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MAIN DEMOGRAPHIC AND ECONOMIC CHANGES IN KOSOVO AND METOHIA IN THE FIRST TWO DECADES OF THE 21ST CENTURY

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Abstract

The paper analyzes the demographic, economic, social and environmental aspects of the development of Kosovo and Metohia during the first two decades of the 20th century. At the begining of the paper, an overview of the basic macroeconomic indicators of Kosovo and Metohia and their dynamics is provided. The main goal of the paper is to get an objective assessment of development trends in Kosovo and Metohia, to the extent that available data allow. The research is based on data from the World Bank database, other relevant international sources, as well as from the Kosovo Agency of Statistics, which is under the authority of the provisional authorities in Kosovo and Metohia. Insight is provided into the results and findings of empirical research that have examined in more detail the relationship between economic growth (and development) and its main determinants in Kosovo and Metohia. In that sense, the influences that foreign direct investments, remittances from abroad, public expenditures, international trade, etc. have had on the economic growth of Kosovo and Metohia are also considered. Also, the presence of the gray (informal sector of the) economy in total economic activity is considered. A brief overview of the specifics and results of the process of privatization of socially owned enterprises in Kosovo and Metohia is also given. In addition, relevant conclusions on the development characteristics of Kosovo are drawn from the analysis of relevant global composite indices. To the extent possible, development trends in the area of Kosovo and Metohia are viewed*

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from the standpoint of their characteristics before and after the self-proclamation of "state independence" (on 17 February, 2008)[1].

Key words: development indicators, global composite indices, integration, Kosovo*, Serbia, Western Balkans.

JEL CLASSIFICATION: F53, O11, O57.

INTRODUCTION

The Province of Kosovo and Metohia occupies an area of 10.9 thousand km². This area is characterized by a continental climate, warm summers and cold winters. There are significant differences in terms of the precipitation schedule and the temperature of its various parts.

Significant reserves of nickel, lead, zinc, magnesium, kaolin, chromium, bauxite, and especially lignite are present on the territory of Kosovo and Metohia. Agricultural land extends over more than 50% of the territory, half of which is arable land. Forests occupy 2/5 of the total territory of Kosovo and Metohia. The main economic sectors are agriculture, forestry and mining.

The population of Kosovo and Metohia (according to the available "official" data[2]) is about 1.9 million people, of which the most numerous are Albanians (more than 90%), while the rest are Serbs, Bosniaks, Turks, Ashkali, Egyptians, Gorans, etc.

The Muslim religion prevails (more than 95% of the population), while members of the Roman Catholic and Orthodox religions are much fewer in number. The average age of the population is about 29.6 years, while the age structure is very favorable (from 0 to 14 years of age, 24.7%, 15–64 years, 67.9%, and 7.4% older than 65 years). From 1961 to 2011, the total number of inhabitants of Kosovo and Metohia increased from around 964,000 to 1.74 million. During this period, significant changes in the ethnic structure of the population occurred: the share of the Albanian population rose from 67% to 93%, the share of the Serbian population decreased from 23.5% to only 1.5%,

[1] For more see: Саветодавно мишљење МСП није „ставило печат" на независност тзв. Косова: напротив! / The ICJ Advisory Opinion on "Kosovo's" Unilateral Declaration of Independence did not "seal" the Independence of Kosovo* – Quite The Contrary! Павић 2019 in: Оцић 2019: 163–171.

[2] For real data see: Jovan Kršić, Ethnic Albanians in Kosovo and Metohia: Demographic Changes, 1948–2021 in this book.

while members of other ethnic groups also saw a decline in participation from 9.4% to 5.6%, according to “official” data [KAS 2016: 12].

According to the regulations of the provisional authorities of Kosovo and Metohia (which unilaterally declared independence of the so-called Republic of Kosovo on February 17, 2008), there are 38 municipalities and 1469 settlements.

From the geoconomic point of view, the cause of conflict in this part of the Balkans has always been the wealth in the ores, waters, land and favorable geographical features of Kosovo and Metohia. Apart from identity reasons (cradle of Serbian spirituality, culture and statehood) the territory of Kosovo and Metohia and its development potentials have been of great importance to Serbia too. Under the pretext of humanitarian crisis, 19 NATO members, pursuing Anglo-American and German geopolitical and geoeconomic goals, savagely bombed Serbia in 1999 for 78 days. As a result of NATO’s aggression, about 13 thousand people lost their lives, hundreds of thousands of them (mostly Serbs from Kosovo and Metohia) left their homes due to bombings, armed conflicts and UÇK attrocities while a significant part of physical infrastructure was destroyed.

The military action of the North Atlantic Alliance resulted in the installation of a protectorate under the administration of the United Nations (UNMIK), and represents the root cause of the current Kosovo crisis.

The fact that natural and built potentials on the territory of Kosovo and Metohia are at the moment beyond Serbian jurisdiction, a 100% increase in fees for importing goods from the territory of Serbia and Bosnia and Herzegovina and other unilateral acts of the provisional authorities in Kosovo*[3] have posed obstacles to accelerating development throughout the region.

1. BASIC DEVELOPMENT INDICATORS IN KOSOVO AND METOHIA, 2003-2020

Table 1 contains some more important development indicators that relate to the conditions of doing business and life in the territory of Kosovo and Metohia. The source of data is the World Bank. The period from 2003 to 2020 was analyzed, with the original annual data being used to calculate the average

[3] This name is without prejudice to the status and is in line with United Nations Security Council Resolution 1244 and the opinion of the International Court of Justice on the Declaration of Independence of Kosovo (see: Government of the Republic of Serbia: https://www.srbija.gov.rs/kosovo-metohija/ index.php? id = 168200 (Accessed 16.12.2021).

values of the selected indicators for the whole period observed (2003–2020), as well as for two periods within it – until the so-called independence (2003–2008) and thereafter (2009–2020).

Table 1. Kosovo and Metohia: Important Development Indicators, 2003–2020

	KOSOVO AND METOHIA		
SELECTED GENERAL INDICATORS	Average 2003–2020	Average 2003–2008	Average 2009–2020
Surface area (sq. km)	10,887	10,887	10,887
Arable land (% of land area)	27.56	27.56	27.56
Arable land (hectares per person)	0.17	0.17	0.17
Agricultural land (% of land area)	52.36	52.36	52.36
ECONOMIC INDICATORS			
External balance on goods and services (% of GDP)	-32.15	-42.35 (2008)	-31.30
Imports of goods and services (% of GDP)	55.82	59.54 (2008)	55.52
Gross capital formation (% of GDP)	33.21	37.28 (2008)	32.87
Gross fixed capital formation (% of GDP)	29.90	29.76 (2008)	29.91
Gross fixed capital formation, private sector (% of GDP)	17.65	12.43 (2008)	18.08
Gross national expenditure (% of GDP)	132.15	142.35 (2008)	131.30

Exports of goods and services (% of GDP)	23.67	17.19 (2008)	24.21
Final consumption expenditure (% of GDP)	98.94	105.07 (2008)	98.43
Personal remittances, received (% of GDP)	16.78	20.20 (2008)	16.49
Foreign direct investment, net inflows (% of GDP)	5.82	10.40 (2008)	5.41
ICT service exports (% of service exports, BoP)	7.82	6.41 (2004-2008)	8.60
Current account balance (% of GDP)	-8.71	-17.84 (2008)	-7.95
Foreign direct investment, net outflows (% of GDP)	0.62	0.71 (2008)	0.61
Military expenditure (% of GDP)	0.69	0.02 (2008)	0.75
Trade in services (% of GDP)	26.59	19.89 (2008)	27.15
Total tax and contribution rate (% of profit)	16.64	n.a.	16.64
Labor tax and contributions (% of commercial profits)	5.60	n.a.	5.60
Firms competing against unregistered firms (% of firms)	47.87	n.a.	47.87

Short-term debt (% of total external debt)	32.24	8.94	33.14
External debt stocks (% of GNI)	30.18	13.09 (2008)	31.60
Unemployment, total (% of total labor force) (national estimate)	36.88	44.92	31.53
Unemployment, youth total (% of total labor force ages 15-24) (national estimate)	54.24	n.a.	54.24
Gross savings (% of GDP)	24.71	22.12 (2008)	24.92
GNI per capita, PPP (constant 2017 international $)	9,294	7,356 (2008)	9,455
GNI per capita, PPP (current international $)	9,236	6,840 (2008)	9,435
GNI per capita growth (annual %)	3.50	n.a.	3.50
GNI per capita (constant 2015 US$)	3,504	2,921 (2006–2008)	3,650
Domestic credit to private sector (% of GDP)	40.33	36.09 (2008)	40.68
Inflation, consumer prices (annual %)	1.61	1.80	1.52
Employment to population ratio, 15+, total (%) (national estimate)	25.46	26.75	24.68

Services, value added (% of GDP)	46.23	44.96 (2008)	46.33
Industry (including construction), value added (% of GDP)	27.28	27.04 (2008)	27.30
Manufacturing, value added (% of GDP)	13.42	14.04 (2008)	13.37
Agriculture, forestry, and fishing, value added (% of GDP)	8.13	11.26 (2008)	7.87
GNI growth (annual %)	3.64	n.a.	3.64
GDP per capita, PPP (constant 2017 international $)	9,092	7,032 (2008)	9,263
GDP per capita growth (annual %)	3.68	n.a.	3.68
GDP per capita (constant 2015 US$)	3,253	2,602	3,579
GDP, PPP (constant 2017 international $)	16,255,156,878	12,288,387,592 (2008)	16,585,720,985
GDP growth (annual %)	3.82	n.a.	3.82
DEMOGRAPHIC INDICATORS			
Fertility rate, total (births per woman)	2.25	2.46	2.14
Life expectancy at birth, total (years)	70.41	68.94	71.22
Birth rate, crude (per 1,000 people)	18.01	19.50	17.19

Source: author's calculations based on the World Bank database – https://data.worldbank.org/ (access: 27.01.2022).

When considering the economic dimension, it is important to highlight some of the following facts[4]. The gross overall capital formation (as % of GDP) decreased in the period after 2008 compared to the interval from 2003 to 2008, while gross fixed capital formation (% of GDP) remained unchanged. In addition, since the gross fixed investment rate from private sources has increased, it follows that the main carrier of the investment activity in Kosovo and Metohia in the period after 2008 was the private sector.

The foreign trade deficit (expressed as % of GDP) was reduced from 42.35% to 31.30%. Exports of goods and services (expressed as a percentage of GDP) increased from around 17.2% (2003–2008) to around 24.2% (2009–2020), while the share of imports into GDP decreased from 59.5% (2003–2008) to 55.5% (2009–2020), which was favorable to the improvement of the balance of exchange of goods and services[5]. It should be noted that the share of exports of ICT services in total export of services increased from 6.4% to 8.6% in the second, compared to the first subperiod.

However, what probably caused the economic dynamics to be slower was the drop in personal remittances and FDI inflows[6]. Namely, in the period from 2009 to 2020, the share of remittances in GDP was reduced by almost 3.7 percentage points compared to the period from 2003 to 2008, while at the same time the share of FDI in GDP fell by around 5 percentage points.

What is notable is that military spending has increased considerably in the period after the illegal proclamation of the so-called independence from 0.02% of GDP (2003–2008) to 0.75% of GDP (2009–2020).

The volume of gross domestic product and gross national income, as well as their per capita amounts increased in the second compared to the first subperiod, while the unemployment rate was reduced. Growth of total GDP and GDP per capita is relatively dynamic in the period from 2009 to 2020.

Regarding the economic structure, it is noticed that there is a relatively high share of services (which is even increasing in the second in relation to the first sub-period – by about 1.4 percentage points), while at the same time the share of industry is almost unchanged, and the share of agriculture decreases (by about 3.5 percentage points).

[4] For more details about economic, but also of demographic, social and ecological processes in the area of Kosovo and Metohija see Рикаловић и Молнар 2019: 29-70.

[5] For more detailed analysis about interdependence of foreign trade and economic growth in Kosovo* see: Topxhiu Krasniqi 2011: 97-107.

[6] More about the role and impact of remittances on the economic growth in Kosovo* see: Zogjani and Badivuku-Pantina 2014; for more detailed insight in impact of foreign direct investments on economic growth in Kosovo* see: Thaçi and Rushiti 2018: 129-154.

In the area of external indebtedness, there are worrying movements: the amount of external debt expressed as a percentage of gross national income has been increased by about 2.4 times in the second subperiod, compared to the first one, while the short-term debt expressed as a percentage of total external debt rose at the same time by 3.7 times, while the amount of interest paid on external debt (expressed as a percentage of gross national income) is higher.

Regarding demographic and social indicators, the number of inhabitants increased during the period 2009–2020 (by around 13 thousand), with the population growth rate (annualized) as high as 0.13%. Poverty has declined significantly according to available data, as the poverty gap rate (at the level of $ 3.2 equivalent of purchasing power per day) has been reduced from 4.37% (2003–2008) to 1.63% (2009–2020). The distribution of income is more equable, as evidenced by the decrease in the Gini coefficient from 30.2 (2003–8) to 28.6 (2009–20). However, there is still a high degree of the informal (gray) economy[7]. The rate of deliberate murders is almost halved. The life expectancy has increased, but fertility rates and birthrates, although relatively high, are nevertheless decreasing during the period 2009–2020, compared to the period 2003–2008.

As far as energy and environmental performance are concerned, a significant increase in electricity consumption (even by about 25%) in the second observed subperiod (2009–2020) is noticeable compared to the first one (2003–2008). What can be drawn from the comparison of the appropriate indicators in these two subperiods is that the share of energy consumption derived from fossil fuels has increased (from 87.31% to 88.36%), while the share of energy consumption from renewable sources in total of final energy use slightly decreased from 22.46% to 22.39%. What is, however, positive is that energy intensity is reduced, that is, the GDP unit needs less energy in the second (6.98 MJ/$2011 PPP GDP) compared to the first sub-period (7.23 MJ/$2011 PPP GDP). When it comes to the sectoral structure of carbon dioxide emission sources, it did not change significantly[8].

The following Table 2 shows the structure of Kosovo's* GDP in the period 2008–2020, by sectors.

[7] For more details about impact of informal economy on development process in Kosovo* see: Skenderi et al. 2017.

[8] Author's calculations based on World Bank data see: https://data.worldbank.org/ (Accessed 27.01.2022.).

Table 2. Sectoral structure of the GDP of Kosovo and Metohia, period 2008–2020

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
A. Agriculture, forestry and fishing	11.3	8.3	9.5	8.1	7.4	8.4	8.3	7.7	8.2	7.4	6.5	7.2	7.4
B. Mining and quarrynig	2.6	2.5	2.5	2.5	2.4	2.1	2.0	2.0	2.2	2.2	2.2	2.0	2.0
C. Manufacturing	14.0	14.9	13.8	13.1	13.3	13.5	13.5	13.3	13.1	12.8	13.1	12.9	13.4
D. Electricity, gas, steam andair conditioning supply	2.4	2.6	2.5	2.7	2.7	2.9	2.9	3.4	3.5	3.6	3.5	3.4	3.9
E. Water suply; sewerage, waste management and remediation activities	0.6	0.7	0.7	0.7	0.8	0.7	0.8	0.7	0.7	0.8	0.7	0.7	0.6
F. Construction	7.5	7.3	7.7	8.4	8.5	8.0	7.3	7.6	7.3	8.1	8.4	8.2	7.7
G. Wholesale and retail trade;repair of motor vehicles and motorcycles	13.8	13.7	13.0	12.6	12.7	12.4	12.2	12.3	12.3	12.5	12.5	12.8	12.8
H. Transpotation and storage	3.9	4.1	4.0	3.9	4.1	4.2	4.5	4.6	4.4	4.5	4.5	4.4	3.9
I. Accommodation and food service activities	1.0	1.0	1.1	1.2	1.3	1.5	1.6	1.6	1.6	1.8	1.9	2.1	1.6
J. Information and communiaction	1.4	1.5	1.5	1.6	1.6	1.7	1.8	1.8	1.8	1.8	1.9	1.9	2.0
K. Financial and insurance activities	3.7	3.6	3.8	3.8	4.1	4.3	4.2	3.8	3.0	3.1	3.6	3.9	4.1
L. Real estate activities	9.8	10.0	8.8	7.9	8.0	8.0	7.8	7.5	7.3	7.2	7.1	7.0	7.3
M. Proffesional, scientific and technical activities	1.4	1.5	1.5	1.5	1.6	1.5	1.5	1.6	1.6	1.5	1.5	1.4	1.6
N. Administrative and support service activities	0.7	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
O. Public administration and defence; compulsory social security	3.6	4.3	5.1	5.5	5.7	5.9	5.9	5.9	5.7	5.6	5.8	5.9	6.6
P. Education	3.4	3.8	3.6	3.9	3.9	3.8	4.1	4.1	4.0	3.9	3.8	3.7	3.8

Q. Human health and social work activities	1.4	1.6	1.8	1.8	1.9	1.9	2.0	2.1	2.1	2.0	2.2	2.2	2.7
R. Arts,entertainment and recreation	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.2	0.2
S. Other service activities	0.5	0.5	0.5	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
T. Activities of households as employers; undifferentiated goods-and services-producing activities of households for own use	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross Value Added	83.3	83.1	82.4	81.0	81.5	82.4	81.9	81.3	80.3	80.3	80.6	80.8	82.6
Taxes on product	16.7	16.9	17.6	19.0	18.5	17.6	18.1	18.7	19.7	19.7	19.4	19.2	17.4
Subsidies	..	..	..	..	..	..	..	..	..	..	..	..	..
Gross Domestic Product	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: askdata, Structure of Gross Domestic Product by economic activities 2008-2020, available at: https://askdata.rks-gov.net/PXWeb/pxweb/en/askdata/askdata__07%20National%20and%20government%20accounts__National%20accounts__Annual%20national%20accounts/gdp10.px/table/tableViewLayout1/?rxid=ad787284-363a-44a5-bb3d-0f067afa36b7 (accessed: 28.01.2022).

What can be concluded from the previous table is that the main economic sectors are agriculture, forestry and fisheries, then manufacturing, wholesale and retail trade, construction, real estate, and public administration, defense and compulsory social security.

At the same time, the agriculture, forestry and fisheries sector significantly reduced its share in GDP in 2020 compared to 2008 (by 3.9 p.p.), as well as the real estate sector (by 2.5 p.p.) and wholesale and retail trade (by 1 p.p.), while some sectors have increased their share: state administration (by 3 p.p.), electricity, gas, steam andair conditioning supply (by 1.5 p.p.), human health and social work activities construction (by 1.3 p.p.) etc.

The following Table 3 shows the structure of GDP in the period 2008-2020, by using the expenditure approach.

Table 3. Structure of GDP of Kosovo and Metohia, expenditure approach, 2008–2020

	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
GDP at current prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Final consumption expenditure	105.1	106.7	105.7	100.2	100.4	99.1	102.2	98.7	93.8	91.1	91.9	92.6	98.8
Final consumption of households	94.3	94.7	92.8	86.9	86.9	85.7	88.1	84.7	81.3	78.8	79.4	79.7	84.4
Final consumption of Government	10.1	11.3	12.3	12.7	13.0	12.9	13.6	13.6	12.1	11.8	12.1	12.5	13.9
Government of Kosovo	10.1	11.3	12.3	12.7	13.0	12.9	13.6	13.6	12.1	11.8	12.1	12.5	13.9
Final Consumption expenditure of NPISH	0.7	0.7	0.6	0.6	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.5
Gross capital formation	37.3	32.6	33.1	36.1	31.9	30.0	27.8	30.4	33.5	34.7	36.3	34.6	33.4
Gross fixed capital formation	29.8	30.7	31.0	31.2	30.7	29.2	27.5	28.3	28.0	30.0	31.7	31.0	29.7
Changes on inventories	7.5	1.9	2.1	4.9	1.2	0.8	0.3	2.2	5.5	4.7	4.6	3.5	3.7
Net export	-42.3	-39.3	-38.8	-36.2	-32.3	-29.1	-30.0	-31.0	-31.0	-30.7	-35.3	-35.9	-41.0
Exports of goods and services	17.2	19.2	21.7	25.0	24.5	23.0	23.5	23.9	27.0	32.6	36.4	38.8	27.6
Exports of goods	6.0	4.8	7.4	6.9	5.9	5.7	6.1	6.1	5.8	7.1	7.1	7.4	8.9
Exports of services	11.2	14.5	14.2	18.0	18.6	17.3	17.4	17.9	21.2	25.5	29.3	31.5	18.7
Imports of goods and services	59.5	58.5	60.5	61.2	56.8	52.1	53.5	55.0	58.0	63.4	71.7	74.8	68.6
Imports of goods (FOB)	52.5	50.4	50.6	51.9	48.6	45.1	44.7	45.7	48.8	53.4	58.5	60.7	57.2
Imports of services	7.1	8.2	9.9	9.3	8.2	7.0	8.8	9.3	9.2	10.0	13.3	14.1	11.3

Source: https://ask.rks-gov.net/en/kosovo-agency-of-statistics/add-news/gross-domestic-product-by-expenditure-and-production-approach-q3-2021 (Accessed 28.01.2022).

Based on the insight into the presented data, when it comes to growth generators, it can be concluded that the situation has been changing since 2008. Namely, the share of final consumption decreased (by 6.3 p.p.) as well as of final private consumption (by 9.9 p.p.), but state consumption increased (by 3.8 p.p). Investments share (by 0.1 p.p.) and deficit in foreign trade share (by 1.3 p.p.) decreased. It can be also concluded that the value of imports is continuously much higher than the value of exports (measured by its share in GDP). But the situation is improving, since at the beginning of the period (2008) imports were about 3.5 times higher than exports, while in 2020 the situation is better, as imports are about 2.5 times higher than exports. Although the share of imports in GDP increased in the observed period (by 9.1 p.p.), the share of exports increased more (by 10.4 p.p). What is important to note is that the share of exports in GDP has grown by 1.6 times.

For the analysis of economic activities in the area of Kosovo and Metohia, it is important to consider the degree of involvement of the economy in the international environment. For these purposes, Table 4 provides an overview of the volume and structure of exports and imports of Kosovo and Metohia in 2020, with the main trading partners.

Table 4. Exports and imports with the main trading partners, 2020

Country	**Exports**		**Imports**	
	value (in thousands of euros)	**%**	**value** (in thousands of euros)	**%**
Albania	110,231	23.2	190,980	5.8
Northern Macedonia	44,082	9.3	188,589	5.7
Serbia	30,522	6.4	174,029	5.3
Montenegro	18,577	3.9	24,331	0.7
Bosnia and Herzegovina	7,286	1.5	36,516	1.1
Switzerland	38,852	8.2	23,986	0.7
Turkey	11,040	2.3	409,373	12.4
EU-27	163,498	34.4	1,511,255	45.8
Other partners	50,798	10.7	737,575	22.4
TOTAL	**474,884**	**100**	**3,296,635**	**100**

Source: Kosovo in Figures 2020, p. 66.

The previous table shows that the largest and most important trade partner of Kosovo* is the EU, since 34.4% of total exports and as much as 45.8% of total imports Kosovo* realizes with EU-27 member states. Of the analyzed countries in the region, the most important export partners are Albania, Serbia and Northern Macedonia, although these are relatively low exports values (in these three countries in 2020, the export value of goods was only about 184 million euros). Serbia participates in the export of Kosovo* with 6.4%, respectively the export to Serbia in 2020 amounted to about 30 million euros. Regarding imports, it should be noted that Kosovo* has a much higher value of imports than exports. Apart from the EU, Kosovo* imports most goods and services from Turkey. The value of imports from Serbia in 2016 was about 387 million euros and 2020 around 174 million euros, thus reducing the share of imports from Serbia by 2.6 times.

At the end of this part of the paper, we give a brief overview of the international position of the economy of Kosovo and Metohia compared to the surrounding countries, according to the most important macroeconomic indicators (Table 5). It can be concluded that, for example, Kosovo* has the highest customs rate (7.1%), followed by Serbia (6.5%), while the average customs rate for this group of countries is 3.2%. When it comes to income tax rates, Kosovo* has among the lower rates, and also in the case of corporate income tax rates. Additionally, it is also interesting to note that among the selected countries/entities, Kosovo* has the lowest tax burden, measured as a percentage of GDP (23.5%), and that it has the lowest share of public spending in GDP (27.2%). According to the size of the economy, Kosovo* occupies the penultimate position (GDP value of 19.6 billion dollars, PPP), just behind Montenegro (GDP is 11 billion dollars, PPP).

When it comes to economic growth, Kosovo* has the fastest growing economy, right behind Romania. Kosovo* also has the lowest share of public debt in GDP (20.9%), while the average for these nine countries is 49%. Inflation rate in Kosovo* can be evaluated as low (recalling that the euro is used as a currency in the area). However, all this is still not enough for Kosovo* to move from the last position in this group of countries/entities when it comes to the level of economic development, as it has the lowest value of GDP per capita (10,515 dollars, PPP), while the average for this group of countries is 17,113 dollars. It is evident that the limiting factor of growth and development is the low amount of foreign direct investment, so this issue should be in the focus of future economic and overall policy of Kosovo*.

Table 5. Basic macroeconomic indicators for Kosovo and Metohia and selected countries/entities

Country / Territory	Customs rate (%)	Income tax rate (%)	Profit tax rate (%)	Tax burden (% of GDP)	Public (government) consumption (% of GDP)	Population (in millions)	GDP (in billion dollars, purchasing power parity)	GDP growth rate (%)	5-year GDP growth rate (%)	GDP per capita (in dollars, purchasing power parity)	Unemployment (%)	Inflation (%)	FDI inflow (in millions of dollars)	Public debt (% of GDP)
Albania	1.1	23.0	15.0	24.9	29.5	2.9	36.0	3.9	2.5	12,507	13.9	2.0	1,119.1	71.2
Bosnia and Herzegovina	1.2	10.0	10.0	37.0	42.4	3.5	44.6	2.7	2.5	12,724	25.6	1.3	425.2	41.0
Bulgaria	2.0	10.0	10.0	28.0	34.7	7.1	153.1	3.6	2.7	21,687	6.2	1.2	1,070.7	23.9
Croatia	2.0	40.0	18.0	37.9	47.1	4.1	101.3	2.8	1.5	24,424	11.2	1.1	2,104.2	78.4
Kosovo*	7.1	10.0	10.0	23.5	27.2	1.9	19.6	4.1	3.4	10,515	N/A	1.5	3.6	20.9
North Macedonia	4.0	10.0	10.0	24.8	31.6	2.1	31.0	0.0	2.7	14,914	22.4	1.4	256.3	39.3
Montenegro	2.6	9.0	9.0	36.1	47.4	0.6	11.0	4.2	3.2	17,736	16.1	2.4	545.9	67.5
Romania	2.0	10.0	16.0	26.0	32.1	19.6	481.5	7.0	4.5	24,508	4.9	1.3	5,160.0	36.9
Serbia	6.5	10.0	15.0	38.4	42.8	7.0	105.5	1.8	1.2	15,000	14.1	3.1	2,866.7	61.5

Source: 2019 Index of Economic Freedom, available at: https://www.heritage.org/index/explore (accessed 29.01.2019)

2. KOSOVO* AND WESTERN BALKAN

A global insight into the basic development characteristics of the Western Balkans (5 states + Kosovo* entity) in the late 2020s can be achieved by analysing the data presented in the Table 6:

Table 6. Selected macroeconomic and other indicators in the Western Balkans

INDICATORS	ALBANIA	BOSNIA AND HERZEGOVINA	MONTENEGRO
General indicators			
Land area (sq. km), 2020	27,400	51,200	13,450
Arable land (% of land area), 2018	22.3	20.1	0.7
Arable land (hectares per person), 2018	0.21	0.31	0.01
Agricultural land (% of land area), 2018	42.8	43.2	19.1
Economic indicators			
External balance on goods and services (% of GDP), 2020	-14.7	-14.0	-35.0
Imports of goods and services (% of GDP), 2020	37.9	48.5	61.0
Gross capital formation (% of GDP), 2020	24.0[e]	23.0	31.0
Gross fixed capital formation (% of GDP), 2020	23.0	22.0	28.0
Gross fixed capital formation, private sector (% of GDP), 2020	-	10.0[a]	20.0[f]
Exports of goods and services (% of GDP), 2020	23.1	34.5	26.0
Gross national expenditure (% of GDP), 2019	115.0[e]	117.0	135.0
Personal remittances, received (% of GDP), 2020	9.8	9.3	12.6
Foreign direct investment, net inflows (% of GDP), 2019	7.8	2.2	7.5

ICT service imports (% of service imports), 2020	0.0[d]	0.2	0.5[d]
Current account balance (% of GDP), 2020	-8.8	-3.8	-25.9
Foreign direct investment, net outflows (% of GDP), 2020	0.3	0.4	-0.1
Military expenditure (% of GDP), 2019	1.5	0.9	2.1
Trade in services (% of GDP), 2020	26.2	9.7	28.4
Profit tax (% of commercial profits), 2019	14.1	8.4	8.3
Labor tax and contributions (% of commercial profits), 2019	18.8	13.6	13.4
Short-term debt (% of total external debt), 2020	6.2	13.6	3.3
External debt stocks (% of GNI), 2020	74.2	72.1	200.6
Unemployment, total (% of total labor force) (national estimate), 2020	11.7	15.9	17.9
Unemployment, youth total (% of total labor force ages 15-24) (national estimate), 2020	27.0[e]	36.6	36.0
Gross savings (% of GDP), 2020	11.0	16.0	5.0
GNI per capita, PPP (constant 2017 international $), 2020	13,485.3[e]	14,381.6	18,546.1
GNI per capita, PPP (current international $), 2020	13,670	15,600	20,870
GNI per capita growth (annual %), 2020	1.4[e]	-3.1	-14.8
GNI per capita (constant 2015 US$), 2020	4,430.4[d]	5,385.2	6,621.5

Domestic credit to private sector (% of GDP), 2020	38.7	58.5	60.0
Inflation, consumer prices (annual %), 2020	1.6	-1.1	-0.3
Employment to population ratio, 15+, total (%) (national estimate), 2020	52.5	40.1	43.8
Services, value added (% of GDP), 2020	48.4	55.8	58.0
Industry (including construction), value added (% of GDP), 2020	20.1	24.6	17.3
Manufacturing, value added (% of GDP), 2020	6.0	13.0	4.0
Agriculture, forestry, and fishing, value added (% of GDP), 2020	19.1	6.1	7.6
GNI growth (annual %), 2020	0.9[e]	-3.7	-14.9
GDP per capita, PPP (constant 2017 international $), 2020	13,192	14,509	18,259
GDP per capita growth (annual %), 2020	-3.4	-2.6	-15.2
GDP per capita (constant 2015 US$), 2020	4,424.3	5,367.0	6,522.6
GDP, PPP (constant 2017 international $), 2020	37,436.79	47,602.20	11,344.41
GDP growth (annual %), 2020	-4.0	-3.2	-5.3

Table 6: continued

INDICATORS	KOSOVO*	NORTHERN MACEDONIA	SERBIA
General indicators			
Land area (sq. km), 2020	10,887[c]	25,220	87,460
Arable land (% of land area), 2018	27.6[b]	16.6	29.5
Arable land (hectares per person), 2018	0.17[b]	0.2	0.37

Agricultural land (% of land area), 2018	52.4[b]	50.1	39.6
Economic indicators			
External balance on goods and services (% of GDP), 2020	-32.2	-12.8	-8.3
Imports of goods and services (% of GDP), 2020	53.9	70.9	56.5
Gross capital formation (% of GDP), 2020	33.0	30.0	24.0
Gross fixed capital formation (% of GDP), 2020	30.0	21.0	21.00
Gross fixed capital formation, private sector (% of GDP), 2020	20.0	16.0	16.0
Exports of goods and services (% of GDP), 2020	21.7	58.1	48.2
Gross national expenditure (% of GDP), 2019	132.0	113.0	108.0
Personal remittances, received (% of GDP), 2020	18.6	3.4	7.3
Foreign direct investment, net inflows (% of GDP), 2019	3.6	4.4	8.3
ICT service imports (% of service imports), 2020	-	0.7	1.0
Current account balance (% of GDP), 2020	-7.0	-3.4	-4.1
Foreign direct investment, net outflows (% of GDP), 2020	0.9	-1.4	0.2
Military expenditure (% of GDP), 2019	1.1	1.3	2.1
Trade in services (% of GDP), 2020	23.8	23.1	24.2
Profit tax (% of commercial profits), 2019	9.3	11.0	13.0

Labor tax and contributions (% of commercial profits), 2019	5.6	0.0	20.2
Short-term debt (% of total external debt), 2020	30.9	14.2	6.1
External debt stocks (% of GNI), 2020	39.3	89.9	74.4
Unemployment, total (% of total labor force) (national estimate), 2020	26.2	17.2	9.0
Unemployment, youth total (% of total labor force ages 15-24) (national estimate), 2020	49.7	37.0	26.6
Gross savings (% of GDP), 2020	27.0	26.0	21.0
GNI per capita, PPP (constant 2017 international $), 2020	11,062.2	15,310.8	17,665.4
GNI per capita, PPP (current international $), 2020	11,660	16,360	18,780
GNI per capita growth (annual %), 2020	-4.4	-4.2	2.0
GNI per capita (constant 2015 US$), 2020	4,094.7	4,886.2	6,329.9
Domestic credit to private sector (% of GDP), 2020	51.6	56.2	45.5
Inflation, consumer prices (annual %), 2020	0.2	1.2	1.6
Employment to population ratio, 15+, total (%) (national estimate), 2020	24.3	43.4	49.1
Services, value added (% of GDP), 2020	47.6	57.0	51.9
Industry (including construction), value added (% of GDP), 2020	27.6	22.6	24.9
Manufacturing, value added (% of GDP), 2020	13.0	13.0	13.0

Agriculture, forestry, and fishing, value added (% of GDP), 2020	7.4	9.1	6.3
GNI growth (annual %), 2020	-5.2	-4.4	1.5
GDP per capita, PPP (constant 2017 international $), 2020	10,795	15,931	18,231
GDP per capita growth (annual %), 2020	-4.6	-5.0	-0.4
GDP per capita (constant 2015 US$), 2020	3,993.0	5,092.7	6,533.20
GDP, PPP (constant 2017 international $), 2020	19,166.08	33,018.28	125,943.87
GDP growth (annual %), 2020	-15.3	-5.2	-0.9

[a] 2004, [b] 2007, [c] 2017, [d] 2018, [e] 2019

Source: Рикаловић и др. 2021: 18-19 and authors' calculations based on the World Bank database https://data.worldbank.org/ .

Empirical tests of convergence in Central and Eastern Europe (CEEs) and the Western Balkans have relied on the neoclassical growth model[9]. To test the convergence hypothesis between 16 Central and Eastern European countries (CEEs), annual data on the value of real gross domestic product per capita (in constant dollars from 2017, PPP method) in the period 2000–2026 were used. The data were taken from the World Bank database, and the projected values for the period until 2026 were also considered.

There are two main hypotheses tested in the empirical research: (1) H1: CEEs countries are not a homogeneous group of countries; and (2) H2: The Western Balkans is a relatively homogeneous regional integration. Although the first hypothesis was confirmed, this did not mean that convergence did not exist in the case of the narrower clubs of the countries within CEEs.

Based on the obtained results, three clubs of countries were identified: *the first* – Hungary, Poland, Romania, Estonia, Latvia, Lithuania, Slovakia

[9] See: Рикаловић и др. 2021: 12–39.

and Slovenia; *the second* – Bulgaria, Croatia and Serbia; and *third* – Albania, Bosnia and Herzegovina, Montenegro, Northernern Macedonia and Kosovo*.

Since the possibility of merging the identified clubs (first and second; second and third) was rejected in the research, the initial classification of clubs is also final. This confirmed the second hypothesis that the Western Balkans (not considering Serbia, which is in the second club together with Bulgaria and Croatia) is a relatively homogeneous entity. It could be concluded that Serbia is the "locomotive" of the Western Balkans and that all countries in this area should join the regional initiative for cooperation *Open Balkans*. The data presented in Table 6 and the findings of the mentioned research indicate that there is a justification for including all the countries of the Western Balkans, as well as Kosovo* in the initiative for regional cooperation *Open Balkans*[10]. In fact, the entire Western Balkans could count on significant gains in terms of freedom of movement of people, goods and capital, co-operation in the field of disaster protection and lasting peace, as well as accelerating European integration.

3. ANALYSIS OF KOSOVO*'S POSITION AND ITS RANKING ACCORDING TO SELECTED GLOBAL INDICES IN RELEVANT DOMAINS

Although today there are many global indices that evaluate different aspects of social and economic life of the modern world and certain countries, determined on the basis of different methodological approaches and cover the dimensions to which they refer, the basic intention of their designers is to provide a consistent framework and analysis, and monitoring modern political, economic, social, environmental and security processes. A brief overview of some of the mentioned indices will be given here, with the aim to point out

[10] As a result of the economic forum on regional cooperation in the Western Balkans, held in Skopje in July 2021, the initiative for regional cooperation Mini Schengen was renamed in the *Open Balkan initiative*. Also, the forum was marked by the signing of the three agreements on the movement of goods, access to the labor market and cooperation in natural catastrophe by the leaders of Albania, Northern Macedonia and Serbia (*Memorandum of understanding and cooperation on facilitating import, export and movement of goods in the Western Balkans*; *the Memorandum on free access to the labor market* and *the Agreement on cooperation in disaster protection*). *Open Balkan initiative* provides support for the creation of a common regional market for 12 million people and the abolition of border controls between Serbia, Northern Macedonia, and Albania from *January 1, 2023., ibid, p. 13–16.*

the quality of the institutional and developmental capacities of Kosovo and Metohia and their position in relation to our country and its close surroundings.

The status of political rights and civil liberties is determined according to the Freedom Index published by *Freedom House*. When assessing freedoms in a country, the situation is considered in two domains: political rights (10 indicators) and civil liberties (15 indicators). The maximum number of points that can be awarded for political rights is 40, while for civil liberties it is 60 points. Thus, the total number of points can theoretically range from 0 (no freedom) to 100 (complete freedom). Then, depending on the number of points scored, the country is assigned an appropriate rating on a scale from 1 (highest degree of freedom) to 7 (lowest degree of freedom) for both observed areas (political rights and civil liberties).

Then these two country ratings are combined into one. The combined state rating can also take a value from 1 (maximum degree of freedom) to 7 (minimum degree of freedom), when countries with a rating of 1 to 2.5 are considered as free, those with a rating of 3 to 5 being partially free, while those with a rating of 5.5 to 7 are among the countries in which there are no freedoms[11].

The combined rating of Kosovo* in 2018 and 2019 is 3.5, which puts this area among the partially free. The following table (Table 7) provides an insight into the movement of the freedom index in the period from 2018 to 2021 for the countries of the Western Balkans, and on this basis it can be noted that this area belongs to the category of partially free.

[11] See more about this index at: https://freedomhouse.org/report/freedom-world-2018-table-country-scores (accessed 30.01.2019).

Table 7. Value of the Freedom Index, Western Balkans, 2018–2021

Country / Territory	Aggregate value of the Freedom Index (0–100), 2018	Aggregate value of the Freedom Index (0–100), 2019	Aggregate value of the Freedom Index (0–100), 2020	Aggregate value of the Freedom Index (0–100), 2021	Sub-index: Political Rights, 2021	Sub-index: Civil freedoms, 2021	Status
Kosovo*	52	54	56	54	23	31	Partly free
Northern Macedonia	58	59	63	66	27	39	Partly free
Bosnia and Herzegovina	55	53	53	53	19	34	Partly free
Albania	68	68	67	66	27	39	Partly free
Serbia	73	67	66	64	22	42	Partly free
Montenegro	67	65	62	63	24	39	Partly free

Source: https://freedomhouse.org/report/freedom-world-2018-table-country-scores (Accessed 05.09.2021).

It can be seen that Kosovo* together with Bosnia and Herzegovina belongs to the very back of the list of Western Balkans countries, when it comes to freedoms.

Freedom House also measures the level of democratic governance in 29 countries in Central Europe and Central Asia in its annual report "Nations in Transit"[12]. Democracy assessment includes separate assessments in 7 categories / areas that largely represent the institutional basis of liberal democracy: democratic governance at the national level, electoral process, civil society, media independence, democratic governance at the local level, judicial framework and independence, as well as corruption.

The assessment of democracy, which represents the average for these 7 categories, ranges from 1 (lowest level of democracy) to 7 (highest level of democracy). Countries can be classified into one of the following five categories depending on the level of assessment: consolidated democracies

[12] See more: https://freedomhouse.org/report/nations-transit (Accessed 20.01.2022).

(score 5.01 to 7), semi-consolidated democracies (score 4.01 to 5), transitional or hybrid regimes (score 3.01 to 4), semi-consolidated authoritarian regimes (score from 2.01 to 3) and consolidated authoritarian regimes (score from 1 to 2).

Since 2020, *Freedom House* has introduced the “percentage of democracy” indicator, which translates the democracy score from 0 to 100, with 0 representing the lowest and 100 the highest level of democracy.

Table 8. Level of Democracy, Western Balkans, 2021

Country / Territory	**Total score**	**Status**	**Democracy Percentage**	**Democracy Score**
Kosovo*	36	transitional or hybrid regime	35.71	3.14
Northern Macedonia	47	transitional or hybrid regime	47.02	3.82
Bosnia and Herze-govina	39	transitional or hybrid regime	39.29	3.36
Albania	46	transitional or hybrid regime	45.83	3.75
Serbia	48	transitional or hybrid regime	48.21	3.89
Montenegro	47	transitional or hybrid regime	47.02	3.82

Source: https://freedomhouse.org/countries/nations-transit/scores (Accessed 13.01.2022).

It turns out that Kosovo* has the lowest percentage (35.71) and reach (3.14) of democracy in the Western Balkans.

The Heritage Foundation in Washington has been publishing the Index of Economic Freedoms for more than two decades. The index covers 12 types of freedoms, from property rights to financial freedoms in 186 countries. Economic freedoms are measured on the basis of 12 quantitative and qualitative factors, grouped into four major categories, the so-called pillars of economic freedoms: rule of law, state size, efficiency of regulatory framework and market openness. Each of the twelve types of economic freedoms within these categories is rated on a scale from 0 to 100. The overall score for the country is obtained by calculating the simple (unweighted) arithmetic mean of the values for these 12 pillars[13].

Countries can also be found in one of the following categories: free (index value greater than 80), mostly free (index value 70–80), moderately free (index value 60–70), mostly non-free (index value 50–60) and countries in which repression is present (index value less than 50)[14].

The following Table 9 presents data on the value of the index of economic freedoms for the territory of Kosovo* and the countries of the Western Balkans for 2021. There are data on the total value of this index, but also by its individual segments/pillars.

The average value of the index of economic freedoms for the countries of the Region in 2021 is 65.6, so the region as a whole can be considered moderately free. Kosovo* with an index value of 66.5 belongs to the group of moderately free territories and is slightly above the average value of the respective index of the Region.

At the same time, Kosovo* has the worst performance in the area of rule of law, followed by market openness. The most unfavorable dimensions of the Kosovo* Economic Freedom Index are financial freedoms and government integrity.

[13] See more about this index at: https://www.heritage.org/index/explore (accessed 20.02.2019).

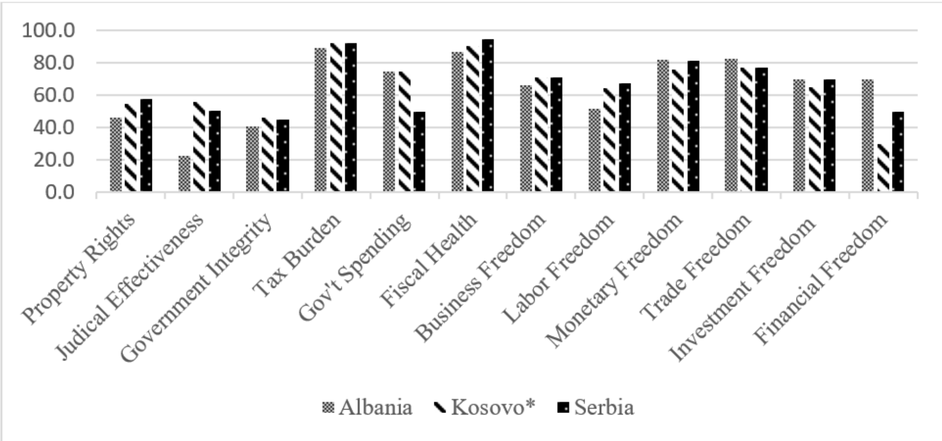
[14] For more details: https://www.heritage.org/index/book/chapter-3 (accessed 20.02.2019).

Table 9. Economic Freedom Index (total and by individual segments), Western Balkans, 2021

Country / Territory	Rang (from 180 countries), 2021.	Value of the Index, 2021	Property Rights	Judical Effectiveness	Government Integrity	Tax Burden	Gov't Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
Albania	66	65.2	46.1	22.8	40.6	89.0	74.6	86.6	66.1	51.6	82.0	82.8	70	70
Bosnia and Herzegovina	82	62.9	44.1	33.7	42.4	93.8	49.5	97.1	48.2	67.8	84.1	69.2	65	60
Kosovo*	58	66.5	54.5	55.9	46.4	92.6	75.0	90.5	71.2	64.4	75.7	77.2	65	30
Montenegro	80	63.4	57.8	56.2	51.0	83.6	35.3	37.2	73.5	78.0	83.4	79.4	75	50
North Macedonia	46	68.6	62.6	40.4	41.9	94.9	71.0	87.8	77.8	65.2	78.7	77.4	65	60
Serbia	54	67.2	57.9	50.6	45.0	92.5	49.6	94.6	71.0	67.3	81.1	77.2	70	50

Source: 2021 Index of Economic Freedom, available at: https://www.heritage.org/index/explore (Accessed 05.09.2021).

Graph 1. Pillars of Economic Freedom Index – comparison of Serbia, Albania and Kosovo, 2021*



Source: Authors based on: 2021 Index of Economic Freedom, available at: https://www.heritage.org/index/explore (accessed 05.09.2021).

However, in 2021, Kosovo* is ahead of Serbia and Albania in terms of the quality of the judiciary, government integrity and state spending. Graph 1 presents a comparative analysis of the dimensions of the index of economic freedoms in 2021 for Serbia (without Kosovo), Albania and Kosovo*.

One of the important indicators used for international comparisons is a group of six indicators that measure the quality of governance (Worldwide governance indicators – WGI)[15]. They were designed for the needs of the World Bank project, and have been monitored since 1996 (for more than 200 countries). Each of the indicators (voice and accountability; political stability; government effectiveness; regulatory quality; rule of law and control of corruption) can be presented on a scale from 0 (worst case) to 5 (best situation)[16]. Table 10 below shows the position of the Western Balkan countries in relation to the average of the Region, according to each of the indicators in 2019.

[15] See more about this indicator at: http://info.worldbank.org/governance/wgi/#home (Accessed 28.01.2019).

[16] This is a modification that was applied in [Tanasković 2018], for easier understanding and interpretation of the index itself. Namely, the original values of the indicators range from -2.5 to 2.5, but due to the simplicity of monitoring, they are often modified by reducing the value of 2.5 to the lowest and highest value to indicators ranging from 0 to 5.

Table 10. WGI, position of the Western Balkan countries in relation to the Region (Western Balkans = 100), 2019

	Voice and accountability	Political stability	Government effectiveness	Regulatory quality	Rule of law	Control of corruption
Albania	106.85	110.70	103.54	105.73	91.47	95.25
Bosnia and Herzegovina	92.74	88.73	79.35	88.17	99.34	91.38
Kosovo*	95.56	89.15	91.23	82.06	92.34	93.80
Montenegro	102.02	106.06	112.87	109.54	113.79	119.42
Northern Macedonia	100.81	103.52	106.08	114.89	98.91	101.05
Serbia	102.02	101.83	106.93	99.62	104.16	99.11

Source: author's calculation based on the database available at: http://info.worldbank.org/governance/wgi/#home

Based on the previous table, it can be shown that the area of Kosovo* in 2019 achieves lower values than the average for the Region in all 6 dimensions. In addition, compared to other countries (average period 2013–2017)[17], Kosovo* has the worst position in the area of participation and responsibility (2.25), and in the field of rule of law (1.89). If we compare the situation in Kosovo* in the observed six dimensions of the quality of state governance, the worst assessments (below 2) are in the field of rule of law and corruption control. Serbia is better than Kosovo* (although not much) in all observed dimensions, except in the quality of the regulatory framework. The quality of governance can be assessed as poor.

The following Table 11 supports the previous statement, which lists the aggravating factors for doing business in Kosovo*.

[17] Author's calculation based on the database available at: http://info.worldbank.org/governance/wgi/#home

Table 11. Aggravating factors in business (index 0–100)

Barrier	2014	2010
1. Expensive sources of funding	83.7	84.2
2. Corruption	81.2	82
3. Insufficient state support	81.1	82.3
4. Unfair competition	80.1	80.2
5. Dysfunctional justice	76.2	77.8
6. High tax rates	74.8	76.3
7. Crime	71	72.7
8. Insufficient number of parking spaces	49.8	70.8
9. Small market	68.8	67.8
10. Unavailability of funding sources	65.7	67.5

Source: Riinvest Institute (2014). Business Climate in Kosovo, p. 30, according to: Давидовић и др. 2018.

The previous table clearly shows that the situation has not improved significantly and that the biggest problems are reflected in expensive and/or inaccessible sources of financing and high interest rates due to distrust in the banking sector, as well as high levels of corruption.

The Global Terrorism Index (GTI) was created by The Institute for Economics & Peace. According to this indicator, terrorism is defined and understood as the use of illegal force or violence by non-state actors in order to achieve a certain political, economic, religious or social goal through fear, coercion or intimidation. The GTI index rates each country on a scale from 0 (there is no impact of terrorism) to 10 (the most measurable impact of terrorism). 163 countries and territories are assessed and ranked, with countries being ranked on a declining scale – the lower the rank of the state, the lower the risk of terrorism. The following Table 12 presents the situation in this area in the Western Balkans for 2017, 2018 and 2020:

Table 12. Global Terrorism Index, Western Balkans, 2017, 2018 and 2020

Country / Territory	GTI (0–10) 2017	GTI (0–10) 2018	GTI (0–10) 2020	Rank 2017 (from 163 countries)	Rank 2018 (from 163 countries)	Rank 2020 (from 163 countries)
Kosovo*	2.548	2.694	0.000	70	71	135
Northern Macedonia	1.186	0.649	0.105	92	106	124
Bosnia and Herzegovina	2.029	1.339	0.677	78	91	95
Albania	1.487	1.008	0.677	90	97	95
Serbia	0.043	0.229	0.057	126	116	126
Montenegro	0.078	0.038	0.420	122	132	107

Source: Global Terrorism Index 2017: 10–11, Global Terrorism Index 2018: 8–10 and Global Terrorism Index 2020: 8–9.

What can be concluded on the basis of the presented data is that in the observed group of countries in the first two mentioned years (2017 and 2018), the greatest threat from terrorism exists in the territory of Kosovo*. However, in 2020 there is no impact of terrorism in Kosovo* (GTI = 0), which means that this area has the most favorable position in the Region. It is noted that Northernern Macedonia, Serbia, as well as Bosnia and Herzegovina have made corresponding progress in this area in 2020 compared to 2018.

The Global Peace Index has been published since 2007 by the Institute for Economics and Peace, which develops measurement methodology and quantifies the economic benefits of peacetime situations. This index[18] shows the degree of peace/tranquility achieved in a country, taking into account developments in three areas: 1) existing domestic and international conflicts, 2) social security and safety, and 3) militarization[19]. The Global Peace Index is a composite indicator that includes 23 indicators classified into the three areas mentioned above [Global Peace Index 2018: 79]. All ratings of these indicators are normalized on a scale from 1 to 5. During the construction of

[18] For more details see: Rikalović i dr. 2019: 59–78.

[19] The first area concerns the assessment of the extent to which a country is involved in internal and external conflicts, as well as the evaluation of its role in these conflicts and the duration of its involvement in these conflicts. The second area is the assessment of the degree of harmony/discord within the state. The third domain refers to the valorization of the connection between the level of militarization of society and the availability of weapons and the achieved degree of peace / tranquility in one country, both domestically and internationally.

this index in 2007, a group of independent experts assigned each of these 23 indicators an appropriate weight (from 1 to 5) in accordance with their relative importance[20].

The data from the following table (Table 13) indicate that the situation in the area of peace/tranquility in the Western Balkans has improved in 2021. compared to the previous period.

Table 13. Global Peace Index, Western Balkans, 2008–2021

Country / Territory	GPI (0–5), 2008	GPI (0–5), 2017	GPI (0–5), 2018	GPI (0–5), 2021
Kosovo*	/	2.007	2.078	2.017
Northern Macedonia	2.119	2.133	2.058	1.744
Bosnia and Herzegovina	1.974	2.035	2.065	1.970
Albania	2.044	1.908	1.849	1.824
Serbia	2.11	1.888	1.851	1.797
Montenegro	/	1.950	1.893	1.847

Source: Authors based on: Global Peace Index, 2008, 2017, 2018 and 2021.

It is noted that the situation regarding peace / tranquility in 2021 is the most unfavorable in Kosovo*, and the best in Northern Macedonia.

Since 2012, the global anti-corruption coalition Transparency International has been monitoring and publishing data on the level of corruption. The level of corruption is measured using the Corruption Perceptions Index (CPI)[21]. The mentioned index aggregates data and information from numerous sources which express the perception of business people and experts on the level of corruption in the public sector in a particular country. The Corruption Perceptions Index can take a value from 0 (state of complete corruption) to 100 (complete absence of corruption). So, the lower the value of this index, the worse the situation regarding corruption in the country. Table 14 presents the values of the Corruption Perceptions Index for the observed countries, as well as the ranking of these countries in 2020.

[20] The expert team consisted of: Prof. Kevin P. Clements (New Zealand), Sabina Alkire (UK), Ian Anthony (Sweden), Isabelle Arradon (Belgium), Manuela Mesa (Spain), Ekaterina Stepanova (Russia), see: *Global Peace Index 2018:* 78.

[21] More about the Corruption Perceptions Index at: https://www.transparency.org/cpi2018 (accessed 30.01.2019).

Table 14. Corruption Perceptions Index, Western Balkans, 2020

Country / Territory	CPI (0–100), 2020	Rank 2020 (from 180 countries)	Barometer of global corruption (%)*
Montenegro	45	67	10%
Serbia	38	94	15%
Bosnia and Herzegovina	35	111	20%
Kosovo*	36	93	8%
Northern Macedonia	35	111	/
Albania	36	104	25%

Source: 2020 – CPI – Transparency.org (accessed 13.01.2022).

* Percentage of public service users who have paid bribes in the last 12 months.

The previous table shows that the Corruption Perceptions Index in Kosovo* in 2020 is 36, which together with Northernern Macedonia, Bosnia and Herzegovina and Albania ranks it among those with the highest perceptions of corruption (average value of the Index for the Region is 37.5)

The following Table 15 presents a time series of data on the value of the Corruption Perceptions Index in the analyzed countries during the period from 2012 to 2020. What can be seen from the previous table is that Kosovo* has improved its position in this area compared to 2012, and that in the last year the value of the Index remained at the level of the previous year, 2019. Looking at the entire period, the average value of this index for Kosovo* is very low (35.2), which is at the level of the corruption perception index in Albania, i.e. Kosovo* and Albania are characterized by the highest level of corruption perception in the Region.

In a globalized world, residency (nationality) is becoming increasingly important, so the Quality of Nationality Index (QNI)[22] is monitored using a single composite index. A value of 0 indicates the worst, and a value of 100 indicates the best condition. Table 16 given below presents the value of the Citizenship Quality Index for the Western Balkans in 2017 and 2018, the ranking of these countries in the world according to this Index in the same years, as well as the change in the value of this indicator from 2013 to 2017.

[22] See more in: Henley & Partners · Kochenov 2017.

Table 15. Corruption Perceptions Index, Western Balkans, 2012–2020

Country / Territory	Corruption Perceptions Index									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	average 2012–2020
Montenegro	45	45	45	46	45	44	42	44	41	44.1
Serbia	38	39	39	41	42	40	41	42	39	40.1
Bosnia and Herzegovina	35	36	38	38	39	38	39	42	42	38.6
Kosovo*	36	36	37	39	36	33	33	33	34	35.2
Northern Macedonia	35	35	37	35	37	42	45	44	43	39.2
Albania	36	35	36	38	39	36	33	31	33	35.2

Source: https://www.transparency.org

Table 16. Quality of Nationality Index (QNI), Western Balkans

Country / Territory	Quality of Nationality Index – QNI, 0–100, 2018	Quality of Nationality Index – QNI, 0–100, 2017	QNI change 2013–2017.	Rank 2017 (from 167 countries)	Rank 2018 (from 159 countries)
Kosovo*	25.30	23.80	1.40	137	128
Northern Macedonia	39.30	37.10	3.00	74	67
Bosnia and Herzegovina	38.80	36.80	3.60	76	71
Albania	38.70	36.70	4.50	77	72
Serbia	42.10	39.70	4.00	66	61
Montenegro	40.90	38.60	3.60	68	64

Source: Henley & Partners · Kochenov 2017 and Henley & Partners · Kochenov 2018

From the previous table it can be seen that the quality of citizenship is the lowest in the case of Kosovo* in the Western Balkans. The value of this indicator for the area of Kosovo* in 2018 reaches about two thirds (about 67.5%) of the average of the Region. In the period from 2013 to 2018, Kosovo* is increasingly lagging behind the countries of the Region in terms of the quality of citizenship. This can be seen in the ranking on the global ranking list according to this criterion.

The Human Development Index (HDI) is an aggregate indicator that expresses the country's average achievements in three basic dimensions of human development: long and healthy life, knowledge and a decent standard of living. The value of the Human Development Index ranges from 0 (lowest level of human development) to 1 (highest level of human development)[23]. The following Table 17 presents the value of HDI in 2019 for the countries of the Region, as well as their position on the global ranking list, which includes a total of 189 countries.

Table 17. Human Development Index, Western Balkans, 2019

Country / Territory	HDI (2019)	Rank (2019), from 189 countries	Change in rank, 2014–2019
Kosovo*	0.75	/	/
Albania	0.795	69	-4
Bosnia and Herzegov-ina	0.78	73	8
Northern Macedonia	0.774	82	2
Montenegro	0.829	48	2
Serbia	0.806	64	3

Source: http://hdr.undp.org/en/content/human-development-index-hdi (Accessed 16.01.2022). and for Kosovo* https://en.wikipedia.org/wiki/List_of_districts_of_Kosovo_by_Human_Development_Index (Accessed 16.01.2022). (as there is no data for Kosovo* in the official Human Development Report 2020).

[23] More about the Human Development Index see: http://hdr.undp.org/en/content/human-development-index-hdi

The comparison leads to the conclusion that Kosovo* has the lowest level of quality of human development (0.75) compared to other countries (the average of the Region is 0.789).

Standard and most commonly used economic and social indicators are not able to best describe the quality of life in a country. Researchers Helivel, Laird and Sachs have created the Gross National Happiness (GNH) indicator, which is explained, measured and monitored for more than 150 countries in a document/study entitled "World Happiness Report"[24]. The following Table 18 provides data on the value of the Happiness Index for the countries of the Region, as well as their position on the unique ranking list of 156 countries.

Table 18. Happiness Index, Western Balkans, 2017–2020

Country / Nation / Territory	Rank, 2020	Rank, 2017–2019	Happiness Index (0–10), 2020	Happiness Index (0–10), average 2017–2019
Kosovo*	31	32	6.294	6.325
Northern Macedonia	75	66	5.054	5.16
Bosnia and Herzegovina	58	54	5.516	5.674
Albania	63	75	5.365	4.883
Serbia	42	51	6.042	5.778
Montenegro	54	57	5.722	5.546

Source: World Happiness Report 2021: 18–22.

Based on the data from the previous table, it can be concluded that people are the happiest in Kosovo*. The average value of the Happiness Index for the Western Balkans in 2020 is 5.67, which means that the mentioned index in the case of Kosovo* is ahead of the average by more than 11%. Kosovo* ranks in the 32nd place for the period from 2017 to 2019, and in 2020 it takes 31st position. In 2020, Albania ranks 63rd, Northernern Macedonia 75th, and Serbia 42nd in the Happiness Index rankings.

[24] For more on the Gross National Happiness Concept (GNH), see [World Happiness Report 2018].

"Reporters Without Borders" calculates and monitors the World Press Freedom Index[25]. The index takes values from 0 to 100, where the situation is assessed as good if the index is in the range of 0 to 15 points, as quite good (15–25 points), as problematic (25–35 points), as bad (35–55 points) and as very bad (55–100 points). The following Table 19 contains data on the value of this index for the countries of the Region in 2020 and 2021, as well as the ranking of these countries on the global list of 180 countries and territories.

When it comes to media freedom, according to this organization and their index, the situation in Kosovo* has worsened in 2021 compared to 2020 (increase in the value of the index by 0.99 points). Also, it can be seen that on the global ranking list, Kosovo* recorded a decrease of 8 places in 2021 compared to 2020. At the same time, Serbia and Bosnia and Herzegovina remained in the same positions as in 2020, while Albania, Montenegro and Northernern Macedonia made progress in that regard. According to this index, the situation of media freedoms in the Region is problematic, except in Bosnia and Herzegovina, where the situation in this area is assessed as quite good.

Table 19. World Press Freedom Index, Western Balkan, 2020–2021

Country / Territory	World Press Freedom Index, 2020	World Press Freedom Index, 2021	Rank 2020 (from 180 countries)	Rank 2021 (from 180 countries)
Albania	30.25	30.59	84	83
Bosnia and Herzegov-ina	20.51	20.34	58	58
Northern Macedonia	31.28	31.67	92	90
Montenegro	33.83	34.33	105	104
Serbia	31.62	32.03	93	93
Kosovo*	29.33	30.32	70	78

Source: https://rsf.org/en/ranking_table?sort=asc&order=Countries%20%26%20regions (accessed 05.09.2021)

[25] See more about this index and the methodology of its calculation at: https://rsf.org/en/detailed-methodology (accessed 31.01.2019).

The index that monitors the satisfaction of members of the gay population is another global indicator that we had in mind during our analysis. The aim of this index is to combine three basic dimensions that are important for assessing the situation in the country on this issue: a) public opinion (what do gay men think about society's view of homosexuality?), b) society/community behavior (how gay men perceive it) the way other people treat them?) and c) life satisfaction (how satisfied are gay men with their lives and do they accept themselves?).[26]

The following Table 20 shows the value of the Gay Happiness Index (GHI) for selected countries in the last year for which data are available (2015), as well as the position of these countries in the global ranking list that includes 127 countries.

Table 20. Gay Hapiness Index – GHI, Western Balkan, 2015

Country / Territory	GHI (0–100), 2015	Rank (2015), from 127 countries
Kosovo*	29	116
Northern Macedonia	33	103
Bosnia and Herze-govina	33	102
Albania	34	94
Serbia	36	89
Montenegro	35	92

Source: https://www.planetromeo.com/en/care/gay-happiness-index/ (accessed 29.01.2019)

The data from the previous table show that the position of members of the gay population is the worst in Kosovo* compared to other countries – the value of the Index is the lowest, and on the single list Kosovo* ranks only 116th out of 127 ranked countries. This indicates that there is a low level of tolerance in the territory of Kosovo*. According to this index, Serbia has the best position in the region, and is obviously tolerant towards members of the gay population, being ranked as 89th on the ranking list.

[26] For more details see: https://www.planetromeo.com/en/care/gay-happiness-index/ (accessed 31.01.2019).

4. OVERVIEW OF SOME RESEARCH IN RELEVANT AREAS OF LIFE IN KOSOVO AND METOHIA

In recent years, there have been several studies conducted in order to analyze the determinants of economic growth in Kosovo and Metohia.

A study conducted by Jeton Zogjani, Myrvete Badivuku-Pantina [Zogjani and Badivuku-Pantina 2014] examines the impact of remittances on Kosovo's economic development. The main motive for this research was the fact that in 2013 the total value of remittances in Kosovo was 620.8 million euros, and that in 2011 Kosovo was among the top 10 countries with the highest level of remittances [Zogjani and Badivuku-Pantina 2014: 61]. The authors used secondary data, as well as the linear regression method (ordinary least squares method) processed in the STATA software.

The paper assumes that remittances are a very important source of funding in countries with lower levels of economic development and transition countries, such as Kosovo*. In Kosovo*, the share of remittances in GDP is very high, so that together with foreign direct investment and the financial sector they make up the dominant part of GDP (close to 65%). The paper emphasizes that remittances are very important for the territory of Kosovo, especially for stimulating consumption and private investment, and their impact is very important for improving the quality of life and economic activity in Kosovo. According to research conducted within the United Nations Program [UNDP 2010], there are over 25%, or over 400,000 people in Kosovo whose remittances are the main source of income, while the Kosovo Agency of Statistics [KAS 2013] reported that over 43% citizens of Kosovo have family members living abroad.

The mentioned Zogjani and Badivuku-Pantina paper examines the impact of remittances on economic growth in Kosovo during the period from 2008 to 2013. The data used in this study were of a secondary nature and were collected from official economic and financial institutions (Central Bank of Kosovo, Kosovo Agency of Statistics, World Bank Indicators).

Multiple regression analysis by the method of ordinary least squares (OLS) was applied to the collected data, where economic growth was set as a dependent variable, and remittances, inflation rate and exchange rate were determined as independent variables.

The results of this study show that remittances (β1 = - 0.017) and the exchange rate (β3 = - 0.322) have a negative impact on economic growth, but that the obtained regression coefficient is not statistically significant (see Table 21), but that the inflation rate is positive, and a statistically significant (β2 = 0.245) effect on economic growth. The coefficient of determination (R^2) is 84%, and the coefficient of Durbin-Watson (DW) statistics is 2.11, which means that there is no autocorrelation.

Table 21. Test results by OLS method

Economic growth	Coefficient value	Standard error	T-statistics	P - value	Coefficient of determinantion	Durbin-Watson test
Constant	36.679	35.717	1.03	0.412	0.839	2.11
Remittances	-0.017	0.203	0.09	0.94		
Inflation rate	0.245	0.097	2.53	0.127		
Exchange rate	-0.322	0.339	-0.95	0.443		

Source: Zogjani and Badivuku-Pantina 2014: 68.

The same authors conducted another similar study that examined the impact of foreign direct investment (FDI) on economic growth in Kosovo* [Badivuku-Pantina and Zogjani 2015]. The paper started from the fact that in most Balkan countries (including Kosovo*), FDI is very important for the sustainability of economic growth, especially after the global financial crisis. It is pointed out that the share of FDI in GDP was over 10% in 2009, and that the sectors that absorb most of these investments are real estate (41.6%), telecommunications (13.2%), financial markets (11, 5%) and civil engineering (9.5%) [Badivuku-Pantina and Zogjani 2015: 32]. However, it is also stated that according to the World Bank Report for Kosovo* [World Bank 2014], the amount of FDI and exports still does not reach a stable level.

Institutions in Kosovo* have tried to protect foreign investors through the provisions of the Law on Foreign Investment. However, the Law was not applied due to various factors (costs of bureaucracy, long administrative procedures, bribery, etc.), so all this generated a discouraging environment for foreign investors. In the paper, it is considered that attracting foreign direct investment in Kosovo* requires systematic improvement in the field of political stability, economic growth, the fight against corruption, defining and respecting property rights, increasing the quality of justice, etc.

In the previous period, Kosovo* did not have an adequate environment for attracting FDI, due to political instability (frequent changes of governments), economic problems (high unemployment), high levels of corruption, unskilled laborers, etc. Therefore, one of the effects of the global financial crisis in 2008 was the reduction of the share of FDI in GDP from 13% in 2007 to 5% in 2013.

The main conclusion is that the institutions in Kosovo* need to create a favorable investment environment – political stability, administration of justice, protection of the rights of foreign investors, investment security, fair competition and appropriate institutional support. According to the authors, this should have a positive impact on FDI in the forthcoming period.

The paper also examines the impact of FDI on economic growth in Kosovo* during the period from 2008 to 2013. The data used in this study were of a secondary nature and were collected from official economic and financial institutions (Central Bank of Kosovo*, Kosovo* Agency of Statistics, World Bank Indicators).

The multiple regression analysis by the method of ordinary least squares (OLS) was applied on the collected data, where the economic growth was treated as a dependent variable, and foreign direct investment, inflation rate and exchange rate were treated as independent variables. The results of the regression are presented in Table 22 below.

Table 22. Test results by OLS method

Economic growth	Coefficient value	Standard error	T- statistics	T > |t |	Coefficient of determination
Constant	39.43	19.08	2.07	0.17	0.84
FDI	0.001	0.011	0.11	0.92	
Inflation rate	0.239	0.076	3.13	0.08	
Exchange rate	-0.347	0.182	-1.91	0.19	

Source: Badivuku-Pantina and Zogjani 2015: 35

The previous table shows that, along with other unchanged variables, an increase in FDI per unit leads to an increase in economic growth rate by 0.0012 points (positive impact), and that an increase in inflation rate per unit results in an increase in economic growth rate of 0.239 points (positive impact). However, an increase in the real effective exchange rate per unit causes the economic growth rate to fall by 0.347 points (negative impact). T-statistics explain the statistical significance of the obtained regression coefficients. It can be seen that only the coefficient with a variable inflation rate is statistically significant, while the coefficients with the variable FDI and the exchange rate (T <2) are not statistically significant.

It is also important to consider the role that foreign trade plays in the process of economic growth in Kosovo. This issue was the subject of a research conducted by Topxhiu and Krasniqi [Topxhiu and Krasniqi 2011: 97–107]. In this paper, the authors analyze foreign trade trends in Kosovo* and their relationship with economic growth in the period from 2000 to 2010, in order to gain a more detailed insight into the dynamics and structure of exports and imports, and the foreign trade balance of Kosovo*, as well as to identify the main obstacles in this field. The paper starts from the fact that Kosovo's* economic growth has been solid since the end of the war in 1999, given that Kosovo's* economy has been hit hard by post-conflict uncertainties, broken foreign trade connections, long periods of underinvestment, collapsed infrastructure and numerous and various difficulties in other areas of economic and social life. First of all, with donor funds, the GDP growth rate was double-digit at the beginning of the observed period (2000–2001), followed by more moderate economic growth despite the continuous inflow of funds in the form of donations and remittances. Therefore, the authors state that Kosovo's* sustainable economic growth must rely to a much greater extent on export revenues and foreign investment. Although Kosovo* is not significantly involved in international trade flows, the negative effects of the global economic crisis were felt in 2009 due to declining exports (decrease 18%), FDI (decrease by 22%) and remittances (decrease by 8%).

Ribaj and Mexhuani examined the correlation between savings and economic growth in Kosovo* [Ribaj and Mexhuani 2021] during the period 2010–2017, from both a qualitative and quantitative research methodology. They used the augmented Dickey–Fuller tests, Johansen cointegration tests, and Ganger causality test. The test of the unit root confirms stationarity, and the regression results showed that deposits have a significant positive impact on Kosovo's* economic growth, because savings stimulate investment, production, and employment and consequently generate greater sustainable economic growth. The findings in this article showed that loans and remittances also help boost the economy of Kosovo* through their direct impact on investment. The results confirm the hypothesis that countries whose national savings rate is high are not dependent on foreign direct investment, so in the case of these countries the risk arising from volatile foreign direct investment decreases significantly.

The main goal of the paper by Ziberi and Hodaj was to analyze the fiscal policy in general and to estimate the impact of direct and indirect taxes on economic growth in particular in case of Kosovo* [Ziberi and Hodaj 2020: 112–121]. The authors used the secondary data taken from the Tax Administration of Kosovo*, the Ministry of Finance and the Kosovo* Agency of Statistics. For model estimation the IBM SPSS program was used. This study concludes that budget revenues from direct and indirect taxes mark an increasing and positive trend in case of Kosovo*. Based on the Pearson Correlations authors conclude that direct taxes are strongly and positively correlated to GDP, however the results of OLS regression show no significance of the independent variables that means that direct and indirect taxes have no impact on economic growth of Kosovo*.

Gashi, Asllani and Boqolli analyse the effect of the tax structure in the economic growth of Kosovo* during the period from 2007 to 2015 [Gashi, Asllani and Boqolli 2018]. The study intends to examine the impact of specific types of taxes on economic growth. The authors used the methodology based on comparative analysis of primary and secondary data. Through the econometric model and linear regression analysis, the research. The econometric model used (hypotheses have been tested with STATA software) includes GDP as dependent variable and several independent variables (types of taxes). The results show that most of the taxes have a positive impact on GDP growth, but that not all taxes have the same impact on economic growth.

Govori and Fejzullahu analysed the impact that external financial flows have on GDP growth in Kosovo* as a new, small, and open economy [Govori and Fejzullahu 2020]. The authors started from that the remittances, foreign direct investment (FDI), foreign debt, and net exports may affect GDP in different ways. This determinants can be especially important for economic development process in the case of a new, small, and open economy. This research examined the direct effect of these factors on economic development as represented by GDP growth in Kosovo* during the period of 2012–2018. The relationships between remittances, net exports, FDI, external debt, and GDP are modeled. The findings suggest that in Kosovo*, remittances are the leading contributor to GDP growth. The authors assert that this contribution could be more valuable if remittances were invested in the manufacturing sector, because these investments could have positive effects on job creation, reducing the unemployment rate and decreasing Kosovo's* dependence on imports.

Besnik in his paper analyzed the effects of exports on economic development in the case of Kosovo* [Besnik 2021]. The findigs of this research show that exports have an important role and have a positive impact on economic growth in Kosovo*, if the state continues to implement economic policies that promote economic growth or development. It is also stated in the article that the very high level of corruption in Kosovo*, and the lack of political stability as well have greatly affected the development of the country's economy.

The paper also presents the structure of Kosovo's* foreign trade. Kosovo's* total exports are dominated by the share of base metals (about 51%), followed by mineral products / raw materials (16.5%), fruits and vegetables (6.2%), alcoholic beverages (6.2%), machinery and equipment (3, 3%), textile products (3.1%), leather products (2.4%), etc. [Topxhiu and Krasniqi 2011: 101, Graph 2]. The structure of imports in Kosovo* has not changed significantly over the years. Consumer goods, machinery and transport equipment are mostly imported. The relatively high share of semi-finished products in total imports indicates that production activity in Kosovo* is highly dependent on imports of raw materials from abroad. Also, the continuous increase in the share of consumer goods in total imports indicates a low level of domestic production. The pronounced foreign trade deficit in the food sector stands out. At the same time, the coverage of imports by exports, despite improvements in recent years, is still at a very low level of about 15%. Regarding export destinations, in the observed period, on average, almost half of Kosovo's exports go to EU countries, while exports to the EU increase their share in total exports (in 2010 it reached a share of 65%). An additional quarter of total exports are directed to CEFTA member countries, so that almost 75% of Kosovo's* exports go to EU and CEFTA member states, most of them to Italy (about 30%) and Germany (about 4%). As for imports, the most important partner of Kosovo* is the EU – half of imports are from these countries, with most from Germany (about

13%), then Greece (about 5%), etc. The paper states that Kosovo's economy is small, even in the regional context, and that long-term development plans will largely depend on the development of the export part of the economy. It is stated that increasing export competitiveness cannot be achieved by exchange rate policy, because Kosovo* uses the euro as its currency, but that it should rely on its own resources much more (human capital, favorable geographical location, wealth of natural resources, access to regional and European markets, etc.) that offer great potential for economic growth in the future. The authors take the view that reducing trade imbalances is a necessary condition for long-term economic growth in Kosovo*, and that the export growth strategy should be considered a key factor in building an open and free market economy and reducing Kosovo's huge foreign trade imbalance. Namely, imbalances in foreign trade create macroeconomic disparities with long-term implications for Kosovo's economic growth and macroeconomic sustainability. Therefore, mitigating such disproportions should be a priority. In doing so, improving the competitive position of Kosovo's exports will require appropriate investments in infrastructure, then improvements in legislation, institutional capacity building, and the development of "quality infrastructure" (standardization, accreditation, etc.) to ensure that products meet international requirements and standards. In an increasingly globalized world, success in export markets is increasingly influenced by the ability of economic policy makers to support an environment that promotes efficient and low-cost trade services and logistics.

An important segment of Kosovo's* economy is also the informal sector. The research of Skenderi, Islami and Mulolli focused on the relationship between the informal economy and the development of the SME sector in Kosovo* in the period from 2008 to 2012 [Skenderi, Islami and Mulolli 2017].

According to the National Strategy of Kosovo*[27], in 2012 the informal economy at the global level reached about 33% of GDP, while for the EU this indicator is 18.5%. According to the same report done in 2013, Kosovo's informal economy is estimated to be around 34% of GDP. Among the key factors for the growth of informal business in Kosovo* are high taxes, which are considered an obstacle to the growth of legal business. The results of this paper indicate that the informal economy is one of the key obstacles to the development of SMEs in Kosovo*. In the long run, the negative impact of informal business on society as a whole is greater than positive, so the authors emphasize the need for government intervention in the form of public policies

[27] https://mf.rks-gov.net/desk/inc/media/B2227717-B018-430E-9498-5DA32C104DD9.pdf, p. 6.

that should be oriented towards a strategy to combat the informal (gray) economy and gradually transform it into a formal economy. The conclusion of the paper is that in Kosovo* the volume of the informal economy averages about 25–33% of GDP. Although this segment is important in this regard, the results of this analysis show that the informal economy has a negative impact on the development of small and medium enterprises, as well as on the overall economy in Kosovo*.

The research conducted by Knežević, Kvrgić and Ivković [Knežević, Kvrgić and Ivković 2014] performs a comparative analysis of the economies of Serbia (without Kosovo and Metohia) and Kosovo* during the period from 2007 to 2012, in order to determine what the effects of wider integration of Kosovo* into the Serbian economy would be. The paper starts from the fact that the economy of Kosovo* is small, so that its possible impact on the economy of Serbia is in any case irrelevant. On the other hand, it is stated that the wider integration of the Kosovo* economy into the Serbian economy is an essential precondition for reducing the gap in underdevelopment between Kosovo* and the rest of Serbia. The authors state that it is unacceptable that domestic economists do not pay enough attention to the area of Kosovo*, having in mind the strong and comprehensive interest of our public in this area. Therefore, the economic situation in the southern province is mostly unknown, so people often create an unrealistic picture, whether it is much better or much worse than it really is. Based on the available data, primarily from the World Bank, the authors concluded that the Serbian economy is almost twice as developed as the Kosovo* economy (measured by GDP per capita). Furthermore, although relatively high rates of economic growth are achieved in Kosovo*, this is not enough to reduce the inherited and decades-long gap in economic development. The economic structure of Kosovo*, which otherwise corresponds to a country with a higher level of development (agriculture 12%, industry 20%, services 68% [Knežević, Kvrgić and Ivković 2014: 116]) is the result of a completely spontaneous but very significant decline of the real sector, as well as the result of delayed and chaotic transitions. The situation in Kosovo* is more complicated due to extremely high ethnic tensions, high levels of corruption and crime, the gray economy and demographic expansion, which greatly contributes to the high unemployment rate. Kosovo's* credit rating is poor, and the volume of foreign direct investment is insufficient, primarily due to weak institutions. Finally, the question arises as to whether the integration of the Serbian and Kosovo* economies would be justified from the point of view of short-term economic gain, and for whom. Of course, the issue of Kosovo's* status is much more than an economic issue, but the authors have tried, with all limitations, to see this aspect. The authors are of the opinion that for the rest of Serbia, the violent and illegitimate separation of the southern province and economic entities from its territory unequivocally represents enormous economic damage, but that in the long run it also does not limit its economic progress and development. Of course, the authors themselves state in the conclusion of this paper that all this should be taken very conditionally, because it is difficult to talk about these issues only from a narrow economic aspect. An important contribution of this paper could be the conclusion that domestic economists should be more involved in studying the economic reality and future of Kosovo*, and that further research should be developed towards a more detailed analysis of the Serb-majority Northernern part of the province. In such analyzes, many non-economic aspects should be taken into account, which are an integral part of any discussion on all issues related to Kosovo*. In addition to the need for a more detailed study of this topic, it is stated that the limiting factor is certainly the lack of objectivity and unreliability of available data.

The subject of a research conducted by Sandra Davidović, Danilo Babić and Jelena Pejić [Давидовић и др. 2018] was a scientific consideration of the process of privatization of public sector enterprises in the territory of Kosovo and Metohia. The scope of this research is broader than the economic one, as both political and international aspects of this problem are considered. This research has raised a very important issue related to the Kosovo* problem, which certainly needs to be further processed. The book examines the privatization of socially-owned enterprises in Kosovo and Metohia from an economic, political and social point of view. It is pointed out that about 660 companies were privatized in the area of Kosovo and Metohia, which employed about 60,000 people. It is stated that privatization in the province had economic and institutional shortcomings, and that its main features are the absence of serious foreign investors, corruption, devaluation of companies, low selling prices, inadequate preliminary assessment of the value of company capital, loss of workers, etc. One of the main shortcomings is the fact that the citizens of Kosovo and Metohia were excluded from the privatization process and did not have the opportunity to buy the shares of their companies. Institutional shortcomings enabled the company's buyers to sell them immediately and lay off workers, because their goal was not to continue doing business, but to get land in attractive locations. The authors cite a list of examples of the transformation of "old" companies into "new" ones that were privatized by 2008 (spin off privatization model), including the following cases: Energoinvest – Priština, Žitopromet – Mitrovica, Kosovotrans – Kosovska Mitrovica, PKB Poćka pivara d.o.o. Peć, holding company cotton factory Jumko AD Vranje – plant in Priština – Kosovo Polje, DTP Voćar – Priština, etc.

The reasons why about a third of privatized companies do not function are various, from those related to the lack of funds for investments to those who basically have the investor's decision to sell out the property than to continue doing business because it is cheaper that way. Table 23 shows data on inactive privatized companies in Kosovo and Metohia, by sectors and cities.

Table 23. Statistics of inactive privatized companies

Sector	**%**	**Region**	**%**
Trade	25	Priština	3
Production	22	Prizren	9
Agriculture	17	Peć	30
Catering	11	Mitrovica	24
Services	6	Đakovica	24
Objects	19	Gnjilane	9

Source: Давидовић и др. 2018: 92.

Gashi, Gashi Ahmeti and Ziberi [Gashi, Gashi Ahmeti and Ziberi 2021] explored the impact of small and medium enterprises in generating new jobs in Kosovo*, with a special focus on the industry and services sector (it was one of the first researches for these sectors for that territory) during the period 2012–2018. This analysis has been based on the data collected by the World Bank and Kosovo Agency of Statistics. The authors used OLS regression model through Statistical Package for Social Sciences (SPSS). Results show that the industry and services sector affect generating new jobs in Kosovo*, therefore there is a positive correlation between the presented variables. Also, it could be noticed a positive correlation between the GDP and employment rate.

Bajra, Krasniqi and Podvorica made the research about privatisation of socially owned enterprises – the methods used and the impact on economic growth in Kosovo* [Bajra, Krasniqi and Podvorica 2021]. This research employed an empirical test using a panel effects regression analysis on a sample of 571 socially owned enterprises (or 1,600 assets) over a 16-year period (2003–2018). The authors find that privatisation at the aggregate level does not boost economic growth. In particular, the methods used to privatise socially owned enterprises or parts of them are not a determining factor. The findings in this article are that the quality of institutions is fragile, confirming a negative associations with economic growth. It is also shown that the effects of privatisation depending on the method used.

Rita Augestad Knudsen in her article analyzes internationally led privatization in Kosovo* during period from 1999 to 2008, as an example of international statebuilding [Knudsen 2013]. International statebuilding is typically sought justified with the idea of 'liberal peace', and this article shows how the tension between the political and economic tenets of the idea of liberal peace manifested itself in Kosovo's internationally led privatization. The Augestad Knudsen's research is based on around 50 original interviews which were conducted with local and international privatization officials, experts and observers in Kosovo*.

The paper of Mulaj [Mulaj 2005: 123–163] analyse causes, consequences and implications of delayed privatization in Kosovo*. It starts from a background of Kosovo* under former Yugoslavia and self-management socialism. After that author provides insights on the incidence of socially owned enterprises during 1990s – emergency measures, transformation through forced merger and their consequences. Special attention is given on the impact of privatisation limited to a number of enterprises in the Đakovica region. It was then treated appropriately privatisation addressed under new institutional settings after the war. A very important questions such as the difficulties to implementation of the privatisation process are discussed. The paper identifies the causes and implication of interim suspension of the ownership transformation process.

The aim of the paper written by Kotorri [Kotorri 2010] was to specify and estimate a model of a household planning to send at least one or one additional member abroad because of dissatisfaction with the national economic situation. The plan to emigrate is considered to be based on a household's decision process whereby the household, as a whole, seeks to maximize expected future utility. The empirical research was based on a sample of 1,384 Kosovan households. One of the main finding was that there is no evidence found for the "migration hump", so "brain drain" does not seem to be an issue. The probability of emigration from households is found to be influenced by relative wealth, type of area, and regional unemployment rates.

Hajdari and Krasniqi investigated the link between economic development and emigration from Kosovo* between 2015 and 2020 [Hajdari and Krasniqi 2021]. Firstly, they dealt with the empirical and theoretical debates on migration, as both an individual choice and a social decision. After that, the recent history of emigration from Kosovo* was analysed with the aim to understand if and how the past has influenced present migration forms and models. This article aimed to unpick the threads connecting economic development, the labour market, educational disparities, unemployment, and EU integration. The authors argued that demographics, economics, and the political relationship between Kosovo* and the EU have all affected emigration trends in Kosovo*. This research examined the brain drain phenomenon and economic stability as two variables that permanently influence one another.

Besides the economic, we also had in mind research related to other important aspects of life in Kosovo*. At this point, we will briefly look at the basic findings of Fanaj and Melonashi [Fanaj and Melonashi 2014: 1–8]. The paper first states that Kosovo* is the area with the youngest population in Europe, with 45% of the population under the age of 25 [Fanaj and Melonashi 2014: 1]. However, in terms of economic development, this area is among the worst positioned in Europe. Comparable data indicate that in Kosovo*, the level of youth unemployment under the age of 25 is the highest in the world – as much as 73%. In addition, the socio-cultural context is still such that traditional cultural elements are still important, and that generational gaps or conflicts are quite obvious. To this should certainly be added the presence of war traumas, economic poverty, political instability, democracy in transition, which all together have a huge impact on social development and quality of life. In this context, the growing number of suicides in post-war Kosovo* has become an issue of interest to researchers and policy makers.

Kosovo* had the lowest suicide rate in Europe, which was 1.3 per 100,000 inhabitants (1981), while in 1985 it was 2.7. In the period from 2008 to 2012, the suicide rate calculated on the basis of data from the police services was 3.17 per 100,000 inhabitants [Drevinja, Berisha, Serreqi, Statovci and Haxhibeqiri 2013]. About 49% of reported suicides belong to the 15–34 age group. Studies are quite consistent with the findings on which sex is more prone to suicide – men commit suicide in larger number (2:1 for men) [ibid: 5].

The number of suicides in Kosovo* increased significantly in the post-war period (1998–1999). The aim of the study conducted by the mentioned authors was to identify, select and synthesize research on suicides in Kosovo*. The authors discussed published articles, dissertations and presentations at international and national conferences. 16 relevant studies were selected, including psychiatric, psychological, forensic, sociological, epidemiological and legal research, which met the selection criteria. However, the authors state that they failed to find any study of a qualitative, physiological or anthropological character, and that only two studies analyzed the predictors of suicide. Although the studies analyzed include much valuable data of an epidemiological nature, they did not provide enough input to develop an appropriate suicide model.

Nevertheless, the study met its primary goal – to provide a comprehensive review of the suicide literature in Kosovo*. A review of epidemiological data on suicides in Kosovo* suggests that, despite the increasing suicide rate in Kosovo*, this area may be classified as a low suicide rate in Europe (e.g. in Greece, Macedonia, Italy and Albania, the rate is less than 10 per 100,000 inhabitants). Indeed, the suicide rate for Kosovo* (3–4 per 100,000 inhabitants) is comparable to that for Albania (4 per 100,000 inhabitants in 2003) or Greece (3.6 per 100,000 inhabitants in 2005). One aspect to note is that the suicide rate is low even in the case of the Albanian minority living in countries in the region (e.g. Albanians in Serbia), whose suicide rate is below 10 (4.9 per 100,000 inhabitants), as opposed to other parts of the country with a rate of 20 per 100,000 inhabitants [Penev and Stanković 2007: 6]. Explanations for these findings can be found in ethnic characteristics and religiosity. In terms of gender differences, data for Kosovo* are in line with data from other countries (males are at greater risk). Also, the most common methods of suicide by gender (e.g. hanging, firearms) are similar to those that occur in other countries in the region, such as Croatia, Slovenia, Italy and Greece [Injac-Stevović i dr. 2011]. However, there are differences by country in terms of age group. In Serbia, Montenegro and Slovenia, the elderly account for the largest number of suicides, while in Kosovo* the majority of cases in which persons who committed suicide were in the age group of 34 and younger. Regarding the frequency of adolescent suicidal ideas, the data indicate higher rates for Kosovo* compared to other countries (37.6% to 43%) [Penev and Stanković 2007: 25–62]. In terms of risk factors, this area should certainly take into account family mental health and suicide history, but also war trauma, hopelessness, depression, as well as socio-economic factors such as unemployment, low per capita income and family disunity.

However, in the context of protective factors, it is important to emphasize the traditional way of life (patriarchal society) and religion, which is very important. This can be explained by the family structure – extended families in Kosovo* (several generations living together, there are close relationships between them), which is related to the emotional and financial support that an individual enjoys, which can certainly serve as a protective factor for suicide.

The influence of religious beliefs on the act of suicide can also be important (the value of the life God has given to preaching Islam). However, in the end, the authors state that the given explanations are only provisional and that only a future research in the field should examine all specific factors. Despite the fact that war is mentioned in almost all studies, there is little evidence linking its consequences to suicide.

Rikalović and Molnar have conducted the research about basic development trends in Kosovo and Metohia during the period 2003–2017 [Rikalović and Molnar 2019: 9–23]. In the focus of the paper are missed opportunities for increasing economic and social well-being in the Kosovo and Metohia area. Besides this, an important aspect of the analysis carried out in this paper relates to the quality of state governance and the building of institutional capacities. In the empirical analysis, three scenarios were used to show the backlog of the Kosovo and Metohia area, i.e. the lost GDP per capita of Kosovo* caused by the inability to take advantage of the wider space of our country. The results of the research show that special attention has to be paid to the rule of law, the efficiency of governance and the control of corruption in Kosovo*. The integration of Kosovo* into the educational, research and economic space of Serbia and the EU could be a good way for the overall progress of our country as a whole.

5. ECONOMIC GROWTH IN KOSOVO AND METOHIA IN THE POST-YUGOSLAV CONTEXT

At the time of the 1991 collapse, the former SFR Yugoslavia was in the group of less developed European countries, with unsustainable economic and social disparities that existed between its federal units. After 1991 and the declaration of independence, the economic and social differences between the states that emerged from the disintegration of the SFRY became even greater. This situation, among other factors, was largely determined by the war conflicts that took place in certain areas of the former SFRY, as well as the different dynamics of approaching the European Union. The second column in Table 24 provides information on the value of GDP in the respective territories, and on the differences that existed in this regard in 2009. The next three columns testify to the level of economic development of the former federal units (AP Vojvodina was observed as an integral part of Serbia) in 1991 and 2009, as well as the growth of GDP per capita during the two decades after the breakup of SFRY.

What can be seen from Table 24 is that the economy of Kosovo* in 2009 was larger than the economy of Montenegro, and smaller than all others (measured by the value of GDP). However, what is evident is that the area of Kosovo and Metohia is still the least economically developed, having in mind that the value of GDP per capita was 3,059 dollars. Although Kosovo's GDP grew the fastest after the break-up of Yugoslavia (6.2% in the period from 1991 to 2010, and at a rate of almost 5% on average per year in the period from 2005 to 2010), this was not enough to reduce the gap in development. As a comparison, it should be noted that the average annual GDP growth rate at the global level was 3.7% (from 1970 to 1989), 2.59% (from 1991 to 2010) and 2.14% (from 2005 to 2010). In the same periods, the average annual GDP growth rate for the countries of the former SFRY was 3.45%, 3.28% and 3.34%, respectively [Štiblar 2013: 21, Table 2.13].

The last two columns in Table 24 represent projections of the value of GDP until 2022 in the countries that were once part of the SFRY. There are two scenarios given – one in which it is assumed that after 2010 the economies of these countries will continue to grow at the rate of growth they achieved in the period from 1991 to 2010, and another which predicts that the future growth rate in these economies will be equivalent to that during the period from 2005 to 2010. As can be seen, the projected Kosovo* GDP growth rate projected in this way is the highest in both cases (excluding the 12% growth rate in Bosnia and Herzegovina from 1991 to 2010 due to the war), but will not lead to a significant relative economic position of Kosovo* compared to other former federal units of the SFRY. However, there would be some convergence, as Kosovo* lagged behind the average of these countries 5.03 times in 2009, while it would be 2.8 times (scenario 1) or 3.65 times (scenario 2).

Table 24. Dynamics of economic activity in Kosovo and Metohia and in the former Yugoslavia: achieved results and projections

Country / Territory	GDP, 2009. (billion USD)	GDP per capita (in USD), 1991	GDP per capita (in USD), 2010	Accrual GDP per capita 1991–2010	Coefficient of growth GDP per capita 2010/1991	Average annual growth rate of GDP 1970–1989	Average annual growth rate of GDP 1991–2010	Average annual growth rate of GDP 2005–2010	GDP 2022 (in billion USD) 1. scenario	GDP 2022 (in billion USD) 2. scenario
Bosnia and Herzegovina	17	2057	4409	2352	2.1	3.5	12.0	3.55	21.5	26.8
Croatia	63	4026	13754	9728	3.4	3.1	0.5	1.53	68	76.7
Kosovo*	5.4	760	3059	2299	4.0	3.6	6.2	4.98	11.7	10.2
(Northern) Macedonia	9.2	2442	4460	2018	1.8	3.6	0.6	3.53	10	14.4
Montenegro	4.1	2247	6510	4263	2.9	3.4	2.5	4.53	5.7	7.3
Serbia	43	3355	5269	1914	1.6	3.4	-0.9	2.61	47.8	60.1
Slovenia	48.5	6331	22851	16520	3.6	3.6	2.3	2.28	64.8	65.0

Source: Štiblar 2013: 8, 21 and 25.

CONCLUSIONS

The subject of this paper was the analysis of demographic and economic aspects of the development of Kosovo and Metohia during the first two decades of the 21st century. The main aim was to obtain an objective assessment of development trends in Kosovo and Metohia, to the extent allowed by the available data.

The value of gross domestic product and gross national income, as well as their expressions per capita, increased in the period after the declaration of independence, the so-called Republic of Kosovo in relation to the period before that (2003–2008). The unemployment rate has decreased; the deficit in the exchange of goods and services with other countries has also decreased, while the total investment rate has decreased. However, the presented data also lead to the conclusion that most of the investment after 2008 came from the private sector. For more dynamic economic growth, it is necessary to increase FDI inflows and use remittances more efficiently. In the period after 2008, poverty in Kosovo* was reduced, while the distribution of income was more egalitarian, as evidenced by the decrease in the average value of the Gini coefficient. Demographic indicators suggest that life expectancy has increased, but that fertility and birth rates, although relatively high, have declined slightly over the period 2009–2020 in relation to the period 2003–2008.

Regarding energy indicators, there is a noticeable increase in electricity consumption after 2008 (during the period 2009–2020). However, what cannot be assessed as positive is that the share of energy consumption from fossil fuels has increased, while the share of energy consumption from renewable sources in the total consumption of final energy has decreased. What is positive is the reduction of energy intensity (energy consumption per unit of GDP).

By comparison the economy of Kosovo* with the economies of other neighboring countries (Albania, Serbia, Bosnia and Herzegovina, Macedonia, Montenegro, Romania, Bulgaria, Croatia) it is concluded that Kosovo* has the highest customs rate, among the lowest income tax rates and rates of corporate income tax. The share of public debt in GDP is the lowest among the countries in this sample, as well as the inflation rate (although the euro is used as a monetary unit in Kosovo and Metohia). However, all this still does not mean that Kosovo* is moving from the last position (in relation to the neighboring countries) when it comes to the level of economic development, since it has the lowest value of GDP per capita. This is supported by the scenario analysis of future economic growth of the countries formed after the breakup of the SFRY, since the extrapolation of GDP growth at the rates achieved in the previous period (1991–2010 and 2005–2010) leads to the conclusion that Kosovo* will not succeed, not even by 2022, to significantly reduce the backwardness in the achieved level of economic development behind other former federal units of the SFRY.

That the future economic progress of Kosovo* will most likely not be extremely dynamic, can be anticipated from the whole spectrum of relevant findings obtained in this research by analyzing various composite indexes. Based on competent analyzes and research presented in the paper, it is concluded that Kosovo* belongs to the area that is classified as partially free, then that the situation is not favorable related to the field of participation and responsibility, and in the field of rule of law and corruption control. The situation in Kosovo* is worrying when it comes to the threat of terrorist activities (given the return of a number of fighters who fought for ISIS, as well as the deployment of more people from Afghanistan in transit to Western countries), as that the value of the Global Terrorism Index was high until 2018, and that Kosovo*, along with Serbia, was the only area in which in 2018, compared to 2017, there was an increase in the value of this indicator, i.e. a deterioration in this area.

Also, the Corruption Perceptions Index in Kosovo* in 2020 takes a value of 36, which ranks this area among those with the highest perception of corruption in the selected group of countries.

According to the quality of nationality, Kosovo* is the worst positioned among the selected countries. The value of the Quality of Nationality Index for the territory of Kosovo is 25.3 in 2018, while in the same year the average value of the index for the countries of the Western Balkans is 37.5. In 2019, Kosovo* recorded the lowest level of the Human Development Index compared to other countries.

In terms of economic freedoms in 2021, Kosovo* with an index value of 66.5 belongs to the group of moderately free countries-entities. At the same time, Kosovo* has the worst performance in the area of rule of law, followed by market openness. The worst dimensions of Kosovo*'s index of economic freedoms are financial freedoms and government integrity.

Composite indicator Gross National Happiness (GNH), or so-called The Happiness Index, which is calculated and monitored for more than 150 countries in a study called the *World Happiness Report*, indicates that people in the Western Balkans are happiest in Kosovo*. In 2020, Kosovo* ranks relatively high 31st in the global ranking of happiness.

When it comes to press freedom, the conclusion is that the situation in this area in Kosovo* has gotten worse in 2021 compared to 2020. At the same time, it can be seen that in the global ranking list, Kosovo* dropped by 8 places. According to this index, the situation of press freedom in the Region is problematic, except in Bosnia and Herzegovina, where the situation in this area is evaluated as quite good.

Regarding the degree of tolerance, the paper concluded that the position of the gay population is the worst in Kosovo* compared to other countries in the region, while on the single list Kosovo* ranks only 116th out of 127 ranked countries. This indicates that there is a low level of tolerance and a high level of discrimination in the territory of Kosovo*. It was noted that the situation in Kosovo* is the most unfavorable in the region in terms of the scope of democracy, as well as peace/tranquility, at the beginning of the third decade of this century.

Kosovo* as well as the entire Western Balkans could count on significant gains in terms of freedom of movement of people, goods and capital, cooperation in disaster protection and lasting peace, as well as accelerating European integration through the *Open Balkans* Regional Cooperation Initiative.

ГЛАВНЕ ДЕМОГРАФСКЕ И ЕКОНОМСКЕ ПРОМЕНЕ НА КОСОВУ И У МЕТОХИЈИ У ПРВЕ ДВЕ ДЕЦЕНИЈЕ 21. ВЕКА

Сажетак

Косово и Метохија заузимају површину од 10,9 хиљада км². На територији Косова и Метохије присутни су значајне залихе никла, олова, цинка, магнезијума, каолина, хрома, боксита, а нарочито лигнита. Пољопривредно земљиште распростире се на више од 50 одсто територије, од чега половину чине обрадиве површине. Шуме заузимају 2/5 укупне територије КИМ. Главни привредни сектори су пољопривреда, шумарство и рударство. Становништво Косова и Метохије (према доступним „званичним“ подацима) износи близу 1,8 милиона лица (2020. г.), од чега су најбројнији Албанци (више од 90%), док преостали део чине Срби, Бошњаци, Турци, Ашкалије, Египћани, Горани, итд. Преовлађује муслиманска вероисповест (преко 95% становништва), а знатно мање су заступљени припадници римокатоличке и православне вере. Просечна старост становништва је око 29,6 година, док је старосна структура веома повољна (од 0 до 14 година старости 24%, односно 15–64 године 67% и 9% старијих од 65 година). Од 1961. до 2020. године укупан број становника на КИМ је повећан са око 964 хиљаде на 1.775 хиљада. У раздобљу 1961–2011. година десиле су се значајне промене етничке структуре становништва на овом подручју: заступљеност албанског становништва је знатно порасла, док је удео српске популације битно смањен, док су припадници осталих етничких група такође забележили пад учешћа. Према прописима привремених органа власти на Косову и у Метохији (које су неовлашћено прогласиле независност тзв. Републике Косово 17. фебруара 2008. године) постоји 38 општина и 1.469 насеља.

С геоекономске тачке гледишта узрок сукоба у овом делу Балкана одувек је било и богатство у рудама, водама, земљишту и погодним географским обележјима Косова и Метохије. Осим базичних идентитетских разлога (колевка српске духовности, културе и државе) Косово и Метохија, њихови ресурси и развојни потенцијали од великог су значаја и за економску будућност Србије. Под изговором хуманитарне кризе 19 чланова НАТО-а остварујући англоамеричке и германске стратешке геополитичке и геоекономске циљеве 1999. године 78 дана су немилосрдно бомбардовале Србију. Током НАТО агресије на нашу земљу око 13 хиљада људи је изгубило живот, више стотина хиљада њих је напустило своја пребивалишта услед

бомбардовања и оружаних сукоба (највише Срби с Косова и из Метохије), док је значајан део физичке инфраструктуре био уништен). Агресија 1999. резултирала је окупацијом, тј. увођењем протектората под управом Уједињених нација и актуелном косовском кризом. Чињеница да су природни и изграђени потенцијали на подручју Косова и Метохије изван јурисдикције Београда, стопроцентно повећање такси на увоз робе с простора Србије и Босне и Херцеговине, као и други једнострани акти привремених власти на Косову[28] представљају препреке за убрзање развоја на подручју целог региона.*

Анализирани су развојни индикатори који се односе на услове привређивања и живота на подручју Косова и Метохије у периоду од 2003. до 2020. године. Израчунате су просечне вредности одабраних показатеља за цело посматрано раздобље, као и за два периода унутар њега – до проглашења тзв. независности (2003–2008) и након тога (2009–2020). Треба имати у виду неколико следећих чињеница. Стопа укупних бруто инвестиција опала је у периоду после 2008. године у поређењу са периодом 2003–2008, а стопа бруто фиксних инвестиција остала је непромењена. Пошто је стопа бруто фиксних инвестиција из приватних извора повећана, следи да је главни носилац инвестиционе активности на Космету у периоду након 2008. године био приватни сектор. Удео спољнотрговинског дефицита у БДП-у је смањен с 42,35% на 31,30%. Учешће извоза добара и услуга у БДП-у је повећано с око 17,2% (2003–2008.) на око 24,2% (2009–2020), док је удео увоза у БДП-у опао са 59,5% (2003–2008) на 55,5% (2009–2020), што је утицало на побољшање биланса размене добара и услуга. Удео извоза ИКТ услуга у укупном извозу услуга порастао је са 6,4% на 8,6% у другом у односу на први потпериод. На релативно спору привредну динамику утицао је пад прилива дознака и СДИ. У периоду 2009–2020. година удео дознака у БДП-у је смањен за готово 3,7 процентних поена у односу на период 2003–2008, док је истовремено учешће СДИ у БДП-у опало за близу 5 процентних поена. Издаци за војску знатно су порасли у периоду након нелегалног проглашења тзв. независности и то са 0,02% БДП-а (2003–2008) на 0,75% БДП-а (2009–2020). Обим БДП-а и БНД-а, као и њихови per capita износи су повећани у другом у односу на први потпериод, док је стопа незапослености смањена. Раст укупног БДП-а и БДП-а per capita је релативно динамичан у периоду од 2009. до 2020. године. У привредној структури је присутно релативно високо учешће услуга (које се чак повећава у другом у односу на

[28] Овај назив је без прејудицирања статуса и у складу је с Резолуцијом Савета безбедности Уједињених нација 1244 и мишљењем Међународног суда правде о декларацији о независности Косова (видети: Влада Републике Србије: https://www.srbija.gov.rs/kosovo-metohija/index.php?id=168200 (Приступљено 16.12.2021).

прво подраздобље – за око 1,4 процентна поена), док је истовремено удео индустрије непромењен, а удео пољопривреде опада (за око 3,5 процентних поена). У случају спољне задужености присутна су забрињавајућа кретања: удео спољног дуга у БНД-у повећан је за око 2,4 пута у другом у односу на први потпериод, удео краткорочног у укупном спољном дугу је истовремено порастао за 3,7 пута, док је учешће плаћених камата на спољни дуг у БНД-у веће.

Број становника се повећао током периода 2009–2020. година (за око 13 хиљада), при чему је стопа раста становништва (упросечена годишња) износила око 0,13%. Сиромаштво је знатно смањено пошто је стопа јаза сиромаштва (на нивоу линије од 3,2 долара једнаке куповне моћи дневно) смањена с 4,37% (2003–2008) на 1,63% (2009–2020). Расподела дохотка је егалитарнија (смањен је Ђини коефицијент с 30,2 у првом на 28,6 у другом периоду). Постоји висок степен неформалне (сиве) економије. Стопа намерних убистава је готово преполовљена. Очекивано трајање живота се повећало, али се стопе фертилитета и наталитета, иако релативно високе, смањују током раздобља 2009–2020. у односу на период 2003–2008. година.

Што се тиче енергетских и еколошких перформанси видно је значајно повећање потрошње електричне енергије (чак за око 25%) у другом посматраном потпериоду (2009–2020) у поређењу с првим (2003–2008). Оно што се може закључити на основу поређења одговарајућих индикатора у ова два потпериода јесте да је порастао удео потрошње енергије која се добија из фосилних горива (с 87,31% на 88,36%), док је смањен удео потрошње енергије из обновљивих извора у укупној употреби финалне енергије с 22,46% на 22,39%. Енергетска интензивност је смањена, односно по јединици БДП-а се трошило мање енергије у другом (6,98 MJ/$2011 ППП БДП) у односу на први потпериод (7,23 MJ/$2011 ППП БДП). Секторска структура извора емисије угљен-диоксида се није значајније мењала.

Емпиријска тестирања постојања конвергенције у Централној и Источној Европи (ЦИЕ) и на простору Западног Балкана била су ослоњена на неокласични модел раста. За тестирање хипотезе о конвергенцији између 16 земаља Централне и Источне Европе (ЦИЕ) коришћени су годишњи подаци о вредности реалног бруто домаћег производа по становнику у периоду од 2000–2026. године. У истраживању су тестиране две хипотезе: 1. Земље ЦИЕ нису хомогена група земаља и 2. Западни Балкан је релативно хомогена регионална интеграција. Мада је потврђена прва хипотеза, то није значило да конвергенција не постоји у случају ужих клубова земаља унутар ЦИЕ. На основу добијених резултата идентификована су три клуба земаља: први –

Мађарска, Пољска, Румунија, Естонија, Летонија, Литванија, Словачка и Словенија; други – Бугарска, Хрватска и Србија; и трећи – Албанија, Босна и Херцеговина, Црна Гора, Северна Македонија и Косово.*

Пошто је у истраживању одбачена могућност спајања идентификованих клубова (првог и другог; другог и трећег), почетна класификација клубова је и коначна. Тиме је потврђена и друга хипотеза да је Западни Балкан (не узимајући у обзир Србију која је у другом клубу заједно са Бугарском и Хрватском) релативно хомогена целина. Могло би се закључити да Србија заправо представља „локомотиву" Западног Балкана и да би све земље овог подручја требало да се прикључе регионалној иницијативи за сарадњу Отворени Балкан. Постоји оправданост укључивања свих земаља Западног Балкана, као и Косова у иницијативу за регионалну сарадњу Отворени Балкан. Заправо, читави Западни Балкан би могао рачунати на знатне добитке у погледу слободе кретања људи, робе и капитала, сарадње у области заштите од катастрофа и обезбеђивања трајног мира, као и на убрзање европских интеграција.*

Данас постоји мноштво глобалних индекса који вреднују различите стране друштвеног и економског живота савременог света и појединих земаља, који се утврђују на бази различитих методолошких приступа и обухвата димензија на које се односе. Основна намера је да се помоћу њих пружи конзистентан оквир и начин за анализу и праћење савремених политичких, привредних, социјалних, еколошких и безбедносних процеса. Овде су узети у обзир неки од поменутих индекса (Индекс слобода, ниво/проценат демократије, Индекс економских слобода, Индекс управљања државом (квалитет владавине), Глобални индекс тероризма, Глобални индекс мира, Индекс перцепције корупције, Индекс квалитета држављанства, Индекс људског развоја, Индекс среће, Глобални индекс медијских слобода, Индекс задовољства (среће) припадника геј популације) са циљем да се укаже на квалитет институционалних и развојних капацитета Косова и њихове позиције у односу на Србију и регион Западног Балкана.*

Види се да Косово заједно са Босном и Херцеговином припада самом зачељу на простору Западног Балкана, када је реч о слободама. Произилази да Косово* има најнижи домет демократије на Западном Балкану. Док се Регион, у економском смислу, као целина може сматрати умерено слободним, Косово* с вредношћу индекса од 66,5 спада у групу умерено слободних територија. При томе, најлошије перформансе Косово* има у области владавине права, а потом у домену отворености тржишта. Најнеповољније димензије индекса економских слобода Косова* су финансијске слободе и интегритет владе. Међутим, Косово* у 2021. години* *у поређењу са Србијом и Албанијом предњачи у погледу квалитета судства, владе и државне потрошње. Косово* у 2019. години има најлошију позицију у свих 6 димензија управљања државом. У односу на друге земље Региона Косово* има најлошију позицију у области партиципације и одговорности (2,25), те у домену владавине права (1,89). Најлошије оцене Косова* (испод 2) су у домену владавине права и контроле корупције. Србија је од Косова* боља (мада не много) у свим посматраним димензијама, осим у квалитету регулаторног оквира. Квалитет владавине на Косову* се може оценити као лош.*

Највећа претња од тероризма постоји управо на подручју Косова. Међутим, 2020. године Глобални индекс тероризма на Косову* је једнак нули. Запажа се да су и Северна Македонија, Србија, као и Босна и Херцеговина забележиле одговарајући напредак на овом плану у 2020. у односу на 2018. годину. Стање мира/спокојства у 2021. години најнеповољније је на Косову*, а најбоље у Северној Македонији.*

У погледу ризика од корупције Косово се, заједно са Северном Македонијом, Босном и Херцеговином и Албанијом, у 2020. години сврстава међу она подручја са највишом перцепцијом корупције. Косово* је поправило своју позицију у овој области у односу на 2012. годину. Када се сагледава период 2012–2020. година, просечна вредност овог индекса за подручје Косова* је веома ниска (35,2) што је на нивоу индекса перцепције корупције у Албанији, односно Косово* и Албанија се карактеришу највишим степеном перцепције корупције у Региону. Квалитет држављанства је најнижи у случају Косова* на простору Западног Балкана. Вредност овог показатеља за подручје Косова* у 2018. години достиже око две трећине просека Региона. У периоду од 2013. до 2018. године Косово* све више заостаје за земљама Региона у погледу квалитета држављанства. То се види и по рангу на глобалној ранг листи према овом критеријуму.*

На Косову је присутан најнижи ниво квалитета људског развоја (0,75) у односу на друге земље (просек Региона је 0,789). На глобалној ранг листи Индекса среће у 2020. години Косово* заузима 31. место, док су остали на знатно нижим позицијама – Албанија је на 63., Северна Македонија на 75., а Србија на 42. месту. У погледу Индекса среће, Косово* предњачи у односу на просек Региона за више од 11%, што значи да је стање среће у њему и релативно повољније.*

У области медијских слобода, на Косову је погоршана ситуација у 2021. у односу на 2020. годину (повећање вредности индекса медијских слобода за 0,99 поена). Сходно томе на глобалној ранг листи медијских* *слобода Косово* је забележило пад за 8 места у 2021. у односу на 2020. годину. Истовремено, Србија и Босна и Херцеговина су остале на истим позицијама као 2020., док су Албанија, Црна Гора и Северна Македонија напредовале у том погледу. Према овом индексу, стање медијских слобода у Региону је проблематично, изузев у Босни и Херцеговини у којој се стање у овој области оцењује као прилично добро.*

Положај припадника геј популације најлошији је на подручју Косова у поређењу са другим државама – вредност Индекса је најнижа. На јединственој листи Косово* заузима тек 116. место од укупно 127 рангираних држава, те је поменута популација највише угрожена, јер је на територији Косова* присутан веома низак степен толеранције. Најбољу позицију у Региону према овом индексу има Србија, те је очито толеранција према припадницима геј популације највећа у нашој земљи, која заузима 89. место на ранг листи.*

Последњих година је спроведено мноштво истраживања и објављено више научних радова у којима се анализирају релевантне области живота на подручју Косова. У тим прилозима се анализирају и разматрају релације између економског раста (и развоја) и других променљивих као што су прилив дознака, доток страних директних инвестиција, спољнотрговинска размена, штедња, директни и индиректни порези, пореска структура, међународни токови капитала, извоз, миграторна кретања итд. Један број истраживања за предмет је имао анализу неформалног сектора (сиве економије) на подручју Косова*. Такође, третиран је и процес приватизације на Косову*, са циљем да се утврде какве је ефекте имала закаснела приватизација која се одвијала под окриљем међународног фактора. Анализирани су и проблеми миграција. Поред економских, у научним радовима и истраживањима одговарајућа пажња је посвећена и другим битним аспектима живота на подручју Косова* (пропуштеним економским приликама Косова* изазваних сецесијом од Србије, демографским кретањима и другим социјалним питањима).*

Премда су бившу Југославију карактерисале готово неодрживе економске и социјалне разлике између њених федералних јединица, након 1991. године оне су између држава које су настале распадом СФРЈ постале још веће. Овакво стање су у знатној мери определили ратни сукоби на појединим подручјима бивше СФРЈ, као и различита динамика приближавања Европској унији. Привреда Косова је у 2009. години била већа од привреде Црне Горе, а мања од свих других (мерено вредношћу БДП-а). Подручје Косова* и даље је најмање економски развијено, имајући у виду да је вредност БДП-а по становнику износила 3.059 долара. Иако* *је привредни раст Косова* био најбржи након распада Југославије (6,2% у периоду 1991–2010. г., што је 2,4 пута више од светског просека у истом раздобљу), то није било довољно да се смањи јаз у развијености.*

У пројекцији БДП-а до 2022. године дата су два сценариа – један у којем је претпостављено да ће након 2010. године привреде земаља некадашњих југословнеких република наставити да расту по оној стопи раста коју су оствариле у периоду 1991–2010. и други који предвиђа да ће будућа стопа раста у овим економијама бити еквивалентна оној током раздобља 2005–2010. година. На овај начин пројектована стопа раста БДП-а Косова је највиша у оба случаја (ако изузмемо стопу раста од 12% у периоду 1991–2010. у Босни и Херцеговини због ратних околности), што неће довести до значајније релативне позиције привреде Косова* у поређењу са другим бившим федералним јединицама СФРЈ. До извесне конвергенције би ипак дошло, јер је заостајање Косова* за просеком ових земаља било 5,03 пута у 2009. години, док би оно износило 2,8 пута (1. сценарио) или 3,65 пута (2. сценарио).*

Основни циљ био је да се дође до објективне оцене развојних токова на подручју Косова и Метохије, у мери у којој то дозвољавају расположиви подаци. За динамичнији привредни раст Косова је неопходно повећавање дотока СДИ и ефикасније коришћење дознака. У периоду након 2008. године сиромаштво на подручју Косова* је смањено, док је расподела дохотка егалитарнија, о чему сведочи смањење средње вредности Ђини коефицијента. Демографски показатељи говоре у прилог томе да се очекивано трајање живота повећало, али да су стопа фертилитета и наталитета, иако релативно високе, незнатно смањене током раздобља 2009–20. у односу на период 2003–2008. година. Смањена је енергетска интензивност (потрошња енергије по јединици БДП-а).*

Поређењем привреде Косова с привредама других земаља из окружења (Албанија, Србија, Босна и Херцеговина, Македонија, Црна Гора, Румунија, Бугарска, Хрватска) долази се до закључка да Косово* има највишу царинску стопу, међу најнижима стопу пореза на доходак и стопу пореза на добит предузећа. Удео јавног дуга у БДП-у је најнижи међу земљама из овог узорка, као и стопа инфлације (мада се на Косову* као новчана јединица користи евро). Међутим, све то још увек не значи да се Косово* помера са последње позиције у окружењу када је у питању ниво привредног развоја, будући да има најнижу вредност БДП-а по становнику. Овоме у прилог говори и сценарио анализа будућег привредног раста земаља насталих распадом бивше СФРЈ, пошто се екстраполацијом раста БДП-а по стопама које су остварене у претходном периоду (1991–2010. и 2005–*

2010.) долази до закључка да Косово неће успети ни до 2022. године да значајније смањи заосталост у достигнутом нивоу привредног развоја за осталим бившим политичким јединицама СФРЈ. Да будуће економско напредовање Косова* највероватније неће бити изразито динамично може да се наслути и из читавог спектра релевантних налаза до којих се у овом истраживању дошло анализом различитих композитних индекса. Заправо, напред наведени подаци, као и презентиране анализе и оцене сведоче да развој Косова* као самосталне државне јединице не може бити економски одржив.*

Косово као и читави Западни Балкан, поред динамичнијег економског раста, би могли рачунати на знатне добитке у погледу слободе кретања људи, робе и капитала, сарадње у области заштите од катастрофа и обезбеђивања трајног мира, као и на убрзање европских интеграција остваривањем иницијативе за регионалну сарадњу Отворени Балкан / Западни Балкан.*

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