



**Republika e Kosovës**  
**Republika Kosova - Republic of Kosova**  
**Qeveria - Vlada - Government**

***Ministria e Industrisë, Ndërmarrësisë dhe Tregtisë***  
***Ministarstvo Industrije, Preduzetništva i Trgovine - Ministry of Industry, Entrepreneurship and Trade***

## Key Findings from the Basic Survey on Inspections

Prepared by: Competitiveness and Export Readiness Project (CERP)

**Date: December 2023**

## 1. Objectives

The Competitiveness and Export Readiness Project (CERP) funded by the World Bank, implemented by the Ministry of Industry, Entrepreneurship and Trade, aims to enable local firms to export more and redistribute the resources they dedicate /share to deal with difficult inspections and other obstacles of the business environment for a more productive use of them. The CERP project in close cooperation with the Kosova Investment Climate II project, implemented by IFC and financed by SECO (Swiss Secretariat for Economic Affairs) would like to present the main results from the baseline survey carried out by the IFC Project, Climate e Investments in Kosovo, to evaluate various aspects related to the inspections carried out in 2021 and 2022. While in 2023, the survey was carried out by the CERP Project. The survey aimed to measure IFC Project outcome indicators related to inspection coverage, inspectorates involved, duration of inspections, administrative costs, fines paid, awareness and perception of businesses as well as other relevant factors.

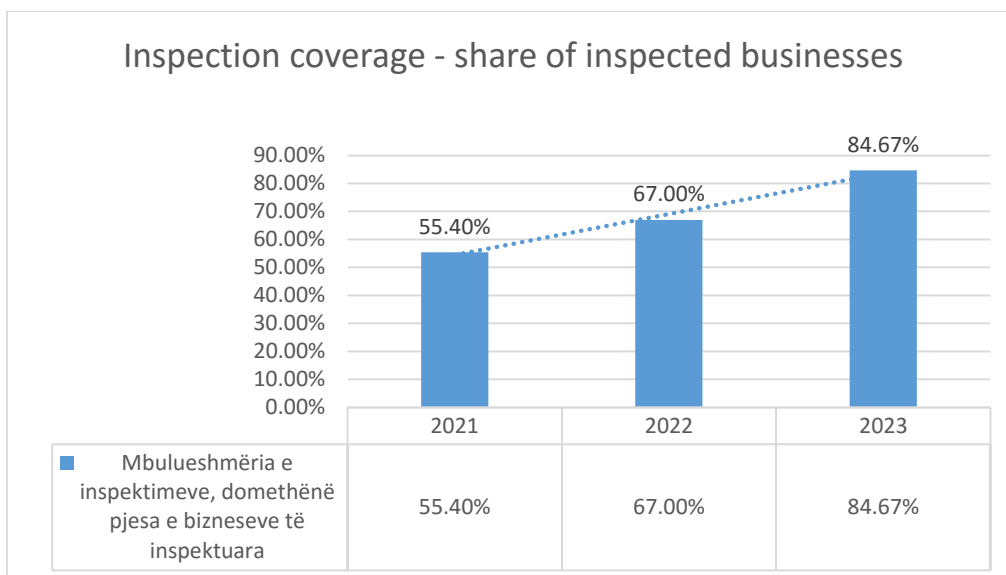
The Investment Climate Project provides technical assistance to the Government of Kosovo in order to improve the investment climate in the country for both domestic and foreign investors. The business regulation component of the project supports national and municipal governments to reduce the administrative burden on businesses through a simplified licensing and permitting system, as well as by improving the efficiency of inspection services.

## 2. Indicators

### 1. Inspection coverage (share of inspected businesses):

In 2022, inspection coverage included 67% of businesses. This indicates that approximately two-thirds of the surveyed businesses underwent inspections during the specified time period.

In 2021, the survey results revealed that 55.4% of businesses have been inspected, indicating that just over half of businesses have undergone inspection processes. However, in 2022, inspection coverage increased to 67%, showing a significant improvement in inspection scope. While during 2023, coverage increased to 84.67%.



*Graph 1 Inspection coverage*

## **2. Inspectorates involved in inspections**

The survey revealed that inspections were mainly carried out by three inspectorates: the Labor Inspectorate, the Food and Veterinary Inspectorate, and the Market Inspectorate. The distribution of inspections between these inspectorates was as follows:

- In 2021:

- o Labor Inspectorate (56.5%)
- o Food and Veterinary Inspectorate (14.8%)
- o Market Inspectorate (14.4%)

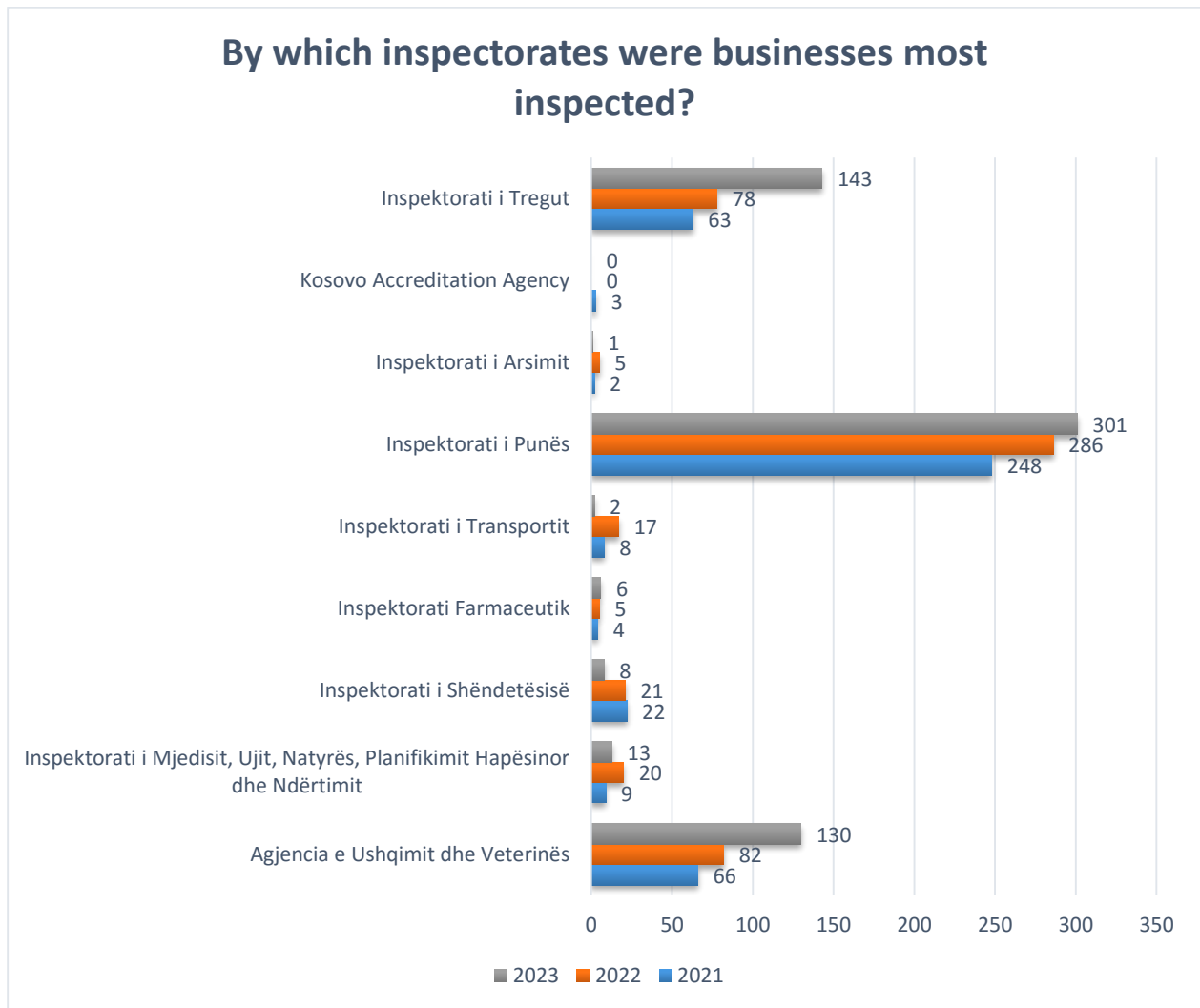
- In 2022:

- o Labor Inspectorate (53.6%)
- o Food and Veterinary Inspectorate (15.4%)
- o Market Inspectorate (14.6%)

- In 2023:
  - o Labor Inspectorate (49%)
  - o Food and Veterinary Inspectorate (21%)
  - o Market Inspectorate (23%)

Compared to the previous year, there is a small change in the share of inspections by the Labor Inspectorate, while there is an increase in the share of inspections by the Food and Veterinary Inspectorate and the Market Inspectorate in 2023.

The remaining share represents the other inspectorates specified below:



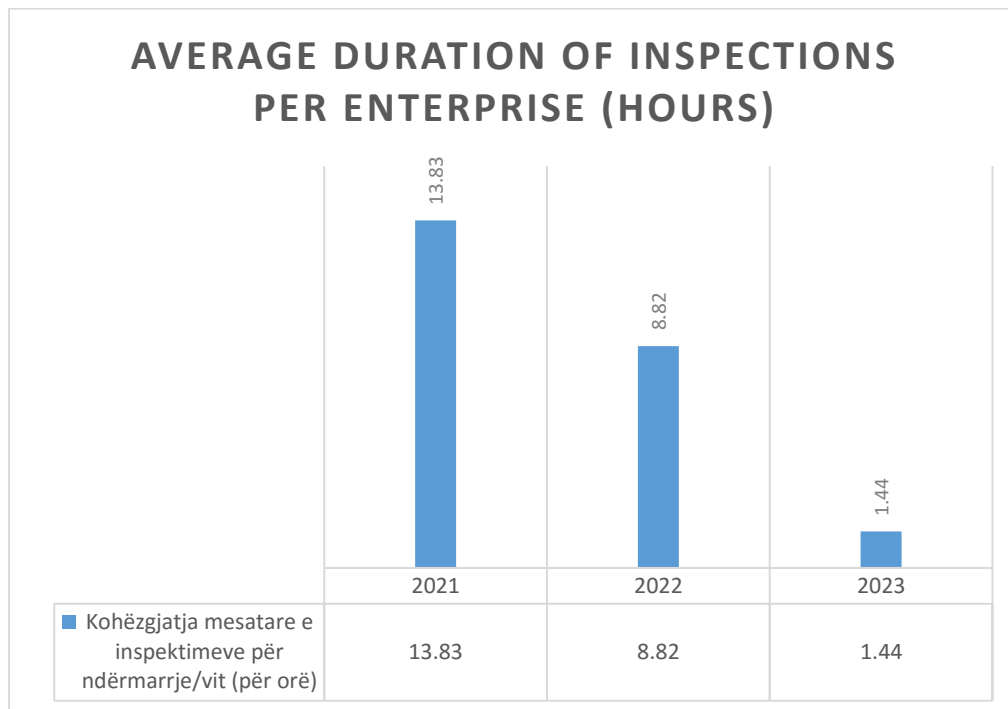
Graph 2 By which inspectorates were businesses most inspected

### 3. Average duration of inspections per enterprise/year (hours)

This indicator shows the average time or length of inspection for each business per year, including preparation time, inspection time and post-inspection time. The following are the average times for each year:

- o In 2021: 13.83 hours
- o In 2022: 8.82 hours
- o In 2023: 1.44 hours

The results show a significant reduction in the average inspection time for each business from 2021 to 2023.



Graph 3 Average duration of inspections per enterprise/year

#### 4. Average administrative costs directly related to the administration of inspection visits per business/visit/year (disaggregated by inspectorate)

Average administrative costs directly related to the administration of inspection visits: copying of documents, testing, sending documents and transport costs if applicable (to go to the inspectorate etc.), including external costs per business/per visit/per year.

- In 2021: EUR 37.7
- In 2022: EUR 26.14
- In 2023: EUR 11.92

Analysis of these results shows a decreasing trend of direct administrative costs associated with inspections over time. In 2021, the average cost was EUR 37.7 per inspection visit, while this figure decreased to EUR 26.14 in 2022 and further to EUR 11.92 in 2023.



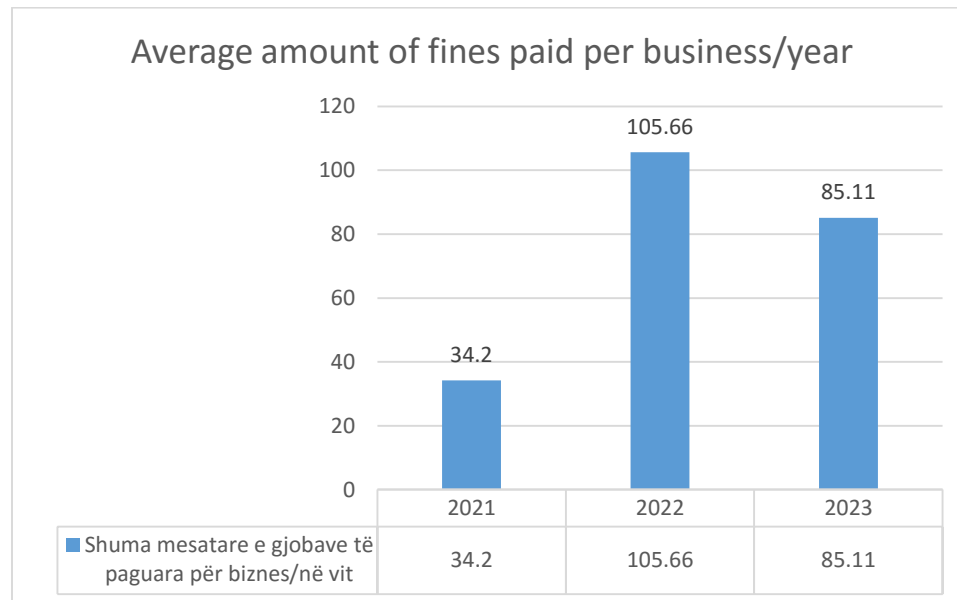
Graph 4 Direct average administrative cost related to administration of inspection visits

#### 5. Average amount of fines paid per business per year

The average amount of fines paid per business/per year:

- In 2021: EUR 34.20
- In 2022: EUR 105.66
- In 2023: EUR 85.11

Analysis of these results shows an increase in the average amount of fines paid by businesses over time. In 2021, the average amount was EUR 34.20 per business per year, while this figure increased to EUR 105.66 in 2022 and then decreased to EUR 85.11 in 2023.



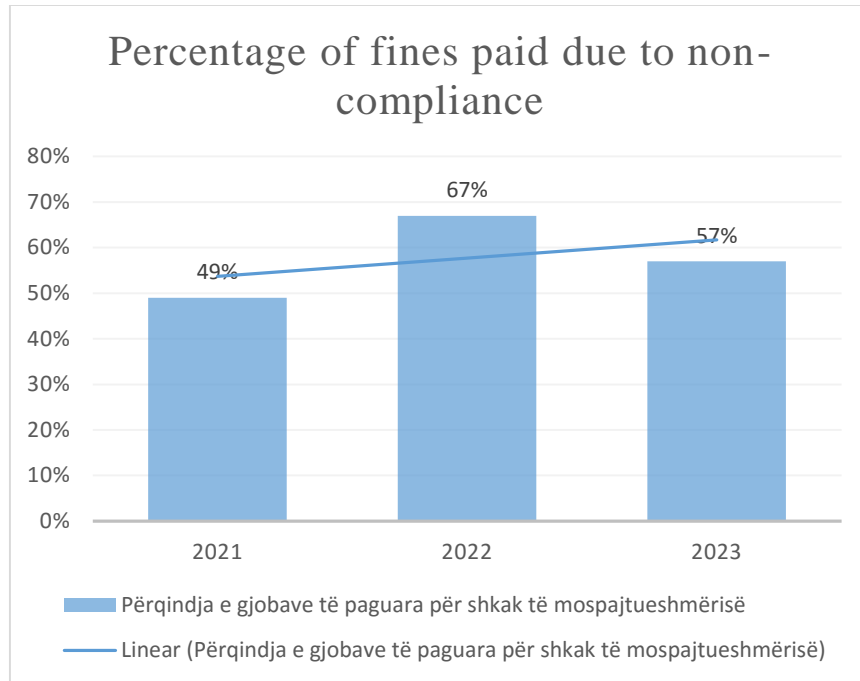
Graph 5 Average amount of fines paid per business/year

## 6. Share of fines paid due to non-compliance

Share of fines paid due to non-compliance

- In 2021: 49%
- In 2022: 67%
- In 2023: 57%

The analysis of this indicator shows an increase in the share of fines paid due to lack of compliance from year to year. In 2021, 49% of fines were related to non-compliance with regulations and rules, while this share increased to 67% in 2022 and then decreased to 57% in 2023.



*Graph 6 Share of fines paid due to non-compliance*

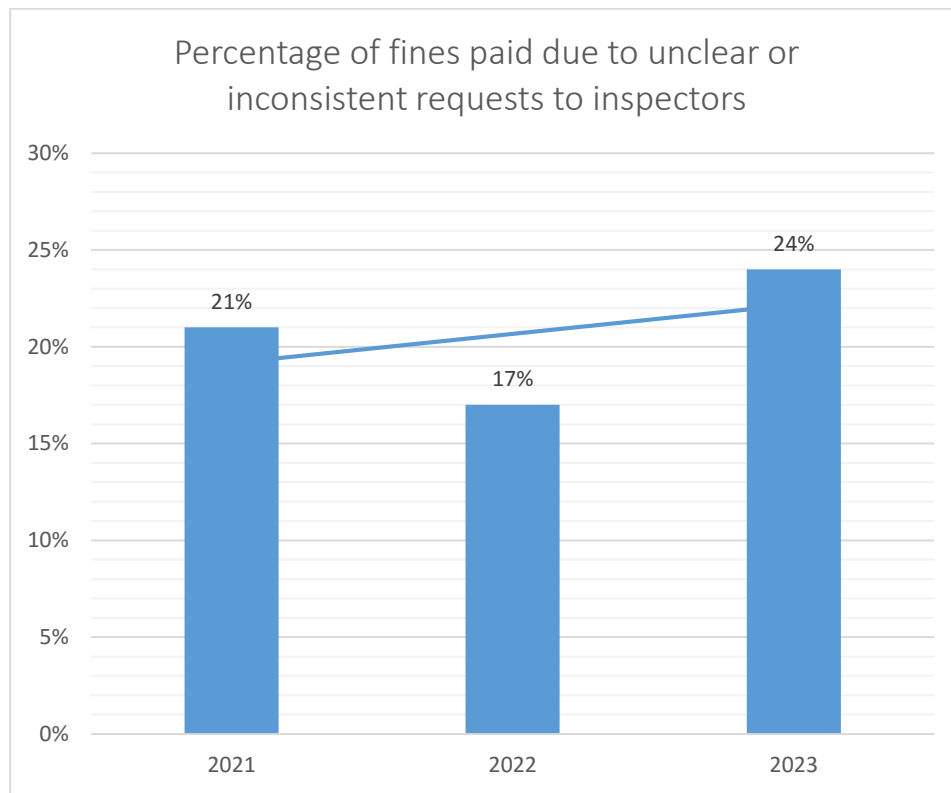
## **7. Share of fines paid due to unclear or inconsistent requests to inspectors**

Share of fines paid due to unclear or inconsistent requests to inspectors



- In 2021: 21%
- In 2022: 17%
- In 2023: 24%

The analysis of this indicator shows a change in the share of fines paid due to unclear or uncertain requests to inspectors over time. In 2021, 21% of fines were related to the uncertainty or ambiguity of inspectors' requirements, while this share decreased to 17% in 2022 and then increased to 24% in 2023.

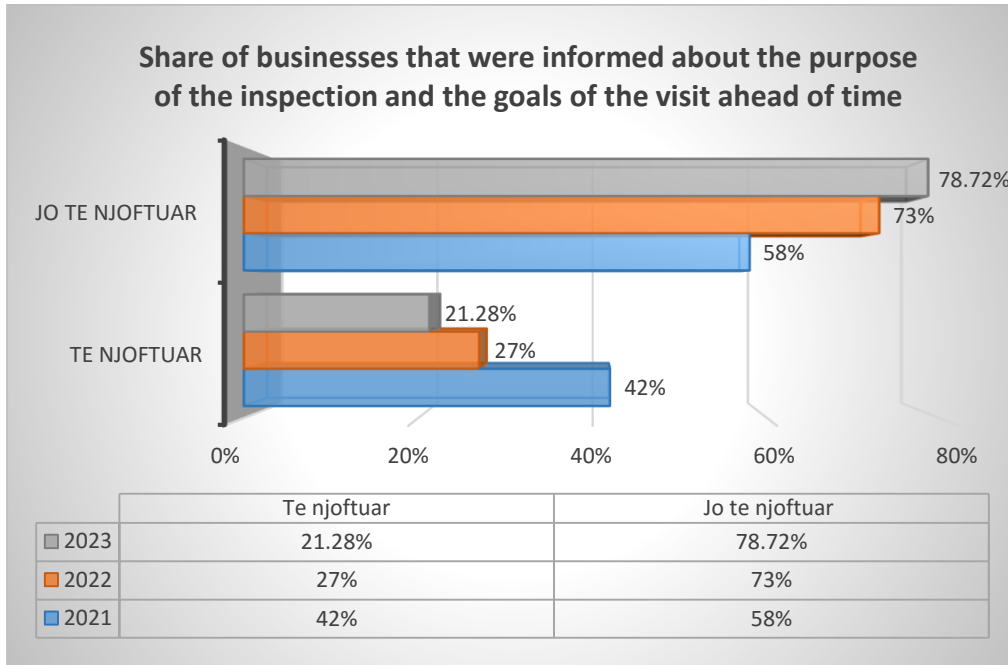


*Graph 7 Share of fines paid due to unclear or inconsistent requests to inspectors*

#### **8. Share of businesses that were informed about the purpose of the inspection and the goals of the visit ahead of time**

The analysis of the results of the inspection survey shows a downward trend in the level of prior information of businesses. From year to year, there is a decrease in the share of cases where businesses are informed about the purpose of the inspection and the objectives of the visit before

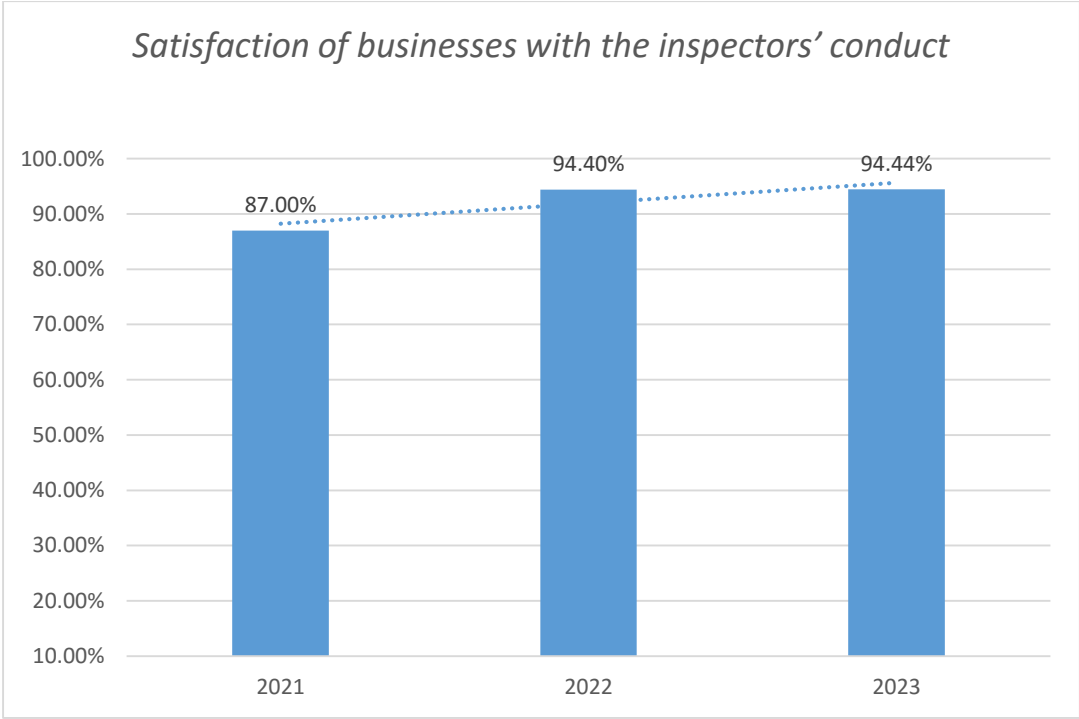
the inspection takes place. In 2021, only 42% of cases showed prior information, while this number decreases to 27% in 2022 and 21.28% in 2023.



*Graph 8 Share of businesses that were informed about the purpose of inspection visits*

**9. Satisfaction of businesses with the inspectors' performance and conduct during the inspection visit**

The results of the baseline survey show a steady upward trend in the level of satisfaction of businesses with inspectors' performance during inspections. From 87% satisfaction in 2021, there has been an increase to 94.44% in 2023. This marks a continuous improvement and a positive determination by businesses towards the behavior and performance of inspectors.



Graph 9 Satisfaction of businesses with the inspectors' conduct

**10. Perception of businesses that think inspectors are aware of the technical and scientific aspects required for inspection**

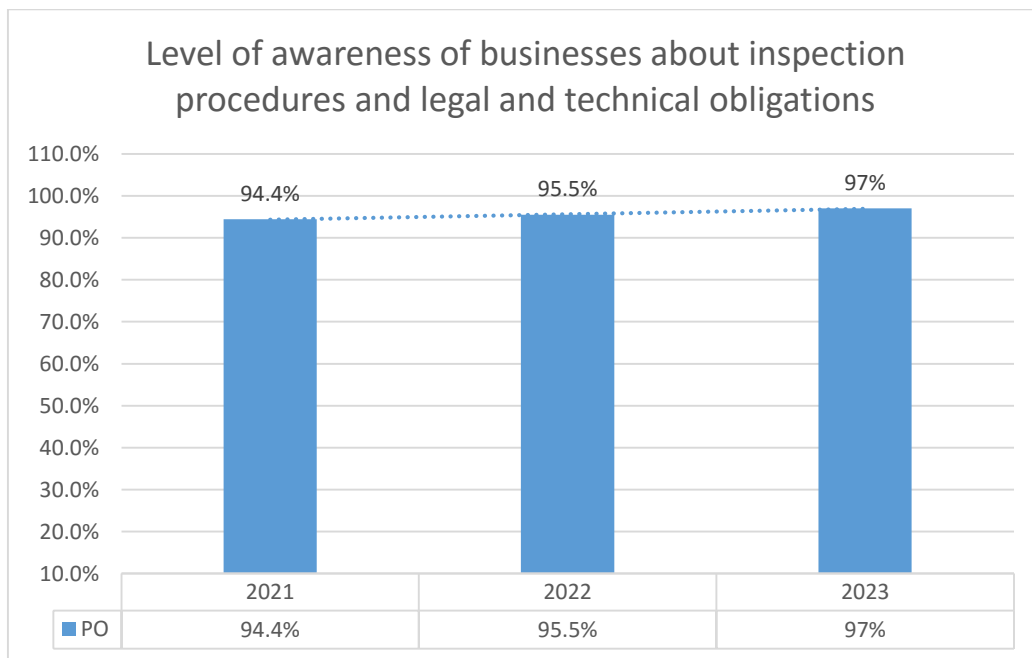
The results of the survey on the perception of businesses on the knowledge of inspectors in the technical and scientific aspects necessary for inspection are positive and show a continued confidence of businesses in the abilities of inspectors:

- In 2021: 90% of businesses said yes.
- In 2022: 95.7% of businesses said yes.
- In 2023: 94.93% of businesses said yes.

## 10. Level of awareness of businesses about inspection procedures and legal and technical obligations

The results of the survey on the level of awareness of businesses regarding inspection procedures and legal and technical obligations are very positive and show a steady increase in their awareness:

- In 2021: 94.4% of businesses said yes.
- In 2022: 95.5% of businesses said yes.
- In 2023: 97% of businesses said yes.



Graph 10 Level of awareness of businesses about inspection procedures and legal and technical obligations

## 10. Businesses' perception of the main problems in inspection

The results of the survey on the perception of businesses regarding the main problems in the inspection show changes in the identification of the main challenges from year to year:

- Year 2021:
  - o Unclear technical and legal requirements: 22%
  - o High costs of inspection requirements: 15.6%

- o High frequency of visits: 13%
- o Duplication and overlaps of inspections: 11%

- Year 2022:

- o Unclear technical and legal requirements: 5.5%
- o High costs of inspection requirements: 5.6%
- o High frequency of visits: 1.7%
- o Duplication and overlaps of inspections: 1.4%

- Year 2023:

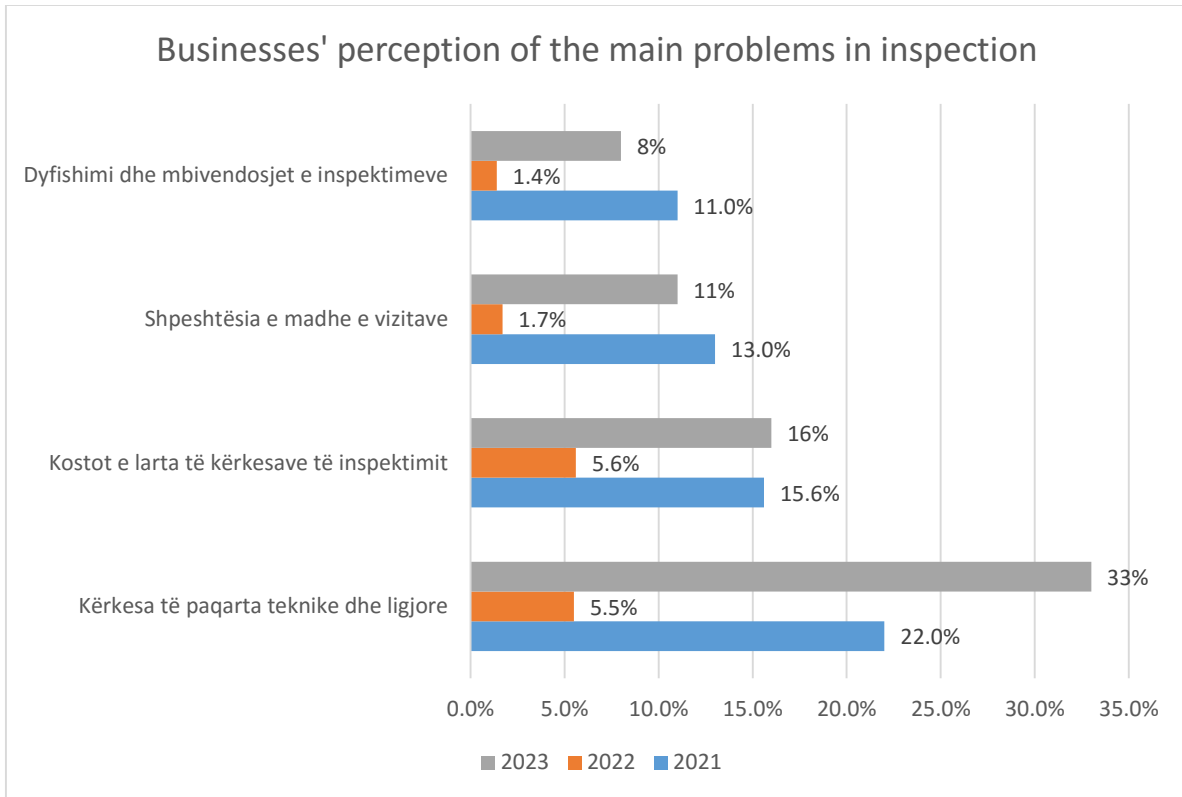
- o Unclear technical and legal requirements: 33%
- o High costs of inspection requirements: 16%
- o High frequency of visits: 11%
- o Duplication and overlaps of inspections: 8%

Trends and conclusions:

The problem of "Unclear technical and legal requirements" has undergone a noticeable increase from 2022 to 2023.

High costs and high frequency of visits have remained the main issues in all years, however there is a slight relief in 2022 and an increase again in 2023.

Inspection duplication and overlaps have eased significantly from 2021 to 2022, but there is an increase again in 2023.



*Graph 11 Businesses' perception of the main problems in inspection*

## 10. Level/percentage of change in inspection process over recent years

Respondents were asked to indicate whether they perceived any changes in the inspection process and, if so, to specify whether the changes were positive, negative, or no changes. The survey results of the levels of change in the inspection process in 2021, 2022 and 2023 are as follows:

### **Process Stability:**

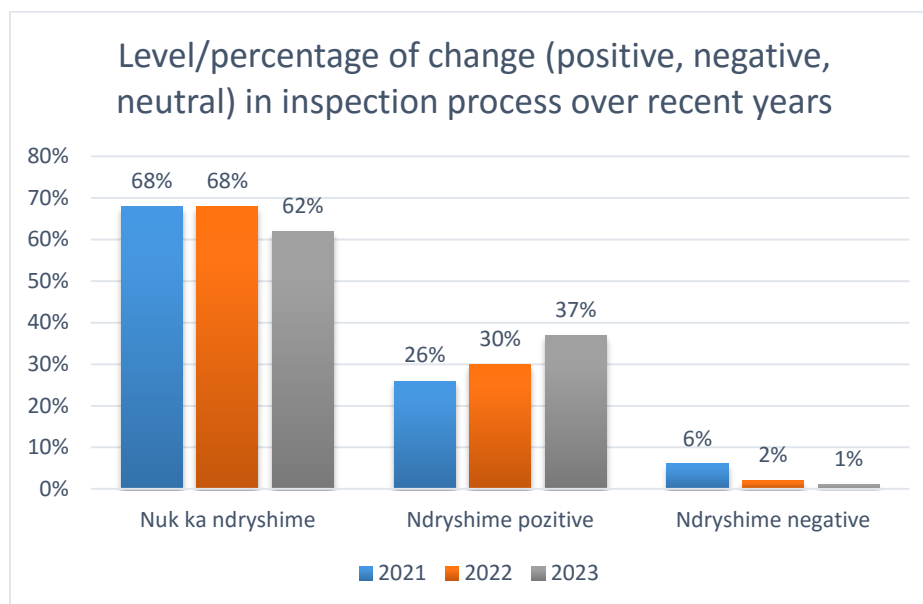
No changes: The high percentage (68%) indicates a stable stability in the inspection process over the three years.

### **Positive Changes:**

Increasing Trend: From 26% in 2021, to 30% in 2022, and finally to 37% in 2023. This shows a significant improvement over these years.

## Negative Changes:

Overall Decrease: The percentage of negative changes has decreased from 6% in 2021, to 2% in 2022, and remained at 2% in 2023. This is a favorable indicator for stability.



Graph 12 Level/percentage of change (positive, negative, neutral) in inspection process over recent years

## 3. Conclusions

Comparison between data from 2021, 2022 and 2023 is provided to highlight trends and variations. The following findings were observed:

***Inspection coverage increased*** from 55.4% in 2021 to 67% in 2022 and 84% in 2023, indicating a wider scope of inspections and a higher percentage of businesses being inspected.

***The Labor Inspector has been the main inspector in all three years, but the percentage of inspections by the Food and Veterinary Inspector and the Market Inspector has gradually increased in 2023.***

***The average duration of inspections decreased*** from 13.83 hours in 2021 to 8.82 hours in 2022, and in 2023 the duration of inspections decreased to 1.44 hours indicating simpler and more efficient procedures for inspection time.

***The average direct administrative cost for business per visit per year decreased*** from 37.7 Euros in 2021 to 26.14 Euros in 2022, and in 2023 this cost fell to 11.92 Euros suggesting cost saving measures and increased administrative efficiency.

***The average amount of fines paid per business per year has increased from EUR 34.20 in 2021 to EUR 85.11 in 2023.***

***The share of fines paid due to non-compliance has decreased from 67% in 2022 to 57% in 2023.***

***The percentage of businesses informed in advance has dropped from 42% in 2021, to 27% in 2022, and to 21.28% in 2023.***

***The satisfaction of businesses with the performance and behavior of inspectors during inspections has marked a continuous increase from 87% in 2021, to 94.4% in 2022, and to 94.44% in 2023.***

***The percentage of businesses that believe that inspectors are informed about the technical and scientific aspects necessary for inspection has remained at high levels throughout the years.***

***The level of awareness of businesses about inspection procedures and legal and technical obligations has increased from year to year.***

***Businesses have identified changes in key issues over time, including changes in technical and legal requirements, high cost, and frequency of visits.***

***The results from the survey on the level/percentage of change in the inspection process shows that there is an improvement in the perception of changes in the inspection process by the subjects of the survey. The significant increase in positive changes in 2023 suggests continued progress overall, while negative changes remain at low levels.***

***The results of surveys on the inspection process show a continuous improvement in the coverage of inspections and their efficiency, showing a steady increase in the percentage of businesses inspected. Also, there is a decreasing trend in the cost of inspection and the overall time of conducting inspections. A positive fact is the increase in the satisfaction of businesses with the performance of inspectors, while the continuation of improvements is important to ensure a favorable environment for businesses.***