status of municipal Local Economic Development strategies is: 7 municipalities have drafted a local economic development strategy: Prizren, Klina, Lipjan, Skenderaj, Drenas, Ferizaj, Kamenica; 8 municipalities are in the process of drafting a local economic development strategy: Decan, Suhareka, Fushe Kosova, Gjilan, Gracanica, Kacanik, Junik, Rahovec; 2 municipalities that have valid strategies but have not harmonized them with the NPLED are: Shtime and Hani i Elezit; 20 municipalities do not have local economic development strategies: Dragash, Mamusha, Peja, Istog, Novo Brdo, North Mitrovica, Zvecan, Zubin Potok, Leposaviq, Gjakova, Prishtina, South Mitrovica, Vushtrri, Malisheva, Obiliq, Klllokot, Ranillug, Shterpca, Partesh, Podujeva.

III. IMPLEMENTATION OF MEASURES OF THE NATIONAL PROGRAM FOR LOCAL ECONOMIC DEVELOPMENT 2030

STRATEGIC OBJECTIVE 1 – COMPETITIVE LOCAL ECONOMY

Specific objective 1.1 - Increasing investments in areas with potential for local economic development

1.1.1. Drafting economic profiles and other promotional materials of municipalities showing investment potentials - The municipalities of the Republic of Kosovo have undertaken the initiative to draft economic profiles. In this reporting period, these profiles were drafted by: Istog, Hani i Elezit, Podujeva, Gjilan and Drenas. Also, the Ministry of Regional Development in cooperation with the Kosovo Institute for Local Governance have prepared promotional materials for monitoring municipal performance as part of the green agenda of the initiative "Local and regional initiatives for sustainable development"

1.1.2. Building human resources within municipalities to promote investments - The Ministry of Local Government Administration, with the support of the OSCE, held a meeting with representatives of municipalities regarding the process of managing capital projects financed by MLGA programs, with the aim of improving management and benefiting from new investments.

1.1.3. Building municipal capacities to access development funds - The Ministry of Regional Development in cooperation with the Kosovo Institute for Local Governance have trained participating officials from 7 municipalities: Fushe Kosova, Drenas, Gracanica, Lipjan, Obiliq, Prishtina, Podujeva, on accessing development funds with the initiative "Local and regional initiatives for sustainable development".

1.1.4. Property tax incentives to stimulate investments of a more strategic nature - There have been no changes to this measure during 2025. The new Law on Property Tax is currently being drafted, within which it is expected to examine the possibilities for including facilities that could contribute to stimulating investments of a strategic nature.

1.1.5. The best classification of municipal property for allocation for use - The Ministry of Local Government Administration has begun drafting the Draft Law on the Allocation and Exchange of Municipal Immovable Property, which will address the challenges identified in the implementation of the current Law regarding the process of allocating municipal property for use.

1.1.6. Simplification of procedures for transferring property from the KPA to municipalities - There is no activity in this reporting period, but since the NPLED has an implementation deadline until 2030, this measure is expected to be implemented within the timeframe planned in the program.

1.1.7. Simplifying procedures for promoting public-private partnership initiatives - There is no activity in this reporting period, but since the NPLED has an implementation deadline until 2030, this measure is expected to be implemented within the timeframe planned in the program.

1.1.8. Creating the opportunity for municipalities to provide credit guarantees to enterprises, so as to improve their access to finance - There is no activity in this reporting period, but since the NPLED has an implementation deadline until 2030, this measure is expected to be implemented within the timeframe planned in the program.

1.1.9. Creation of specialized industrial parks with environmentally friendly features - The Ministry of Industry, Entrepreneurship and Trade has taken actions regarding the functionalization of the parks as follows: For the General Industrial Park in Drenas 2, with an area of 36.5 hectares, the Economic Operator has been contracted for the construction of the park and works have begun.

In the Industrial Park in Qylaga, Lipjan, work has continued towards the finalization of Phase IV of the construction of the physical infrastructure, with a value of €600,000.00. Currently, the next phase for the further construction of the infrastructure of this park is in the preparation phase, for which additional funds worth over €2 million have been allocated. For the Industrial Park in Frasher, Mitrovica, a cooperation agreement has been signed with the Municipality of Mitrovica and funds worth €1.1 million have been allocated. An agreement has also been signed with the Municipality of Podujeva and funds worth €3.5 million have been allocated for the period 2024–2026, for the construction of the physical infrastructure of the park.

Specific objective 1.2 - Increasing agricultural productivity and promoting local tourism

In order to implement the measure **1.2.1. Providing grants for agricultural equipment conditional on the merging of parcels** - The Ministry of Agriculture, Forestry and Rural Development, within the framework of the National Rural Development Program 2023-2027 (Grants-2024), has foreseen an indicative budget for the implementation of this Program of around € 24.627 million. This Program foresees the provision of investment support in the agro-rural sector through these measures: - Measure 1: Investments in physical assets and household economy; - Measure 3: Investments in processing and marketing of agricultural products; - Measure 5: Implementation of local development strategies (LEADER approach); - Measure 7: Farm diversification and business development (implemented by GIZ with around €10 million). The program for 2024 has foreseen an investment of around €19,627 million, for which 1072 applicants have applied, while around 463 farmers have benefited from grants with a total value of €14,419,394.54, evaluated and selected for implementation during 2025. The beneficiaries have benefited from grants for sectors such as fruit growing, vegetable growing, livestock farming, milk and meat processing, as well as the construction

of agricultural infrastructure. Meanwhile, for the same measures, the RDP for 2025 has foreseen an investment budget of over €26 million, which is expected to be implemented throughout 2026.

Implementation of the measure **1.2.2. Increasing direct subsidies in agriculture with more simplified procedures** - NRDP 2023-2027, which is implemented through RDP 2024, foresees the provision of support to agricultural economies according to the following measures: - Measure 1: Investments in physical assets of agricultural economies; - Measure 3: Investments in physical assets in the processing and marketing of agricultural products; whereas Measure 5: Implementation of local development strategies - "Leader" approach and the Measure "Support for risk management measures in agriculture (Agricultural insurance) remains that farmers will be notified in the future.

Therefore, in support of the call through simplified procedures, over 33,731 farmers from different sectors have applied for direct support under the support measures. Of this number, 32,090 farmers for various agricultural crops have benefited, while 1,641 applicants have been rejected. All farmers through the Agricultural Development Agency have support in the amount of €74,447,392.00.

Measure **1.2.3 Providing support for the formation of modern agricultural cooperatives with a special focus on women owners** - The implementation of this measure has been limited due to the lack of supporting legislation, which has made it impossible to provide direct support for the formation and functioning of modern agricultural cooperatives, including those with a special focus on women owners. As part of the developments for the implementation of this measure, MAFRD has issued the Draft Law on Agricultural Cooperatives and their draft statutes, based on the Concept Document on Agricultural Cooperatives, approved by the Government of the Republic of Kosovo on 30 April 2025. The Draft Law has passed all stages of public discussions, including the analysis of the comments received. The Draft Law has been completed by the DATS. Compared to 2024, no direct progress has been made in the practical implementation of this measure, however, the advancement of the legislative process constitutes an important step towards creating the legal basis for its implementation in future periods, including structured support for women owners within agricultural cooperatives.

1.2.4 Strengthening advisory offices to assist farmers in the grant application process - Significant achievements have been made in strengthening the legal, institutional and operational framework of advisory services. The following have been drafted: the Law on Agricultural Cooperatives and the relevant draft statutes; the draft law amending and supplementing the Law on Advisory Services; the administrative instruction for the certification of advisors, as well as the Terms of Reference for the information-digital system of the advisory service. Trainings have been organized for 30 public advisors, 25 information messages have been distributed to farmers, and the results from the wheat demonstration fields have been prepared and presented. In terms of practical implementation, the

advisory services have provided direct support to farmers through the receipt of 14,983 applications for subsidies and grants, informing 7,598 farmers and directly supporting 5,881 farmers in the application process, including the preparation of 482 grant projects.

Regarding the further consolidation of municipal information and advisory centers for agriculture and rural development, centers have been operationalized in 27 municipalities: Decan, Dragash, Fushe Kosova, Junik, Gjilan, Glogoc, Gjakova, Istog, Kacanik, Klina, Lipjan, Malisheva, Mamusha, South Mitrovica, Novo Brdo, Obiliq, Peja, Prishtina, Prizren, Rahovec, Ranillug, Shtime, Shterpce, Suhareka, Viti, Vushtrri, Kamenica. Meanwhile, to protect agricultural lands and promote the importance of agriculture, support has been provided to 9,454 farmers in the sectors of: beekeeping, livestock, vegetable growing, fruit growing, fodder plants and horticulture in 27 municipalities: Decan, Dragash, Fushe Kosova, Gjilan, Glogoc, Gjakova, Hani i Elezit, Kacanik, Klina, Lipjan, Malisheva, Mamusha, South Mitrovica, Obiliq, Partesh, Peja, Podujeva, Prishtina, Prizren, Rahovec, Raniluge, Shtime, Shterpce, Skenderaj, Suhareka, Viti, Kamenica.

With the implementation of the measure **1.2.5 Training for farmers to increase their skills for more efficient cultivation of agricultural products** - Within the framework of this measure, technical advice and training were provided to 3,175 farmers in the field and 6,535 farmers in the offices. About 200 trainings were carried out with 2,147 farmers, 13 “farmer-to-farmer” visits were organized with 347 participants and 40 public advisors and 350 farmer groups were supported. In terms of information and capacity building, 4,891 brochures and leaflets were distributed, 8 brochure titles (24,000 copies) and 2 technical guides (600 copies) were published, 9 thematic videos were produced and the official website of advisory services was developed. Furthermore, study visits were organized for 14 public advisors and monthly and annual training plans were prepared, improving coordination between DATS and MIAC and contributing to the strengthening of advisory services and sustainable rural development.

1.2.6. Improving the agricultural value chain through support for collection points - For the implementation of this measure, concrete actions should be taken in the process of drafting municipal strategies for local economic development and their implementation. So far, 7 municipalities have drafted Local Economic Development Strategies in harmony with the NPLED.

Measure **1.2.7. Tourism branding of municipalities (logo, slogan, visual identity and tourism narrative in general)** - The Department of Tourism within the Ministry of Industry, Entrepreneurship and Trade has drafted an administrative instruction for the State Tourism Brand and Symbol of Kosovo, which is also foreseen in the tourism law.

1.2.8. Creation and functioning of information centers for the promotion of local tourism - For the implementation of this measure, concrete actions should be taken in the process of drafting municipal

strategies for local economic development and their implementation. So far, 7 municipalities have drafted Local Economic Development Strategies in harmony with the NPLED.

1.2.9. Improving local infrastructure in tourist areas - For the implementation of this measure, concrete actions should be taken in the process of drafting municipal strategies for local economic development and their implementation. So far, 7 municipalities have drafted Local Economic Development Strategies in harmony with the NPLED.

Measure 1.2.10 Restoration of cultural heritage spaces and their remodeling to promote the creative economy - MCYS through the Department of Cultural Heritage during 2025, with the aim of implementing measure 1.2.10, has invested in 78 capital projects and has spent the monetary amount of €6,499,684.61. In 2025, 34 projects have been completed, 50 capital projects are in the implementation process, 37 capital projects are in the procurement procedure, and 10 projects are in the drafting process. Investments have been made in almost all municipalities of Kosovo in: restoration, conservation, revitalization and functionalization of cultural heritage assets. Also in 2025, MCYS through public calls-subsidies and transfers has functionalized a number of Cultural Heritage objects (they are three-year projects) such as: Katarina Josipi's House- Zym-Prizren, Isa Boletin's Towers Complex- Boletin-Mitrovica, Former Pristina Prison – the Prison of Ideals - Pristina, Agim Cavdarbasha Gallery- Pristina. Cultural heritage assets, in addition to preserving and protecting their values, directly or indirectly contribute to the development of the creative economy in Kosovo.

Specific objective 1.3 - Supporting entrepreneurship with a focus on digitalization and innovation

1.3.1. Providing support for the establishment of innovation centers specialized in area activities - For the implementation of this measure, concrete actions should be taken in the process of drafting municipal strategies for local economic development and their implementation. So far, 7 municipalities have drafted Local Economic Development Strategies in harmony with the NPLED.

1.3.2. Support training on the advantages of digitalization of processes and the benefits of the circular economy – The Ministry of Local Government Administration (MLGA), in cooperation with the Information Society Agency (ISA) and the Organization for Security and Co-operation in Europe (OSCE), has organized a dedicated training for municipal officials, information technology (IT) staff, information office officials and other relevant officials at the local level.

The training focused on the use and utilization of the e-Municipality platform as a key tool for the digitalization of municipal services in increasing professional capacities for the management and automation of administrative processes, as well as in improving the quality, transparency and

acceptability of services for citizens. Also, in cooperation with KIPA, the training “Contract Management on the Electronic Platform” was conducted.

1.3.3. Providing grants for innovative new enterprises (women-owned enterprises should be given priority) - For the implementation of this measure, concrete actions should be taken in the process of drafting municipal strategies for local economic development and their implementation. So far, 7 municipalities have drafted Local Economic Development Strategies in harmony with the NPLED.

1.3.4. Providing annual awards to the most innovative local enterprises - For the implementation of this measure, concrete actions should be taken in the process of drafting municipal strategies for local economic development and their implementation. So far, 7 municipalities have drafted Local Economic Development Strategies in harmony with the NPLED.

STRATEGIC OBJECTIVE 2 – INCLUSIVE EMPLOYMENT;

Specific objective 2.1 - Reducing the skills gap in the labor market

2.1.1. Creation of municipal councils to express the needs of the private sector - For the implementation of this measure, concrete actions should be taken in the process of drafting municipal strategies for local economic development and their implementation. So far, 7 municipalities have drafted Local Economic Development Strategies in harmony with the NPLED.

2.1.2. Strengthening employment offices - The Employment Agency of the Republic of Kosovo, which is the institution responsible for the implementation of this measure during 2025, has recruited 20 employment counselors.

The measure **2.1.3 Adapting programs and curricula in vocational schools and vocational training centers to market needs** - MESTI, within the framework of the education reform and professional training, has drafted and approved 16 professional profiles in the dual education system, which are being implemented in vocational schools and vocational training centers in the Republic of Kosovo. These profiles have been developed based on labor market analyses and the needs of priority economic sectors, in cooperation with relevant labor market stakeholders, including businesses, chambers of commerce and social partners. The curricula are structured according to the dual education model, integrating theoretical learning in educational institutions with practical learning in enterprises.

The implementation of these profiles contributes to the adaptation of professional curricula to the real demands of the labor market, increasing the employability of students and strengthening the connection between vocational education and the economic development of the country. Also, 7 vocational training centers operate in EARK, and curricula are constantly developed and revised in cooperation with the private sector, adapting them to the standards of the profession and the needs

of the labor market. At least 3 curricula are developed or revised per year. In 2025, standards for professions and curricula have been developed with the active participation of market representatives in order for the curricula to be adapted to the needs of the labor market. In the previous year, curricula were developed for: solar panel installers and maintainers; computer network and systems technicians and electrical appliance repairmen.

2.1.4. Support for on-the-job training or other forms of training - VTCs for some qualifications have cooperation agreements with businesses for training candidates for the practical part of the curriculum in the company. Also, EARK, in cooperation with donors, contracts training with private training providers for qualifications that the market requires and those trainings are not organized in VTCs.

Specific objective 2.2 - Increasing decent employment for women, youth and vulnerable categories

2.2.1. Mentoring unemployed youth and women from the diaspora to improve their opportunities for self-employment - There is no activity in this reporting period, but since the NPLED has an implementation deadline of 2030, this measure is expected to be implemented within the deadline planned in the program. For the implementation of the measure - **2.2.2. Prioritizing women and youth in employment support through ALMM** - During 2025, under the Active Labor Market Measures (ALMM), a continued focus on the inclusion of women and youth in employment programs was evident. In total, 1,287 women and 1,446 young people aged 15–29 benefited from these measures, reflecting the policy orientation towards increasing the participation of these categories in the labor market and supporting them in more sustainable economic integration.

Measure 2.2.3. Creating job fairs with a focus on employment of women and youth - The National Job and Career Fair was organized in Pristina in 2025, in cooperation with GIZ. This fair served as an important platform for connecting job seekers with employers, offering concrete opportunities for information on job vacancies, development of professional networks and career guidance.

Under this activity, special emphasis has been placed on the inclusion of women and young people, with the aim of increasing their access to the labor market and promoting equal employment opportunities.

2.2.4. Providing convenient access to day care for children and the elderly, to enable women's access to the labor market. There is no activity in this reporting period, but since the NPLED has an implementation deadline of 2030, this measure is expected to be implemented within the deadline planned in the program.

STRATEGIC OBJECTIVE 3 – IMPROVED LOCAL INFRASTRUCTURE

Specific objective 3.1 - Improving local transport infrastructure and services

3.1.1. Construction, maintenance, reconstruction and protection of local roads - Based on the latest municipal performance report, Field 9 – Road Infrastructure, the overall performance is assessed at a rate of 57.08%. This field measures municipal roads and related infrastructure that are under the jurisdiction of the municipality. This field contains indicators to reflect the results of municipalities in terms of road maintenance during winter and summer, then resurfacing of roads, bicycle paths, sidewalks, public lighting and vertical and horizontal signage.

3.1.2. Improving traffic signaling infrastructure - Based on the latest municipal performance report, Field 9 – Road Infrastructure, the indicator “length of local roads equipped with vertical and horizontal signage” has been evaluated at **64.54%**

3.1.3. Creation of new public parking spaces - For the implementation of this measure, concrete actions should be taken in the process of drafting municipal strategies for local economic development and their implementation. So far, 7 municipalities have drafted Local Economic Development Strategies in harmony with the NPLED.

3.1.4. Digitalization of services at bus stations - For the implementation of this measure, concrete actions should be taken in the process of drafting municipal strategies for local economic development and their implementation. So far, 7 municipalities have drafted Local Economic Development Strategies in harmony with the NPLED.

3.1.5. Supporting investments in alternative transport - For the implementation of this measure, concrete actions should be taken in the process of drafting municipal strategies for local economic development and their implementation. So far, 7 municipalities have drafted Local Economic Development Strategies in harmony with the NPLED.

3.1.6. Organization of local public transport in larger municipalities (where lacking) - Based on the latest municipal performance report, Field 10 – Public Transport, this area measures the provision of public transport to the citizens of the municipality. This area has an overall performance of 43.10%.

Specific objective 3.2 - Ensuring access to supporting infrastructure

3.2.1. Allocating more financial resources for the regulation and expansion of the sewage and drainage network - For the implementation of this measure, concrete actions should be taken in the

process of drafting municipal strategies for local economic development and their implementation. So far, 7 municipalities have drafted Local Economic Development Strategies in harmony with the NPLED.

3.2.2. Construction of wastewater treatment plants - The ME has reported that it is in the process of implementing the following projects:

1."Construction of the regional wastewater treatment plant for Pristina, Fushe Kosova, Obiliq and Gracanica" - the design criteria have been defined, and the first draft of the preliminary/conceptual design has been submitted. PIU has carried out the review and sent the comments to the consulting company. Subsequently, the consulting company has continued with the review/revision of the project in accordance with the comments received from PIU and the International Financing Institution, and at the end of December 2025 has submitted the second draft of the preliminary design. Environmental and socio-economic impact reports are in progress. Source of financing: Loan: 53.3 million DGT (French Treasury) signed up to 66 million, Loan + Grant: 20 million AFD (loan) +90 million WBIF (grant).

2." Construction of a wastewater treatment plant in Mitrovica (South Mitrovica, North Mitrovica, Vushtrri, Zvecan)". The Municipality has recommended that the plant be built in the location foreseen in the MDP (Municipal Development Plan). The ministries involved in the project have recommended that other areas for the construction of the plant be analyzed. After receiving confirmation from the Bank that the study of location alternatives can be continued, on 14.03.2025, three (3) very important agreements were signed for the wastewater project in Mitrovica:

Agreement with the municipalities of Mitrovica and Vushtrri – EBRD and MRWSC – Wastewater Development Project; Sub-grant Agreement for the project “Wastewater Development in Mitrovica” between the Ministry of Finance, Labor and Transfers and RWSC Mitrovica; Memorandum of Cooperation with the municipalities of North Mitrovica, Zvecan and MRWSC for the project “Wastewater Development in Mitrovica”. The consultancy has completed the study – analysis for four (4) locations and has submitted the Comprehensive Alternatives Study Report, which has been shared with all parties involved. The location for the construction of the plant has been defined, as all parties involved in the project have agreed with the analysis/study of alternatives that M1 is the preferred location for the construction of the WTP. The consultancy has been requested to update the documentation. The consultancy has been engaged to make updates to the conceptual design of the plant and the sewage network, in accordance with the new circumstances and adaptation to the new location – M1. Field visits for analysis and adaptation to the new location have currently begun. Source of financing: Loan, EIB €19,800,000 and EBRD €13,500,000; WBF grant €5,700,000 and SECO €337,500, Total secured so far: €39,337,500.

3. "Construction of the Wastewater Treatment Plant in Gjilan" - during the reporting year, within the WTP project, important administrative, technical and preparatory activities were carried out, creating a stable basis for the start of the construction phases. As part of the regular monthly tasks, the LALRP (Land Acquisition and Livelihood Restoration Plan) report for the WTP project was prepared and submitted to the EBRD, in cooperation with the PIU consultant. In addition, a document for equipment with an extract from the Kosovo Spatial Planning Institute was prepared, and a multi-year plan for the expenditure of funds for this project was drafted and submitted. An important component has also been the preparation and submission of the Annual Environmental & Social Report for 2024, as well as the ongoing coordination with the Municipality of Gjilan and Partesh on the expropriation and passage permit processes for the sewage network. In terms of procurement, the Bid Evaluation Committee has completed the technical evaluations for three main tenders: supervision of the works, construction of the WTP and expansion/rehabilitation of the sewage network. These evaluations have been submitted to the EBRD, where final approval has been obtained for the supervision and sewage network tenders, as well as approval in principle for the construction of the WTP – Phase I. The winning economic operators for supervision and construction of collectors have received contract notices and the negotiation process has begun. During Q4, activities have intensified with the preparation of construction permit documentation for collectors, finalization of the municipal environmental permit report and the launch of the "Stage 2" tender for the construction of the WTP. Amendment No. 1 of the supervision contract has been signed and an initial meeting with the contractor has been held. A commencement date has been set at the beginning of December, officially marking the start of field works for the rehabilitation and expansion of the sewerage network, after securing construction permits from the Municipality of Gjilan. Source of financing: EBRD -10mil €-Loan, EIB-11mil € Loan, WBF Grand-2.5mil €, WBF-Grand-0.6mil €, SECO Grand-0.3mil €.

4. Ferizaj Wastewater Plant - According to the deadlines given by the EBRD, the pre-qualification phase began on 24.10.2025. The deadline for submitting pre-qualification bids was until 16.12.2025. During this period, a total of five (5) bids were received, which are currently in the evaluation process by the members of the PIU of the Bifurcation RWSC. Source of financing: €20,000,000.00-EBRD, €10,000,000.00-WBF (in application).

Specific objective 3.3 - Integrated waste management

3.3.1. Increased support from the central level for capacity building for proper management and operation of regional public enterprises for waste management - There is no activity in this reporting period, but since the NPLED has an implementation deadline of 2030, this measure is expected to be implemented within the deadline planned in the program.

With the aim of implementing the measure **3.3.2. Development of inter-municipal plans for integrated waste management** - Draft inter-municipal waste management plans for the regions of Gjilan, Ferizaj and Peja have been reviewed.

3.3.3. Development of a network of waste transfer, treatment and disposal stations through inter-municipal initiatives - For the implementation of this measure, concrete actions should be taken in the process of drafting municipal strategies for local economic development and their implementation. So far, 7 municipalities have drafted Local Economic Development Strategies in harmony with the NPLED.

3.3.4. Creation of waste recycling and composting centers based on feasibility analyses and integrated plans - There is no activity in this reporting period, but since the NPLED has an implementation deadline of 2030, this measure is expected to be implemented within the deadline planned in the program.

3.3.5. Raising awareness about the benefits of waste management and recycling - For the implementation of this measure, concrete actions should be taken in the process of drafting municipal strategies for local economic development and their implementation. So far, 7 municipalities have drafted Local Economic Development Strategies in harmony with the NPLED.

3.3.6. Providing grants for innovation that promote waste prevention, reuse and recycling, with a particular focus on finding alternatives to plastic packaging and products - For the implementation of this measure, concrete actions should be taken in the process of drafting municipal strategies for local economic development and their implementation. So far, 7 municipalities have drafted Local Economic Development Strategies in harmony with the NPLED.

3.3.7. Promoting cooperation between the private sector and municipalities in the treatment, recycling and reuse of certain waste fractions - For the implementation of this measure, concrete actions should be taken in the process of drafting municipal strategies for local economic development and their implementation. So far, 7 municipalities have drafted Local Economic Development Strategies in harmony with the NPLED.

Specific objective 3.4 - Improving energy efficiency in infrastructure

3.4.1 Renovation of municipal public buildings to improve their efficiency -

1. During 2025, energy efficiency measures have been implemented in 17 public buildings owned by six municipalities: Istog, Suhareka, Podujeva, Lipjan, Shtime and Viti, with a total investment value of €3,727,801.00. The projects are currently in the inauguration phase of public buildings. Overall, the implemented measures are expected to generate annual energy savings of 5,416 MWh and contribute to the reduction of CO₂ emissions of around 522 tons per year, improving energy use in the public

sector and supporting the objectives for sustainable energy management. These activities have contributed to reducing environmental impacts and achieving the goals of the strategy, promoting a more sustainable and efficient use of energy at the national level. At the same time, with the unblocking of the measures, the implementation of energy efficiency measures will also begin in 17 other public buildings, further expanding the impact of the program.

2. With a budget of €6.4 million, energy efficiency measures were implemented in 28 multi-apartment buildings owned by the Municipalities of: Skenderaj, Malisheva, Drenas, Gjilan, Kamenica, Viti, Obiliq, Istog, Klina, Prishtina, Lipjan, Mitrovica, and Prizren. In the multi-apartment social buildings, 785 families benefited, while savings of 6.2 GWh/year are the result of improvements in the heating systems and insulation of the buildings, contributing to increased efficiency in the construction sector. In order to implement the obligations arising from the SAA, municipalities have advanced energy efficiency policies. The Energy Efficiency Plan has been approved by 18 municipalities: Decan, Dragash, Junik, Gjilan, Glogoc, Gjakova, Hani i Elezit, Istog, Malisheva, Mamusha, Obiliq, Partesh, Prizren, Rahovec, Shtime, Shterpce, Suhareka, Viti.

In order to implement the Energy Efficiency Plan, municipalities have launched a series of concrete projects to improve the energy performance of public buildings and infrastructure. From the data provided, 22 municipalities: Decan, Dragash, Fushe Kosova, Junik, Gjilan, Glogoc, Gjakova, Hani i Elezit, Istog, Kacanik, Lipjan, Malisheva, South Mitrovica, Obiliq, Podujeva, Prishtina, Prizren, Rahovec, Shtime, Suhareka, Viti and Kamenica, have reported concrete activities (renovations, installation of solar panels, LED lighting, insulation, etc.).

3.4.2. Retrofitting of street lighting with LED technology - The Municipality of Malisheva has invested in 81 pieces of lighting fixtures with a financial value of €10,000.00. The Municipality of Drenas in 2025 has invested in the retrofitting of public lighting with LED fixtures, where 1,249 LED fixtures have been installed, with a value of €238,029.60. The Municipality of Gjakova in 2025 has installed 1,500 pieces of 50w LED lights with a value of €105,000.00, while 300 pieces of 100w lights with a value of €27,000.00.

3.4.3. Providing incentives for the use of solar panels in commercial buildings - The Kosovo Investment and Enterprise Support Agency (KIESA), the Ministry of Economy (ME) and the Luxembourg Development Cooperation Agency (LuxDev) signed the agreement on the Clean Energy Grant Scheme on 10.09.2025. The aim of this scheme is to stimulate the engagement of the private sector in Kosovo's energy transition by using sustainable production technologies, increasing energy efficiency and reducing operating costs. Micro, Small and Medium Enterprises (MSMEs) with primary or secondary activities in production and processing have applied to become part of the Clean Energy Grant Scheme. In addition to them, large businesses that have entered the liberalized

electricity market with primary or secondary activities in production and processing are also eligible to apply.

The total value of the scheme is €1,000,000.00 financed by the Government of Luxembourg.

STRATEGIC OBJECTIVE 4 - EFFECTIVE AND COOPERATED ECONOMIC GOVERNANCE

Specific objective 4.1 - Sustainable and effective local government finances

4.1.1. Review of the conditions and criteria for setting residents in the municipality to better allocate government funds - The Kosovo Agency of Statistics conducted the Population Census in 2024, which also reflected in the change in municipal financing for 2025 and 2026. However, the financial dependence of municipalities on Government Grants still remains high and municipalities must make efforts to increase their own revenues and examine the possibilities for financial independence based on the Law on Local Self-Government and the European Charter of Local Self-Government. A Supplement/Amendment to the Law on Local Government Finances has been drafted, which draft Law has addressed the review of specific grants and proposed new grants with the aim of equitable distribution of municipal financing. This Law has passed the consultation process but has not yet been approved by the Government.

4.1.2. Review of budget policies for specific grants based on competencies - A Supplement/Amendment to the Law on Local Government Finances has been drafted, which draft Law has addressed the review of specific grants and proposed new grants for the purpose of equitable distribution of municipal financing. This Law has passed the consultation process but has not yet been approved by the Government.

4.1.3. To advance gender-responsive budgeting - There is no activity in this reporting period, but since the NPLED has an implementation deadline of 2030, this measure is expected to be implemented within the deadline planned in the program.

4.1.4. Increased flexibility in operating expenses - The Ministry of Finance/Budget Department has already addressed this measure in accordance with the legislation in force. Every fiscal year, budget consultations are held with municipalities (municipal forums), during which their priorities are taken into account in defining the expenditure structure. This ensures a certain level of flexibility in the planning of operational expenditure.

4.1.5. Increasing the range of own-source revenues by imposing additional fees/taxes, such as: for environmental protection, for the sale and purchase of real estate or in the case of inheritance - There is no activity in this reporting period, but since the NPLED has an implementation deadline of 2030, this measure is expected to be implemented within the deadline planned in the program.

4.1.6. Creating mechanisms for better collection of accounts receivable - There is no activity in this reporting period, but since the NPLED has an implementation deadline of 2030, this measure is expected to be implemented within the deadline planned in the program.

4.1.7. Organizing awareness campaigns to increase the rate of collection of own source revenues - For the implementation of this measure, concrete actions should be taken in the process of drafting municipal strategies for local economic development and their implementation. So far, 7 municipalities have drafted Local Economic Development Strategies in harmony with the NPLED.

4.1.8. Creating legal conditions to facilitate municipal borrowing - During 2025, the Legal Department of the MFLT, in cooperation with relevant departments and the Treasury, drafted the Regulation governing the procedures and criteria for government and municipal debt, including aspects related to municipal borrowing. The drafts have been sent for further review, but have not yet passed the public consultation phase and have not been approved, therefore there is currently no change in the legal framework in force.

Specific objective 4.2 - Advancing processes and resources in local policy planning and development

In order to implement the measure **4.2.1 Strengthening capacities for planning and policy development** - The 7 training sessions were conducted for the development of the municipal performance system. The beneficiary officers were the coordinators and reporting officers in the municipalities. Also, during the month of June, the workshop “Capacity Development of MLGA Officials, for the Implementation of the Municipal Performance Management System (MPMS) and the Performance Grant” was conducted.

Measure 4.2.2. Building professional capacities within municipalities for drafting strategic documents - The workshop was organized in cooperation with the OSCE with municipal officials, with the aim of harmonizing municipal strategies with the objectives of the National Program for Local Economic Development 2030.

4.2.3. Creating a standard framework for monitoring the implementation of strategic documents and their impact - There is no activity in this reporting period, but since the NPLED has an implementation deadline of 2030, this measure is expected to be implemented within the deadline planned in the program.

4.2.4. Involving stakeholders in the drafting of strategic documents from the beginning of the process - For the implementation of this measure, concrete actions should be taken in the process of drafting municipal strategies for local economic development and their implementation. So far, 7 municipalities have drafted Local Economic Development Strategies in harmony with the NPLED.

4.2.5. Creating the possibility to review Municipal Development Plans (e.g. through qualified majority voting)- There is no activity in this reporting period, but since the NPLED has an implementation deadline of 2030, this measure is expected to be implemented within the deadline planned in the program.

4.2.6. Finalization of municipal zoning maps - During the reporting period, out of a total of 38 municipalities: 20 are covered by a Municipal Development Plan (MDP), while the other municipalities are in the process of drafting this Plan. Four municipalities have drafted MDPs with the support of UN-Habitat. Regarding the Municipal Zonal Map (MZM): 11 municipalities are covered, 21 are in the process of drafting, while 6 have not yet started this process.

4.2.7. Harmonization of municipal strategies with national strategies - The status of municipal strategies for Local Economic Development harmonized with the National Program for Local Economic Development is: 7 municipalities have drafted a local economic development strategy: Prizren, Klina, Lipjan, Skenderaj, Drenas, Ferizaj, Kamenica; 8 municipalities are in the process of drafting a local economic development strategy: Decan, Suhareka, Fushe Kosova, Gjilan, Gracanica, Kacanik, Junik, Rahovec; 2 municipalities have a valid strategy but do not have it harmonized with the NPLED are: Shtime and Hani i Elezit; 20 municipalities do not have a local economic development strategy: Dragash, Mamusha, Peja, Istog, Novoberde, North Mitrovica, Zvecan, Zubin Potok, Leposaviq, Gjakova, Prishtina, South Mitrovica, Vushtrri, Malisheva, Obiliq, Klllokot, Ranillug, Shterpca, Partesh, Podujeva.

Specific objective 4.3 - Improving municipal service and accountability

Measure 4.3.1 Digitization of municipal services and their display for application in E-Kosova -

The training of municipal officials for the implementation of the E-Municipality Platform - Phase II was carried out with the support of the OSCE, with the aim of advanced use of the E-Municipality platform, improving digital services, increasing administrative efficiency and providing better quality services to citizens.

4.3.2. Providing support to municipalities to make the setting of tariffs in line with the costs of services - There is no activity in this reporting period, but since the NPLED has an implementation deadline of 2030, this measure is expected to be implemented within the deadline planned in the program.

4.3.3. Clarification of competencies in the field of municipal inspections - There is no activity in this reporting period, but since the NPLED has an implementation deadline of 2030, this measure is expected to be implemented within the deadline planned in the program.

Specific objective 4.4 - Strengthening partnerships for local economic development

4.4.1. Identification of common areas with development potential as part of inter-municipal cooperation - A training supported by IKAP was carried out, which aimed to strengthen cooperation between municipalities for the implementation of joint projects, emphasizing the importance of exchanging experiences, optimizing resources and jointly addressing local challenges. Also, during 2025, coordination meetings were held with partner municipalities with the aim of identifying potential partners for cooperation in various fields such as: education, culture, agriculture, environment, tourism, etc. In parallel, inter-institutional communication with the Ministry of Foreign Affairs and Diaspora was deepened and developed, regarding partner municipalities abroad.

4.4.2. Stimulating the creation of local associations to represent the private sector and creating mechanisms for systematic cooperation with established associations - For the implementation of this measure, concrete actions should be taken in the process of drafting municipal strategies for local economic development and their implementation. So far, 7 municipalities have drafted Local Economic Development Strategies in harmony with the NPLED.

4.4.3. Creating incentive policies for members of village and urban neighborhood councils - For the implementation of this measure, concrete actions should be taken in the process of drafting municipal strategies for local economic development and their implementation. So far, 7 municipalities have drafted Local Economic Development Strategies in harmony with the NPLED.

4.4.4 Strengthening international inter-municipal cooperation - During this period, a considerable number of new Twinning Initiatives and Agreements have been initiated, and work has been done on concretizing and updating existing agreements. As a result, concrete opportunities have been created for the development of joint projects as part of international twinning. For the implementation of the initiatives for inter-municipal cooperation/agreements signed, the following actions have been taken: 10 initiatives of municipalities for inter-municipal cooperation; 4 Inter-municipal Cooperation Agreements; 13 decisions on the legality of initiatives and agreements for inter-municipal cooperation; 10 initiatives of municipalities for international municipal cooperation; 6 International Municipal Cooperation Agreements; 16 decisions on the legality of initiatives and agreements for international municipal cooperation.

4.4.5. Creation of a special mechanism for coordinating the investment financing process from the central to the local level - There is no activity in this reporting period, but since the NPLED has an implementation deadline of 2030, this measure is expected to be implemented within the deadline planned in the program.

IV. RISKS AND STEPS TO ADDRESS THEM

Identifying the following challenges is necessary to address progress and improve the implementation of the National Program for Local Economic Development 2030:

1. One of the main challenges has been the failure to draft or harmonize municipal strategies for local economic development with the NPLED 2030. So far, 7 municipalities have harmonized with this document: Prizren, Klina, Lipjan, Skenderaj, Drenas, Ferizaj, Kamenica; 8 municipalities are in the process of drafting a local economic development strategy: Decan, Suhareka, Fushe Kosova, Gjilan, Gračanica, Kacanik, Junik, Rahovec; 2 municipalities that have valid strategies but have not harmonized them with the NPLED are: Shtime and Hani i Elezit; 20 municipalities do not have local economic development strategies: Dragash, Mamusha, Peja, Istog, Novoberde, North Mitrovica, Zvečan, Zubin Potok, Leposaviq, Gjakova, Prishtina, South Mitrovica, Vushtrri, Malisheva, Obiliq, Klllokot, Ranillug, Shterpcë, Partesh, Podujeva.
2. In addition, another challenge is the lack of reporting and engagement of some ministries in the implementation of the strategy. This has led to a lack of coordination at the level of ministries, hindering efforts to achieve the goals set out in the NPLED.
3. In order to support municipalities in the process of harmonizing municipal strategies for local economic development with the NPLED, MLGA has planned a joint meeting with municipalities to discuss the obligations arising from the NPLED and individual meetings with municipalities that need professional support.