



A Decade in Public Data

LESSONS IN LEVERAGING DATA AND DIGITAL DEVELOPMENT TO SUPPORT ECONOMIC GROWTH IN KOSOVO (2014 – 2024)

July 2024 | Kreshnik Kurtishi, Chemonics International

Acknowledgments

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Photos: Courtesy of USAID Economic Governance Activity in Kosovo

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SUMMARY

Data and digital technologies are reshaping governance landscapes worldwide, prompting countries to rethink and re-engineer public service delivery. The growing public appetite for digital technologies presents various opportunities to provide citizens with better services. But the demand for digital technologies also leads to complex challenges that put citizens' data at risk. To navigate these opportunities and challenges effectively, countries like Kosovo need a strategic approach that harnesses technology's transformative potential while mitigating risks and ensuring inclusive access for citizens.

Since becoming independent in 2008, Kosovo has made considerable progress in building government institutions and governance systems. Yet the need to work rapidly has made it hard to consistently maintain a systematic and context-specific approach throughout these developments. Many policy, legal, and reform initiatives — lacking historical data — have borrowed practices and examples from other countries or siloed digital platforms and solutions. As stakeholders revisit policies, laws, and governance systems and propose new ones, data-driven policy formulation and implementation are imperative. Developing more effective policies, laws, and governance systems requires keen insight into the local context and lessons learned.

Chemonics has worked to address this challenge by supporting the integration of data and digital platforms into economic governance reform activities in Kosovo for more than a decade. This technical brief covers key data initiatives carried out by two economic governance projects we implemented in Kosovo: the USAID Partnerships for Development Project (PFD) from 2014 through 2018 and the USAID Economic Governance Activity (EGA) from 2019 through 2024. The brief also summarizes lessons learned over these 10 years of implementation. The initiatives achieved three primary goals:

- **Enhanced policy planning:** Provided data-driven insights, enabling us to better support improved policy and reform planning by government counterparts in areas such as business-enabling environment and public financial management.
- **Streamlined reform implementation:** By delivering timely and essential information, facilitated better support for policy and reform implementation. This support allowed for adaptive interventions tailored to evolving needs.
- **Improved performance monitoring:** Significantly enhanced monitoring of policy and reform implementation, thereby promoting government transparency and accountability.

DATA ECOSYSTEM IN KOSOVO

Data and digital technology are gradually becoming more integrated into public service delivery in Kosovo and enhancing economic governance reform, but challenges to their full integration remain. Kosovo has high internet coverage and a growing information and communication technology (ICT) sector. A 2023 Kosovo Statistics Agency survey shows <u>98.6% of households have access to the internet</u>. Between 2013 and 2023, <u>Kosovo's ICT exports grew by 375%</u>. Still, the public sector lags behind the region in digital adoption. According to the EU-funded <u>Western Balkans Digital Economy Society (DESI) Index 2022 report</u>, Kosovo is the region's lowest-scoring country in the digitalization of public services (see the following table).

Western Balkans DESI Index 2022: Digital Public Services	
Country	E-Gov
Serbia	42.1
Albania	35.6
North Macedonia	32.4
Bosnia and Herzegovina	30.1
Montenegro	23.1
Kosovo	22.3
Western Balkans average	32.1
EU average	67.3

In 2023, Kosovo adopted an <u>e-Government Strategy</u> and is developing a data governance framework expected to establish a data governance body and data policies and standards. Currently, the country's <u>E-Kosova Platform</u> offers a range of basic services to citizens, such as a digital means to obtain birth and marriage certificates from the civil registry. The platform has also started to offer cadastral services, including the digital issuance of property certificates. However, services such as the digital issuance of permits and licenses are still unavailable.

An <u>open data platform</u> created and managed by the Agency for Information Society of Kosovo hosts some 205 datasets from the health, public administration, economic development, and other sectors. However, the platform is not usable. Several links within it are broken, datasets are irregularly updated, and the platform periodically crashes.

Kosovo's <u>public sector data must become more available and accurate</u>. Limited capacities in the public sector and varying methodologies and procedures for data collection, processing, and publication across public institutions must be addressed systematically. System interoperability also remains a challenge. Different government bodies' information systems are often siloed, which results in data discrepancies, causes internal inefficiencies, and affects data reliability.

DATA AND DIGITAL INITIATIVES IN KOSOVO

Between 2014 and 2024, PFD and EGA launched several data initiatives, which followed an iterative process, building upon the successes and insights of prior initiatives. This lesson-integration process amplified project impact and accelerated the reform trajectory.

Open TAK Data Improves Transparency and Accountability

In 2023, EGA collaborated with the Tax Administration of Kosovo (TAK) to develop and launch the <u>TAK Open Data Initiative</u>, reaching a milestone among Kosovo's institutions by facilitating the publication of tax data. Easy access to open tax data empowers citizens and civil society organizations to independently monitor information and improves accountability. Private sector companies and business associations can use this data to track market dynamics, find opportunities, and recommend strategies to fuel growth and innovation.



TAK Digitalization Panel, June 2022

TAK and EGA's collaboration started with developing the TAK Data Catalogue, comprising over 30 potential datasets covering a spectrum of taxpayer-related metrics and TAK performance indicators. This collection of datasets drew inspiration from <u>the Data Catalogue of the United Kingdom Revenue and Customs Agency.</u> Using the TAK Data Catalogue, EGA worked with the TAK, civil society, and private sector stakeholders to prioritize critical data needs and develop specific datasets on employment, turnover, reimbursements, and other categories. The TAK made these datasets accessible through the revamped <u>TAK website</u>, which EGA also assisted in enhancing to spotlight newly launched e-services and increase user-friendliness.

After the initial publication of the datasets, EGA hosted a dialogue with representatives from the TAK, civil society, the private sector, business associations, and research institutes to solicit feedback (see photograph, title page). Feedback underscored the need for explanatory resources to aid non-experts in interpreting complex variables. In response, the TAK and EGA collaborated on an Open Data Codebook with comprehensive descriptions and definitions of the datasets. So far, there are 11 published datasets; efforts continue to expand this repository. The datasets are valuable resources for government institutions, universities, economic think tanks, and civil society organizations, providing a reliable proxy for economic activity. The executive director of the GAP Institute — a think tank that connects the government and citizens in finding solutions to socioeconomic challenges — noted the "vast opportunities" this data creates.

"The greatest impact lies in the vast opportunities this data provides for conducting comprehensive analyses of economic trends and facilitating various other research endeavors for different stakeholders. In the long run, with more datasets being published, this initiative will save us valuable time, and allow for regular economic analysis."

- Blendi Hasaj, executive director, GAP Institute, June 2023

Construction Legalization Harnesses Data to Improve Implementation

Data collection, analysis, and dissemination have also become critical to the government's program for the treatment of constructions without a permit. The initiative addresses the legal status of buildings constructed without a permit or exceeding a permit's terms and, therefore, not registered in the cadaster. By helping citizens formally register their unpermitted buildings in the cadaster, the program improves the consistent protection of property rights, access to property among women and disadvantaged groups, and economic growth (through legal transfer, inheritance, and mortgaging of property).

The legalization program officially started in 2018, with the adoption of the <u>Law on the</u> <u>Treatment of Constructions without Permit</u>, which PFD helped draft. In 2019, Kosovo began implementing the law, which EGA supported. EGA has worked extensively with NGOs advocating for women's rights and the social inclusion of non-majority communities to secure their increased participation in the legalization program.

Data has also been important in EGA's approach to supporting the legalization program's implementation. Initially, EGA gathered data manually from partners at the central and municipal levels as well as from the partner NGO's to drive decision-making on key activities needed to advance implementation. Given the scale of the challenge — with an estimated 350,000 buildings subject to legalization — gathering reliable and sufficient data, analyzing the data to drive programming, and developing data collection systems to support these activities were essential.

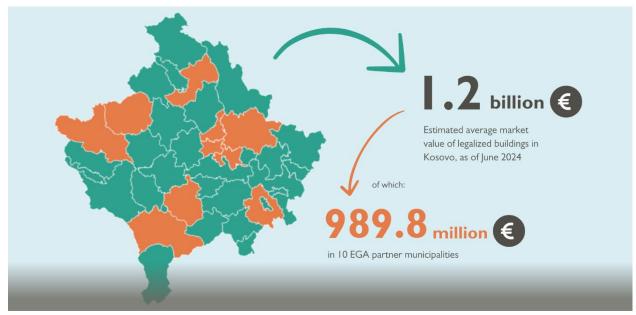
Kosovo's government later automated the data collection process with EGA's support through the **Electronic Legalization Tracking Tool** (see following box).

Electronic Legalization Tracking Tool

The Electronic Legalization Tracking Tool allows the government to track implementation performance in real time. In addition to helping develop this tool, EGA supported partner municipalities' communication offices in using this data to compile and publish accurate performance data on municipal legalization on their websites monthly.

Because the scale of the issues the legalization program aimed to address required better data capture and analysis, the government and EGA prioritized and developed indicators to measure data on implementation performance, including application, processing, and formalization rates. This data, collected and processed monthly, informed most programming decisions. EGA also shared the data with municipalities, which used it to enhance their accountability and efficiency. The data helped conduct market value estimations for each municipality and all of Kosovo, which built and maintained the political will of counterparts and supported their external communications. In addition, monthly market value estimations helped highlight the legalization program's impact and became one of the most important indicators for communicating it.

As of May 2024, the total estimated market value of all buildings throughout Kosovo formalized through the legalization program stands at €1.2 billion. This was dormant capital that can now be used to improve access to finance and boost economic growth.



Estimated Market Value of Buildings Legalized, June 2024

Data Warehouse Efficiency Increases Interoperability and Trust

Electronic databases and tracking tools can improve access to information, efficiency of services and, in turn, economic governance, but their success hinges on establishing an ecosystem conducive to their effective operation. In 2018, the Ministry of Finance, Labor, and Transfers acquired an electronic tool to serve as a data warehouse and centralized repository of data from all public financial management systems. With this tool, the ministry sought to address the lack of complete, accurate data for informing economic policy and budgetary planning, which had posed a significant challenge to public financial management.

In the initial years after the Ministry of Finance, Labor, and Transfers acquired the tool, the ministry lacked effective data extraction, transformation, or loading protocols, which created data reliability issues. Ministry staff continued collecting and processing data manually, using Excel and email. In 2023, EGA supported the ministry's efforts to improve data extraction, transformation, and loading processes. EGA also assisted with improving the quality of priority datasets, including those from the Kosovo Treasury and Customs.

The ministry's staff members are now using the data generated through the Data Warehouse — especially on daily revenues, expenditures, bank balances, spending by economic classification, and capital expenditure by project. These measures have helped better inform public financial management in Kosovo and improved its efficiency.

Measuring Business Registration Performance Improves Efficiency

An efficient business registration process is critical for fostering entrepreneurship, reducing bureaucratic red tape, attracting investment, and supporting economic growth while ensuring regulatory compliance. PFD supported the Kosovo Business Registration Agency (KBRA) in improving the business registration process, helping to establish indicators to measure business registration performance by the KBRA and Municipal Business Registration Offices. The KBRA already had the required data in its electronic database, so PFD collaborated with KBRA officials to process this data to report against the indicators, which included:

- Time needed to register a business
- Number of businesses registered and deregistered
- Number of branches of foreign companies registered in Kosovo by country of origin
- Number of foreign owners, partners, or shareholders
- Percentage of women-owned businesses

The KBRA summarized data collected through this process in <u>quarterly and annual reports</u> published on its website. The agency's publication of this performance data was one of the first times a Kosovo agency reported on its own efficiency. The OECD acknowledged this initiative in its <u>SME Policy Index for the Western Balkans and Turkey 2022</u>.

"Monitoring and evaluation mechanisms are in place for company registration in Kosovo. The KBRA produces quarterly reports, which analyze the average duration to register different types of businesses and the number of businesses registered in terms of geographic location, gender and foreign/local ownership."

- OECD SME Policy Index for the Western Balkans and Turkey 2022, page 577

To help institutionalize this practice, PFD worked with the KBRA to include performance measurement as a requirement in the revised Law on Business Organizations (Company Law). A legal requirement in <u>Article 9, paragraph 6</u> of the law now obligates the KBRA to develop and publish these reports quarterly and annually.



Pristina Business Registration Center, October 2016

After PFD concluded, EGA supported the KBRA with this process until 2020, when EGA fully transferred reporting and analytic templates to the KBRA. To ensure the effective transfer of knowledge so the KBRA could independently develop these reports in the future, EGA and KBRA held several workshops on the practical aspects of collecting and analyzing the necessary data and presenting it in consistent, easily understandable formats. EGA concluded support to the KBRA by conducting a Data Quality Assessment to help the KBRA transition to an automatic system of performance reporting.

Upgraded Official Gazette Database Promotes Rule of Law in Kosovo

Access to legislation is fundamental for any society governed by the rule of law. The Official Gazette Database (OGDB) is Kosovo's central online legislation repository. Developed in 2012 with assistance from the Chemonics-implemented USAID Business Enabling Environment Project (2010 through 2013), the OGDB has evolved to include a growing number of published legal acts. Recognizing the need to sustain the OGDB's functionality amid this growth, PFD supported an <u>upgrade to the OGDB, completed in 2018</u>. The upgrade, executed through a local subcontractor, was designed to increase the OGDB's speed, data security, and user experience. The OGDB now includes several enhancements, including:

- Streamlined interface, facilitating faster and more accurate searches for legal acts
- Implementation of distinct registries for various types of legal acts, enhancing organization and accessibility



• Subscription services with data protection protocols

Training Legal Officers on Uploading Legal Acts in the OGDB, September 2017

The OGDB is an example of a sustainable digital solution developed in Kosovo. The Kosovo Constitution requires the Official Gazette, whereas a special Law on the Official Gazette of Kosovo regulates the content and management of the OGDB. The Office for the Publication of the Official Gazette in the Office of the Prime Minister manages and maintains the OGDB.

Taxpayer Service Digitalization Enables Better Citizen Services

<u>The digitalization of taxpayer services and tax administration processes</u> is essential to building trust between citizens, the private sector, and the tax administration. In digitalizing these

services, the TAK has better economized and prioritized scarce tax administration resources, introduced automated management and performance metrics, and made the services more accessible to businesses and citizens, introducing transparency to the process. EGA supported the TAK's consultations with the private sector, including accounting and audit sector representatives, to explore their needs and prioritize the digitalization of taxpayer services. As a result, several key TAK processes and taxpayer services were digitalized.

The TAK's IT Department directly developed some of these services and processes, with EGA supporting stakeholder consultation, process mapping (see box on Triple Process Mapping), and analysis. EGA collaborated with the TAK to develop other systems (e.g., <u>the Tax Evasion Reporting System, Tax Calculators, and Interactive Guide</u>) through subcontractors, which EGA then transitioned to the TAK. The table on the next page lists taxpayer processes and services the TAK digitalized with EGA's support. The <u>European Commission Kosovo Report 2023</u>, which tracks progress in implementing reforms needed for EU accession, noted the TAK's progress in integrating digital technologies.

"On operational capacity and digitalization, the TAK made progress with regard to service quality, in particular with the use of e-services."

- European Commission Kosovo Report 2023, page 98

Triple Process Mapping as a Diagnostic Tool

The initiatives supported by PFD and EGA underscored the significance of Triple Process Mapping in digitalizing government processes and services. The projects used it for many initiatives, including the Tax Evasion Reporting System and Electronic Legalization Tracking Tool. This mapping facilitates the meticulous examination of whether a process or service is suitable for digitalization and identifies interventions needed to accomplish it. Processes or services may be at varying stages of readiness for digitalization, which is important to recognize before starting a digitalization initiative. Digitalization alone is not a silver bullet for improving complex or burdensome government procedures. Triple Process Mapping helps us investigate why attempts at manual streamlining may have faltered. The approach includes:

- Mapping as Required by Law: Delineates the steps in a government process or service as mandated by legal statutes.
- Mapping as Applied by Responsible Officials: Outlines the steps as interpreted and executed by government officials responsible for implementing the process or service, which may deviate from legal requirements due to practical or other considerations.
- Mapping as Experienced by Users: Captures steps as end-users perceive them.

Triple Process Mapping is especially useful for complex processes and services mandated by law, such as the process for the legalization of unpermitted constructions. The approach facilitates informed, targeted digitalization strategies.

TAK Processes and Services Digitalized with EGA's Support		
Service	Details	
Interactive Tax Compliance Guide	This user-friendly resource guides taxpayers through questions related to tax obligations. By simplifying tax requirements, the interactive guide empowers taxpayers to fulfill their obligations accurately and efficiently.	
Tax Calculator	The tax calculator gives users a convenient means of calculating their tax liabilities across categories, including Personal Income Tax, Value Added Tax, and Corporate Income Tax.	
Tax Evasion Reporting and Internal Case Management System	This electronic system facilitates reporting on instances of informality, corruption, conflict of interest, fraud, and tax evasion. Citizens can submit reports securely, which TAK officials internally manage and investigate.	
Submission of financial statements and transfer pricing documentation	The Tax Electronic Declaration Platform (EDI) enables the submission of financial statements to the Kosovo Council for Financial Reporting and transfer pricing documentation.	
Request for opening new tax accounts	The EDI enables detailed tax filing of withholding tax on the payment of interest tax, rent, non-resident services, property rights, lottery, and game-of-chance winnings.	
Access to taxpayer general statement	EDI enables online access to taxpayers' general statements.	
Application form for individual businesses/small corporations to opt into real income taxation	EDI enables online opting into real income taxation.	
Tax notification function	EDI offers a direct notification function for taxpayers via a pop-up message to prompt the user for information updates, such as changes in legislation and information packages on tax obligations to all new registrants.	
Publication of rulings and resolved cases	The TAK publishes anonymized individual rulings and resolved cases that can serve as references for other taxpayers and facilitate proactive compliance.	

LESSONS LEARNED

The data initiatives PFD and EGA launched between 2014 and 2024 have yielded several important lessons, which may offer insight to those undertaking similar economic governance reform initiatives in Kosovo, the region, or beyond.

- Foster a data-driven culture: A culture that prioritizes data-driven decision-making is critical to data initiatives' success. Data should serve as the cornerstone of internal and external communications in addition to informing programmatic decisions. Investing in human resources beyond standard monitoring, evaluation, and learning needs with monitoring, evaluation, and learning advisors as data champions is essential to sustaining a culture that prioritizes data-driven decision-making and developing internal capacities that promote this approach with counterparts. For example, EGA provided basic on-the-job data literacy training to EGA advisors supporting Kosovo's program for the legalization of unpermitted constructions to ensure the advisors understood and could use the data generated to guide their support to various government institutions and municipalities and advocate for the program.
- Collaborate with stakeholders to identify data needs: Involving stakeholders, including civil society and private sector organizations, throughout implementation is critical. Specifically, it is important to collaborate with them to identify data needs, define dataset requirements, and engage in data utilization post-publication. This inclusive approach ensures long-term sustainability and relevance. The TAK Open Data Initiative used this approach to identify the data needs of civil society and the private sector and develop the TAK Data Catalogue, which preceded the development of the TAK Open Data Platform. The initiative also used consultations to determine the platform's usability, resulting in the implementation of important follow-up recommendations.
- Establish working groups with institutional stakeholders: After identifying data needs, formalize working groups with leadership from counterpart institutions. Groups should comprise representatives from departments that any related initiatives will affect. Representatives can help assess initiatives' feasibility, garner buy-in, and ensure sustainability. For example, the TAK Open Data Initiative established a working group with representatives from various TAK departments to assess the data needs identified by civil society and the private sector and finalize the TAK Data Catalogue. The group guided the process and was key to obtaining buy-in from the various TAK departments.
- Set ambitious goals with incremental steps: Maximize data collection, processing, and publication by starting with manageable steps, especially when working with counterparts inexperienced in data practices. Prioritize gradual automation. If necessary, begin with manual processes, focusing on key indicators before scaling up. EGA used

this scaling approach when supporting Kosovo's program for the legalization of unpermitted constructions. At the program's start, EGA assisted the government in determining a set of basic indicators, and the data was collected and processed manually by teams of Kosovo government officers and EGA advisors. Once they had a solid understanding of the data landscape and implementers at the central and municipal levels were familiar with the indicators and expectations, EGA supported the government in developing the Electronic Legalization Tracking Tool, which expanded the number of indicators and automated the data collection process.

- Advocate for performance monitoring in legislation: Use project involvement in drafting legislation to advocate for the inclusion of provisions mandating data collection, processing, and publication by relevant public institutions. This proactive approach institutionalizes performance monitoring as a legal requirement, fostering accountability and transparency. For example, PFD recommended that the government include a provision in the Law on Business Organizations requiring the KBRA to measure its performance and that of municipal business registration officers in delivering business registration services to citizens. PFD and EGA proposed including similar provisions in laws on inspections and the treatment of constructions without permit.
- Prioritize data reliability and clarity: Respond to skepticism about data initiatives by ensuring published datasets are reliable, clear, and accurate so that they enhance understanding and trust key to initiatives' success. For example, the data warehouse that the Ministry of Finance, Labor, and Transfers purchased was a good digital tool to collect and process data, but the ministry had to address data reliability and clarity issues to realize the tool's potential. The ministry did so with EGA's support, which improved data extraction, transformation, and load processes in a phased manner.
- Promote data initiatives: Promote data initiatives with donors, government entities, and international organizations to incentivize engagement with data, especially in environments lacking a robust data culture. Endorsement from international organizations lends credibility and encourages participation, vital for sustaining momentum. Maintaining contacts with such international organizations and informing them on progress made is essential. Examples include the acknowledgement of the KBRA's work in the OECD's SME Policy Index for Western Balkans and Turkey 2022 and the acknowledgment by the European Commission, which helped secure recognition for the TAK's e-services in the Report for Kosovo 2023.
- Integrate automated performance measurement modules: Embed automated performance measurement modules in digital solutions for government processes or services. Collaborate with counterparts to determine public and internal accessibility,

facilitating efficient data-driven decision-making and process optimization. For example, the performance measurement module in the Electronic Legalization Tracking Tool automatically produces reports on the legalization program's processing efficiency for all municipalities in Kosovo. PFD and EGA have advocated for similar modules to be included in the upcoming E-Inspector Platform and Electronic Construction Permitting System, which the Kosovo government is likely to develop in the coming years.

 Apply Triple Process Mapping before launching a digitalization initiative: Use Triple Process Mapping to determine whether digitalization is suitable and identify necessary interventions. Triple Process Mapping will guide decision-making regarding digitalization efforts and help adapt during the implementation of a digitalization initiative. PFD and EGA used Triple Process Mapping when developing recommendations to streamline government processes or services, such as the business registration process, the construction permitting process, the legalization process, the value-added tax reimbursement process, and the tax evasion reporting process.

By applying these lessons, future data initiatives can effectively navigate challenges and maximize their impact in governance and economic development.

CONCLUSION

From 2014 to 2024, PFD and EGA integrated data initiatives and digital solutions into economic governance reform activities and thereby enhanced policy implementation, performance monitoring, and government transparency and accountability. Both projects recognized that data and digital solutions often seem like obvious solutions to persistent administrative and regulatory challenges, but it is vital to evaluate prevailing processes before introducing new processes or tools. Digitalizing a flawed process or a faulty system can further erode public trust, and trust is critical to economic governance reforms.

The lessons PFD and EGA yielded emphasize the need to foster a data-driven culture within projects and collaborate with stakeholders to identify data needs. Setting ambitious goals with incremental steps, focusing on systems, advocating for performance monitoring in legislation, prioritizing data reliability and clarity, promoting data initiatives, and integrating automated performance measurement modules are also key strategies for maximizing the impact of data initiatives within governance and economic development. Realizing the full potential of data-driven governance will require the navigation of myriad challenges. Drawing on the lessons in this brief can help navigate these challenges and pave the way for more effective and transparent governance.