



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

**National Programme for Implementation of the Stabilisation and
Association Agreement (NPISAA) 2017 – 2021**

March 2017
Prishtina

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

No. 02/136
Date: 10.03.2017

Pursuant to Article 92, Paragraph 4, and Article 93, Paragraph (4), of the Constitution of the Republic of Kosovo, as well as Article 4 of the Rules of Procedure (No. 02/2011) on the Scope of Administrative Responsibilities of the Office of the Prime Minister and Ministries, amended by the Regulation No. 07/2011, and Article 19 of the Rules of Procedure (No. 09/2011) of the Government of the Republic of Kosovo, the Government of the Republic of Kosovo, in its session held on 10 March 2017, adopts the following:

D E C I S I O N

1. The National Programme for Implementation of the Stabilisation and Association Agreement (NPISAA) 2017 – 2021 is adopted.
2. The budget for implementation of short-term measures and midterm priorities set out by the present Programme shall be kept within limits of budget allocations to budget organisations for 2017 and in line with the Medium Term Expenditure Framework.
3. Implementation of the present Decision is an obligation of the Office of the Prime Minister, the Ministry of European Integration and other responsible institutions, as per the Programme.
4. The Ministry of European Integration is obliged to incorporate into the Programme all the comments of the European Commission.
5. The Ministry of European Integration is obliged to incorporate into the Programme, in the course of 2017, all follow-up actions deriving from the first round of meetings of the stabilisation and association bodies established under the SAA.

6. The General Secretary of the Office of the Prime Minister is obliged to submit the present Programme to the Assembly of the Republic of Kosovo for final adoption
7. The present Decision enters into force on the date of its signing.

Isa MUSTAFA

(signed)
Prime Minister of the Republic of Kosovo

Submitted to:

- Deputy Prime Ministers
- All ministries (Ministers)
- General Secretary of the OPM
- Government archive



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

Nr. 02/136
Datë: 10.03.2017

Qeveria e Republikës së Kosovës, në mbështetje të nenit 92 paragrafi 4. dhe të nenit 93 paragrafi (4) të Kushtetutës së Republikës së Kosovës, duke u bazuar në nenin 4 të Rregullores nr. 02/2011 për Fushat e Përgjegjësisë Administrative të Zyrës së Kryeministrat dhe Ministrive, e ndryshuar dhe plotësuar me Rregulloren nr. 07/2011 dhe në nenin 19 të Rregullores së Punës së Qeverisë së Republikës së Kosovës nr. 09/2011, në mbledhjen e mbajtur më 10 mars 2017, nxjerr këtë:

V E N D I M

1. Miratohet Programi Kombëtar për Zbatimin e Marrëveshjes së Stabilizim-Asociimit (PKZMSA) 2017 – 2021.
2. Buxheti për zbatimin e masave afatshkurtra dhe prioriteteve afatmesme në kuadër të këtij Programi mbetet brenda ndarjeve buxhetore të organizatave buxhetore për vitin 2017 dhe në pajtim me Kornizën Afatmesme të Shpenzimeve.
3. Për zbatimin e këtij vendimi obligohet Zyra e Kryeministrat, Ministria e Integrimit Evropian dhe institucionet tjera përgjegjëse, sipas Programit.
4. Obligohet Ministria e Integrimit Evropian të inkorporojë në Program të gjitha komentet e Komisionit Evropian.
5. Ministria e Integrimit Evropian obligohet që gjatë vitit 2017 të inkorporojë në Program veprimet pasuese të dala nga konkluzionet e takimeve të raundit të parë të strukturave të Stabilizim-Asociimit të themeluara me MSA.
6. Këtë Program, obligohet Sekretari i Përgjithshëm i Zyrës së Kryeministrat që ta përcjellë për miratim në Kuvendin e Republikës së Kosovës.
7. Vendimi hyn në fuqi ditën e nënshkrimit.

Isa MUSTAFA

Kryeministër i Republikës së Kosovës

Iu dërgohet:

- Zëvendëskryeministrave
- të gjitha ministrive (ministrave)
- Sekretarit të Përgjithshëm të ZKM-ës
- Arkivit të Qeverisë

INTRODUCTION

With the entry into force of the Stabilisation and Association Agreement (SAA) between the Republic of Kosovo and the European Union¹, on 1 April 2016, the first National Programme for its Implementation (NPISAA)² was adopted by the Government (on 16 December 2015) and the Assembly (on 10 March 2016), and was under implemented. In the meantime, the policy planning framework and institutional interaction between the two parties (Kosovo and the EU) has advanced and become more dynamic, with a focus on implementing the reforms required under the SAA. In this new context, which requires increased dynamism of reforms and much more political commitment in this regard, implementation of the SAA takes place within two policy planning frameworks: Programme for Implementation of the SAA (NPISAA) and the European Reform Agenda (ERA). In other words, NPISAA is the umbrella framework, while ERA serves as more focused document putting forward medium-term priorities and short-term measures for ongoing discussions between the SAA signatory parties, at the highest political level, on key reforms that Kosovo has to implement in its EU accession process.

While its implementation has continued during 2016, regular annual revision of NPISAA has begun in mid-October 2016 and lasted until the end of January 2017, followed by procedures of its finalizing and preparations for approval. As in the previous year, the legal basis defining its structure and institutional responsibilities and the revision process was the Government Decision No. 06/22, dated 3 April 2015.³ Pursuant to this decision, the revision was led by the Ministry of European Integration (MEI), as the main coordinating institution, and the individual revised chapters were drafted by forty (40) teams created by this decision, under the leadership of relevant line ministries responsible for coordination at the level of chapters, namely the Departments for Policy Coordination and European Integration (DEIPC's). The work at this level was carried out with the participation of the Legal Departments (LD) and other line bodies within particular institutions mandated to develop and implement policies for specific policy areas. MEI as the main coordinating institution has also actively participated in the work of these teams in all phases of the revision.

Given the challenges faced during drafting of NPISAA for the first time and its implementation during the first year, special attention during the revision was paid to the improvement of two aspects: (1) *more sustainable planning*, focusing on more realistic short-term planning and in better alignment with the 2017 Government Annual Work Plan (GAWP) and other policy planning documents for, including sectorial ones; and (2) *improving budgeting*, focusing on medium-term budgetary planning of reforms, at the level of the Program as a whole and in conjunction with the wider European integration policy planning framework, and short-term budgeting (through adequate costing and ensuring budget coverage of short-term measures, within the annual budget of each budget organisation and by donor sources).

In terms of *more sustainable planning*, the main achievement is having a smaller number of short-term measures, focusing on those that are expected to bring about concrete reforms, and avoiding measures that constitute routine activities and very detailed ones. The process and quality of alignment of short-term measures with the GAWP was also significantly improved, thus allowing for better integration of policy-making for domestic development with that of European integration, and better synchronization of reforms across all levels (from lawmaking down to enforcement). This is expected to improve

¹ Stabilisation and Association Agreement, available at the Official Gazette of the European Union, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2016:071:0003:0321:EN:PDF>; Law No. 05/L-069 on Ratification of the SAA, available at <https://gzk.rks-gov.net/ActDocumentDetail.aspx?ActID=11239>

² A more detailed description of the context and NPISAA as a planning framework can be found at https://www.mei-ks.net/repository/docs/3_pkzmsa_miratuar_nga_kuvendi_final_eng.pdf, pp.10 - 13,

³ Government Decision No. 06/22, available at http://www.kryeministri-ks.net/repository/docs/Vendimet_e_mbledhjes_se_22_te_Qeverise_2015.pdf, pg. 6 (official version only available in Albanian and Serbian).

implementation, as it allows focusing attention of decision-makers at all levels in implementation, as well as on monitoring and reporting, for this will ease the quantitative burden.

On the other hand, in terms of *improving budgeting*, a basis of medium-term planning of reforms was set by adding to the NPISAA a horizontal chapter: *Statement of 2018 – 2020 Medium-term Priorities for Financing under the Medium Term Expenditure Framework*. Its purpose is to ensure allocation of sufficient budget for implementation of EU integration reforms. As such, this statement serves to structure policy dialogue, up to the highest level of Government, on reforms and for reorientation of short- and medium-term priorities for budgeting, in order to ensure implementation of the SAA within the timeframes set. It establishes a more sustainable medium- and short-term planning by linking two MTEF components/chapters (*Sectorial Expenditure Framework* and *Declaration of Medium-term Priorities*) with two European integration planning frameworks (SAA/NPISAA and ERA-n). Based on this linkage, it sets out concrete priority objectives for the 2018 – 2020 medium-term period aimed at reorienting the allocation of the state budget so as to address the priorities within priority sectors under the SAA/NPISAA and ERA. These priority objectives follow MTEF's structure sectorial expenditure, i.e. are outlined within the twelve MTEF sectors, specifically in eight (8) of them at this stage. Costing and budgeting of short-term measures was also significantly improved, through provision of clearer guidance, as well as closer cooperation between the Ministry of European Integration and the Ministry of Finance (MoF), and between line institutions' DEIPCs and Budget Departments.

Pursuant to the Government Decision No. 06/22, MIE has developed the *Guideline for Revision of the Programme*, containing detailed instructions for this process. This guideline is based on the guideline for drafting of the programme (developed in 2015), with a focus on the adjusted approach elaborated above. It has defined the content and structure of the document, the substantive requirements and those of inter-institutional coordination of the revision, as well as the steps and timelines. More specifically, the guideline was divided into four sections: process and methodology; institutional responsibilities; costing and budgeting; and the revision calendar. The whole process went through three stages: development of short-term measures and drafting of the narrative text by the working teams of each chapter (including their costing and budgeting and alignment with the 2017 GAWP); reflection of EC recommendations (following the publication of the annual 2016 Kosovo Report in mid-November 2016); final quality control (including of alignment with the 2017 GAWP and of budgeting); and adoption of the document by the European integration coordination bodies and the Government and Parliament. Part of the revision was gender mainstreaming of the Program, conducted by an inter-institutional working group in charge of tackling gender issues in the process of European integration, created last year through a decision of the Deputy Minister of European Integration. The working group consists of representatives of MEI, Gender Equality Agency and civil society (Kosovo Women's Network, Kosovo Centre for Gender Studies and UN Women).

In terms of its content, NPISAA establishes a comprehensive framework of medium-term reforms (for the next five years: 2017-2021) for implementation of the SAA and approximation of the national legislation with the EU acquis and its implementation and enforcement. It therefore contains short-term measures (for 2017) and medium-term priorities, namely legislative and implementing measures and priorities. Based on the structure of the Copenhagen Criteria, all measures and priorities are divided into three blocks: *Political Criteria, Economic Criteria and European Standards – Approximation of Kosovo's Legislation with the EU Acquis*. Besides key political and economic reforms required under the SAA, it provides concrete measures within the 33 chapters of the EU acquis (except of chapter 34 and 35, which will be covered in a later stage of accession).

Block 1: Political Criteria aims to implement the Copenhagen criteria and the relevant SAA provisions for establishment of political stability and stable institutions guaranteeing democracy, the rule of law and protection of fundamental human rights and of minorities. It covers mainly areas of legislative, executive, constitutional reforms, reform of the electoral system, public administration and regional cooperation, as

well as, partially, those of rule of law, judiciary, fundamental rights and protection of minorities. This block is closely linked with acquis chapters 23 and 24 (in the third block), and contains five chapters: *Constitution, Parliament and the Electoral System; Public Administration; Ombudsman; Civilian Oversight of Security Forces; and Regional Cooperation and International Obligations*.

Block 2: Economic Criteria aims to implement the Copenhagen and Maastricht Criteria and relevant SAA obligations for the creation of a free and functioning market economy capable of coping with the pressure of free competition in the EU internal market. Based on the new approach set out in the October 2014 Enlargement Strategy, this block is aligned with the Economic Reform Programme (ERP). This block also reflects priorities and activities of other mechanisms of dialogue with the EU, such as annual priorities, conclusions of SAA bodies, or those of multilateral mechanisms, such as agreements with the IMF, etc. This block contains two chapters: *Existence of a Functional Market Economy*, and *Capacity to Cope with Competitive Pressure and Market Forces within the Union*.

Block 3: European standards - Approximation of Kosovo's Legislation with the EU Acquis aims to implement the Copenhagen and Madrid Criteria requiring that accession state to have the capacity to assume obligations of EU membership, including goals of political, economic and monetary union. As such, this block includes the whole range of public policies and requires reforming the whole government through adoption of the entire EU acquis into the national legislation and its implementation, which, thus, requires administrative capacities for this purpose. It contains 33 acquis chapters and a chapter on the legal framework for the approximation of national legislation with the acquis.

In general, the structure of NPISAA is organized in two parts: the narrative section and matrix of short-term measures. The narrative section of each chapter summarizes SAA obligations and those under other EU accession mechanisms, the current situation (legal framework, including the level of approximation with the acquis, policy framework, institutional framework, and external assistance), as well as medium-term priorities. On the other hand, the matrix of short-term measures within each chapter outlines in detail the specific measures to be undertaken, divided into two categories: legislative measures (further subdivided into measures of framework legislation and bylaws and other regulatory acts) and implementing measures (further subdivided into measures of policy framework, institutional reforms and capacity building, and enforcement). During the drafting of measures efforts have been made to come up with feasible measures, as much as possible, and to align them with the Government Programme, budgeting processes and documents, as well as with sectorial documents.

Furthermore, the matrix of short-term measures is structured in a way that allows linkage of legislative measures with SAA provisions (*Objectives/Framework Reference*), identification of specific national secondary acts that will be aligned with the acquis (*National Acts Aligned*), of acquis acts that will be transposed (*Acquis Acts to be Transposed*) and the responsible and supporting institutions, and for setting the timeframe (in quarters - Q1, Q2, Q3 and Q4), the level of transposition (partial - P, or full - F) and the approximate budget cost (divided into three categories – total, state budget [BRK] and donor sources). Similarly, this matrix allows linkage of implementing measures with SAA provisions *Objectives / Framework Reference*, setting of specific targets (*Measures/Actions*) and indicators to measure their implementation, and the responsible and supporting institutions, timeframe, reference documents and approximate budgetary cost (divided into the same categories as for legislative measures). For the chapters containing matrices of short-term measures, the latter are only outlined in the matrix, not in the narrative text.

Each organ of the state administration will be responsible for implementing the program and monitoring its implementation within the scope of its mandate. As the central government mechanism of the country in charge of fulfilment of obligations arising from the SAA, the responsibility for its monitoring and implementation lies with the Government, each member of the Cabinet and each organ of the state administration leading them, as well as all other institutions involved in the preparation of the Programme. The leading and irreplaceable role in this will be obviously played by the Government

(together with the EU authorities) within the formal stabilisation and association bodies. In addition, the Assembly will be one of the main institutional pillars in implementing this programme, in particular through adoption of legislation. A key role within it will be played by the European Integration Committee, both in terms of driving the legislative agenda forward and as a coordinator to monitor the fulfilment of obligations undertaken by the Assembly. Thirdly, the Assembly will also affect the stabilization and association bodies in the framework of the Stabilisation and Association Parliamentary Committee. An irreplaceable role in this will be played by independent institutions and Municipalities.

On behalf of the EU, an important role in fulfilling SAA obligations, and therefore in implementation of NPISAA, will be played by the European Commission and the EU Office in Kosovo.

Overall coordination at the level of the Government will be the task of the Ministry of European Integration. As this is a large document in terms of content, it is divided according to specific areas of responsibility of MEI officials responsible for particular sectors. By following developments in individual sectors, MEI officials will be responsible for monitoring the implementation of this program at the national level, through regular contacts and cooperation with their sectorial counterparts in the respective Government bodies they cover. This system allows monitoring of implementation at the operational level.

Relations between the Republic of Kosovo and the European Union

In 1999, the EU proposed the establishment of the *Stabilisation and Association Process (SAP)* for the Western Balkans, as a framework for their EU membership process. SAP was officially launched in 2000, at the Zagreb summit. Based on the Copenhagen Criteria, the EU emphasised that the European perspective of these countries shall be determined based on their progress toward a sustainable democracy, rule of law, market economy and regional cooperation. This perspective was reaffirmed at the Thessaloniki European Council in June 2003. Kosovo is part of the SAP framework since the Thessaloniki Summit. Specifically, in April 2005 the European Commission (EC) published the communiqué *A European Future for Kosovo*, whereas in 2006 the Council approved the first European Partnership with Kosovo. The Second European partnership was approved in 2008.

In response to the European Partnership, the Government approved the first European Partnership Action Plan (EPAP) in 2008, which was reviewed every end of the year, after the Publication of the Progress Report. Based on the same practice to its drafting and review, the EPAP remained in force until the end of 2012, whereby was replaced by the SAA Action Plan (SAAAP) for the period 2013-2014, and the latest document is the Action Plan to address recommendation of the Progress Report (APPR 2015).

On the othe hand, on 17 February 2008, the Assembly of Kosovo declared Kosovo an independent and sovereign country. The republic of Kosovo is now recognized by one-hundred and thirteen (113) states, of out which 23 are EU member states.

Until the end of 2009, political and policy dialog between Kosovo and EU within the European agenda was taking place within the Stabilization and Association process Tracking Mechanism (STM). However, in October 2009, EC published the communication *Kosovo – Fulfilling its European Perspective*, whereby proposed the deepening and strengthening of the European perspective of Kosovo. The main new initiatives of Kosovo were as follows: upgrading the political and technical dialogue into the Stabilization and Association Process Dialogue (SAPD); initiating the visa dialogue with the perspective of eventual visa liberalization; extension of Autonomous Trade Measures and potential trade agreement with European Union; framework agreement with Kosovo on general principles of its participation in Community (EU) Programmes; and activate the IPA cross-border cooperation (CBC) component.

The process towards SAA commenced in October 2011 when CE, through the Progress Report, recommended the initiation of the Feasibility Study for SAA. Following its completion, namely the summer of 2012, the *Feasibility Study for Stabilization and Association Agreement between European Union and Kosovo* was published in October 2012, concluding that Kosovo was ready to commence negotiations for SAA after fulfilling short-term criteria (which were related to rule of law, public administration, protection of minorities and trade). Following the fulfilment of these criteria, the Commission's proposal was approved by EU Council on 12 October 2012. Following this, in April 2013, EC published the monitoring report on implementation of the short-term criteria and confirmed that Kosovo fulfilled all short-term criteria necessary for launching SAA negotiations.

Negotiations commenced on 28 October 2013, with the first meeting of Chief Negotiators, focusing on Titles IV, V and VI. The second round, held on 27 November 2013, was focused in the conclusion of these three titles, and same time were launched negotiations for Titles I, II, VII, IX and X. The third and fourth round of negotiations were held on December 2013 and February 2014, whereas the fifth round (24 March 2014) was focused in the last remaining Title, namely Title II on the political dialogue. Following of all five rounds of negotiations, the final meeting of Chief Negotiators took place on 2 May 2014 in Prishtina, whereby all negotiations were concluded. Afterwards, namely on 25 July 2014 in Brussels, Chief Negotiators approved the SAA in principle, by placing initials. Following the review and approval by Member State Governments, the SAA was signed on 27 October 2015, in Strasbourg, and adopted by Kosovo Government on 30 October 2015 and ratified by the Assembly on 2 November 2015. Finally, the

entry into force of the SAA, on 1 April 2016, marked the advancement of relations with the EU from mainly political relations to contractual ones.

Furthermore, the joint Kosovo - The EU bodies, created by the SAA for supervision of its implementation, namely the Stabilisation and Association Council (SAC), the Committee, and subcommittees and special groups, as well as the Stabilisation and Association Parliamentary Committee These mandatory bodies under the SAA will regularly discuss its implementation and will make the most important political decisions for the next stages of EU accession. In this regard, in cooperation with the EU institutions and line institutions the legal basis of their functioning (Rules of Procedure of those bodies, adopted by the EU Council on 28 July 2016, and by the Stabilisation and Association Council on 25 November 2016, at its first meeting, and *Regulation No. 13/2016-GRK on the Functioning and Representation of Institutions of the Republic of Kosovo in the Stabilisation and Association Structures*, adopted by the Government on 16 September 2016, through Decision No. 03/109).

Another important development is the establishment of the framework of *Kosovo – EU High Level Dialogue on Key Priorities*. The creation of this mechanism at the highest level political between the parties was agreed on the eve of the entry into force of the SAA, and was officially launched by the Prime Minister, Isa Mustafa, and the EU Commissioner for Enlargement Negotiations, Johannes Hahn, on 17 May 2016, at the *High Level Conference on the Kosovo-EU Stabilisation and Association Agreement*, held in Prishtina. The European Reform Agenda (ERA) serves as the planning framework of this mechanism; ERA was approved by the Government on 9 November 2016, and its implementation was launched on 11 November 2016, at the first regular *High Level Dialogue* meeting. ERA's goal is to give focus to SAA implementation by giving the highest political attention to implementation of key economic reforms, strengthening of the rule of law and consolidation of good governance. Meetings of the High Level Dialogue will take place at least every six months, in order to oversee and drive forward implementation of ERA's priorities and other relevant issues. ERA contains a total of 22 priorities, divided into three pillars: *Good Governance and the Rule of Law* (9 priorities); *Competitiveness and Investment Climate* (7 priorities); and *Education and Employment* (6 priorities). It also contains an annual action plan, and will be revised each year, thus its priorities and activities will be revised.

With regard to the *visa liberalization* process, it was launched in June 2012 after receiving the Roadmap from the EC (which contained a total of 97 criteria, broken down into 4 blocks). On 1 September 2012, Kosovo submitted to EC the first report on readiness, whereas on 12 February 2013, EC published the first progress report assessing implementation of the Roadmap. The process was further intensified with the organization of four fact-finding missions (composed of experts of Member States and EC) and following the issuance of two assessment reports on the implementation of their recommendations. Following the issuance of the report, it was intensified the fulfilment of recommendations provided by these assessments until the last fact-finding mission that took place in July 2015. In June 2015, in the light of preparations for fact-finding mission, the Government of Kosovo provided the EC the last readiness report, which contained a comprehensive assessment on the fulfilment of remaining recommendations. The last fact-finding missions took place on 6-10 July and 13-16 July, whereas expert reports were submitted in September 2015. Following this, the work for implementing eight recommendations issued continued, whereas on 3 November 2015, EC was submitted the last report on implementation of the remaining recommendations. The main development in 2016 with regard to this process was the issuance of the recommendation by the European Commission, on 4 May, and by the European Parliament (namely the Civil Liberties Committee), on 7 July. Later on efforts to implement the two remaining recommendations continued, namely ratification of the agreement on demarcation of the border with Montenegro and track record in fighting corruption and organized crime. Since the issuance of the recommendation Kosovo has also submitted to the European Commission two reports on the fulfilment of these two remaining recommendations.

On 25 November 2016, Kosovo and the EU signed the *Framework Agreement on Kosovo's Participation in EU Programmes*, which will enable Kosovo access to 17 such programmes, in Brussels.

STATEMENT OF 2018 – 2020 EUROPEAN INTEGRATION MEDIUM-TERM PRIORITIES FOR FINANCING UNDER THE MEDIUM TERM EXPENDITURE FRAMEWORK

I. Introduction and Rationale

The Stabilisation and Association Agreement (SAA) between the Republic of Kosovo and the European Union (EU), which entered into force on 1 April 2016, is a binding contractual framework of the process of accession of Kosovo to the EU which primarily provides for gradual establishment of a free trade zone with EU, based on a free market economy, in which the Kosovo market could withstand competitive pressure and EU internal market forces. It also requires the operation of the rule of law and the strengthening of political stability based on functional and democratic, representative and effective institutions, in order for these institutions to be able to assume the obligations of the *acquis* in all its 35 chapters. Under the three Copenhagen criteria, Kosovo has undertaken the obligation to gradually, within a ten-year period of SAA implementation, reach EU standards in all areas of governance, through the approximation of national legislation with the *acquis* of the EU and its implementation.

Therefore, the implementation of SAA and other obligations of the European Integration process constitutes one of the pillars of the Government Programme 2014-2018, through which the Government has also designated as a national strategic goal that within the next year (2018) to apply for candidate status for membership. In this new context, which requires dynamism of reforms and much greater political commitment in this regard, the SAA implementation is developed within three legal and planning frameworks: SAA itself, SAA Implementation Programme (NPISAA) and European Reform Agenda (ERA).

First of all, the *Stabilisation and Association Agreement* as a binding framework of Kosovo contractual relations with the EU defines specific obligations which Kosovo must meet with the purpose to EU accession. These obligations are met through approximation of national legislation with the *acquis* and its implementation, and within required time limits. More precisely, the SAA implementation will have two stages: the first stage (during the first five years), and the second stage (during the second five years). Article 74 provides that the priority areas in which is required full alignment with the *acquis* and its implementation in the first phase of three to five years (respectively 2016-2019 and 2016-2021) are those related to the internal market, trade, as well as justice, freedom and security. These priority areas for the medium term are the following:

1. Acquis Chapter 1: Free Movement of Goods;
2. Acquis Chapter 3: Right of Establishment and Freedom to Provide Services;
3. Acquis Chapter 5: Public Procurement;
4. Acquis Chapter 6: Company Law;
5. Acquis Chapter 7: Intellectual Property Law;
6. Acquis Chapter 8: Competition Policy;
7. Acquis Chapter 12: Food Safety, Veterinary and Phytosanitary Policy;
8. Acquis Chapter 23: Judiciary and Fundamental Rights; and
9. Acquis Chapter 24: Justice, Freedom and Security.

Secondly, the *National Programme for the Implementation of the Stabilisation and Association Agreement* represents the key national policy document for EU accession. As the key planning document for European integration, NPISAA, adopted for the first time by the Government and the Parliament in early 2016, sets mid-term planning framework for the fulfilment of SAA obligations and other obligations of the European integration process. Its legal basis is SAA (namely Article 74, which stipulates that “*Approximation shall be carried out on the basis of a programme to be agreed between the European Commission and Kosovo.*”), and it also provides the basis for planning for all chapters of the EU *acquis*, since it will serve for Kosovo as the main planning document for European integration until the full membership.

In other words, NPISAA is and will remain a planning document with a wider scope than SAA, since it includes three categories of policy areas covered by SAA: (1) nine (9) priority chapters of the acquis, listed above; (2) 26 remaining chapters of the acquis (except chapters 34 and 35, which will be included in it after passing at the stage of a candidate country status); and (3) other policy areas that are not chapters of the acquis in themselves. Although not regulated by strict acquis, the areas of the third category are also a priority, since they contain the essential reforms for the fulfilment of SAA obligations and other obligations of the accession process, as well as being essential prerequisites for the implementation of governance reforms required by the process of adoption of the acquis and European standards. They are also essential for Kosovo's preparation for the next phase of EU integration - that of accession negotiations, since the adoption and implementation of the acquis underlies at the core of negotiations and of the accession itself.

Thirdly, in the end of 2016 was adopted the *European Reform Agenda (ERA)*, the purpose of which is to focus constantly in implementing SAA in priority areas and also serving as a planning instrument of the High Level Dialogue in Kosovo - EU on Key Priorities. The aim of this dialogue is to implement the reforms required by SAA, while the function of ERA as a planning instrument is to provide attention and continuous commitment of the highest political leadership on the implementation of relevant political, economic, rule of law and government reforms. In this way, Kosovo will be allowed to simultaneously fulfil the SAA obligations and utilize the opportunities it offers through prioritization and focus of short-term and medium-term planning of policies on measures that directly implement the required reforms. As such, ERA is essentially a planning document for the implementation of reforms, not for the approximation of legislation. To achieve this, it contains 22 priorities divided into three pillars: good governance and the rule of law; competitiveness and investment climate; and employment and education.

ERA also contains a one-year action plan, which foresees the implementation of 130 measures by the end of 2017) for the fulfilment of these 22 priorities, and will be reviewed at each year end with the aim of reducing the number of priorities, through their implementation, the closer Kosovo gets to attaining the candidate status.

Regarding the functional aspect, all three of these planning frameworks serve the stabilization and association structures, established by SAA and High Level Dialogue on Key Priorities, which serve as formal instances for the supervision of the SAA implementation and political decision-making and at policy levels for the further steps to be taken. Also these three frameworks serve the local coordination structures for European integration and guide the work of the Government Cabinet on the implementation of the country's European agenda.

The fulfilment of the SAA obligations requires the implementation of a great number of deep legal, political, economic and institutional reforms, with priority in the aforementioned acquis chapters. Taking into account the implications of these reforms, the fulfilment of the SAA in these areas requires capacity building, including budgetary ones, of the responsible institutions, so that the contractual obligations of the SAA are met in a timely and appropriate manner. Considering the importance of the three planning frameworks and the decision-making structures that work on them in the context of the European integration process, as part of a regular review of NPISAA, at the end of 2016, it was decided the identification of medium-term priorities for financing, the Medium Term Expenditure Framework (MTEF) and the state budget for reforms required to meet the SAA obligations. In addition, given the shortcomings identified so far in the NPISAA and ERA implementation, better reorientation is needed for medium-term planning of the state budget, through MTEF, in order to continuously ensure adequate budget allocation for fulfilling SAA obligations and other obligations of the European integration process, based on prioritization that arises continuously from the planning and institutional frameworks of this process.

Based on its mandate as the main institution of the Government for the implementation of the European Agenda, the Ministry of European Integration has come up with this *Statement of 2018-2020 European Integration Medium-term Priorities for Financing under the MTEF*. The aim of this document is the provision of sufficient budget allocation for the implementation of SAA obligations and other obligations of the European integration process. There are two ways to achieve this. Firstly, this statement will serve as a substantial contribution from the perspective of the European agenda, for drafting and revision of the MTEF annually. Secondly, it will serve as an instrument for improving decision-making, through regular dialogue between the Ministry of European Integration and the Ministry of Finance, of the 'centre of Government' structures.

In other words, these priorities will serve as an official contribution of MEI for MTEF and further policy dialogue with the Ministry of Finance and implementing institutions in the allocation of budgetary amounts to these institutions during the drafting of the annual state budget. These priorities are a result of detailed analysis of specific requirements arising from the planning instruments and institutional structures elaborated above, have been identified in cooperation with implementing institutions, and as such reflect the most necessary budgetary needs. This analysis is also based on the current MTEF (2018-2020, of April 2016) and as such there is no overlap of priorities with either its first section (*Declaration of mid-term priorities 2018-2020*, drafted under the leadership of the Office of the Prime Minister) or the third or fourth ones (*Sectorial expenditures framework 2018-2020* for central and municipal levels of government, drafted under the leadership of the Ministry of Finance).

Development of the present statement is also one of the pillars of the reform of horizontal policy planning at the highest level of government, and as such is part of the Strategy for Improving the Policy and Planning Coordination in Kosovo 2017-2021. It will be regularly reviewed at each year end, during the revision of NPISAA, in cooperation with implementing institutions, taking into account the priorities and the priority measures of the Programme and ERA, as well as those that will emerge from meetings of the stabilisation and association bodies, but also based on EU instruments such as the EC's Annual Kosovo Report (Country Report).

In order to ensure the adequate political attention and commitment at the highest level of Government (respectively the Prime Minister, the Minister of European Integration and the Minister of Finance) and the EU (within the stabilization and association bodies and High Level Dialogue on Key Priorities) and enable an approach in accordance with MTEF, the structure of the main part of the declaration (3. *Priorities for Financing*) is based on it, and priorities are set in the particular sector, according to their listing in the MTEF. In cases where priorities arise outside these areas, they will be set in the closest sector, with the necessary additional clarifications.

II. Linkage between the Medium Term Expenditure Framework (MTEF) and European Integration Planning Framework

In order to ensure continuous prioritization and clearer orientation of relevant priorities in the functional context of European integration and that of short and medium term budgeting, it is necessary to describe the interaction of each planning framework of European integration with the substantial framework of MTEF, respectively *Declaration of Medium Term Priorities* (at the level of pillars and priority areas) and *sectorial expenditures framework* (sector level). Therefore, table 2.1 shows the interconnection between MTEF and the two planning frameworks for European integration (SAA-NPISAA and ERA).

Table 2.1: Linkage between MTEF and the European integration framework (SAA/NPISAA and ERA)

MTEF		European integration framework	
Sectorial expenditure framework	Statement of midterm Priorities	SAA/NPISAA	ERA
Sector 1: General Government	Pillar 2: Good Governance and Rule of Law Pillar 3: Competitive Industries	1.1.1. Constitution, Parliament and Electoral System 1.1.2. Public Administration 1.1.3. Ombudsman Acquis Chapter 3: Right of Establishment and Freedom to Provide Services Acquis Chapter 5: Public Procurement Acquis Chapter 6: Company Law Acquis Chapter 7: Intellectual Property Law Acquis Chapter 18: Statistics Acquis Chapter 22: Regional Policy and Coordination of Structural Instruments Acquis Chapter 23: Judiciary and Fundamental Rights Acquis Chapter 24: Justice, Freedom and Security Acquis Chapter 32: Financial Control Acquis Chapter 33: Financial and budgetary provisions	Pillar 1: Good Governance and Rule of Law Pillar 2: Competitiveness and Investment Climate
Sector 2: International Cooperation	Pillar 3: Competitive Industries Pillar 5: European Integration, Foreign Policy and Security Issues	1.2. Regional Cooperation and International Obligations All other chapters	Pillar 1: Good Governance and Rule of Law Pillar 2: Competitiveness and Investment Climate Pillar 3: Employment and Education
Sector 3: Public Finance	Pillar 2: Good Governance and Rule of Law	Acquis Chapter 16: Taxation Acquis Chapter 17: Economic and Monetary Policy Acquis Chapter 29: Customs Union Acquis Chapter 32: Financial Control Acquis Chapter 33: Financial and Budgetary Provisions	Pillar 2: Competitiveness and Investment Climate
Sector 4: Defence and Public Security	Pillar 2: Good Governance and Rule of Law	1.1.4. Civilian Oversight of Security Forces Acquis Chapter 23: Judiciary and Fundamental Rights Acquis Chapter 24: Justice, Freedom and Security Acquis Chapter 31: Foreign, Security and Defence Policy	
Sector 5: Justice	Pillar 2: Good Governance and Rule of Law	1.1.3. Ombudsman Acquis Chapter 23: Judiciary and Fundamental Rights Acquis Chapter 24: Justice, Freedom and Security	Pillar 1: Good Governance and Rule of Law
Sector 6: Infrastructure and Competitiveness	Pillar 3: Competitive Industries Pillar 4: Infrastructure	Acquis Chapter 1: Free Movement of Goods Acquis Chapter 3: Right of Establishment and Freedom to Provide Services	Pillar 1: Good governance and Rule of Law Pillar 2: Competitiveness and

		Acquis Chapter 4: Free Movement of Capital Acquis Chapter 6: Company Law Acquis Chapter 7: Intellectual Property Law Acquis Chapter 8: Competition Policy Acquis Chapter 9: Financial Services Acquis Chapter 10: Information Society and Media Acquis Chapter 14: Transport Policy Acquis Chapter 15: Energy Acquis Chapter 20: Enterprise and Industrial Policy Acquis Chapter 21: Trans-European Networks Acquis Chapter 22: Regional Policy and Coordination of Structural Instruments	Investment Climate
Sector 7: Agriculture	Pillar 3: Competitive Industries	Acquis Chapter 11: Agriculture and Rural Development Acquis Chapter 12: Food Safety, Veterinary and Phytosanitary Policy Acquis Chapter 13: Fisheries	
Sector 8: Environment	Pillar 4: Infrastructure	Acquis Chapter 27: Environment	Pillar 2: Competitiveness and Investment Climate
Sector 9: Culture	Pillar 1: Human Capital	Acquis Chapter 26: Education and Culture Acquis Chapter 23: Judiciary and Fundamental Rights	
Sector 10: Education	Pillar 1: Human Capital	Acquis Chapter 25: Science and Research Acquis Chapter 26 : Education and Culture	Pillar 3: Employment and Education
Sector 11: Health	Pillar 1: Human Capital	Acquis Chapter 19: Social Policy and Employment Acquis Chapter 28: Consumer and Health Protection	Pillar 3: Employment and Education
Sector 12: Social Issues	Pillar 1: Human Capital	Acquis Chapter 2: Freedom of Movement for Workers Acquis Chapter 19: Social Policy and Employment Acquis Chapter 28: Consumer and Health Protection	Pillar 3: Employment and Education

III. Priorities for Financing under the Sectorial Expenditure Framework

Based on national planning documents for European integration process, for the three year period 2017 - 2020 are identified nineteen (19) priority objectives for addressing of which the medium-term and short - term state budgeting should be reoriented in such a way as to ensure the fulfilment of specific objectives of the reforms in order to ensure the fulfilment of the SAA and other obligations of European integration in the priority areas. These priority objectives are part of the following eight (8) sectors:

- General Government (4 objectives);
- Public Finance (2 objectives);
- Justice (2 objectives);
- Infrastructure and Competitiveness (6 objectives);
- Agriculture (1 objective);
- Education (2 objectives);
- Health (1 objective); and
- Social Issues (1 objective).

1. General Government

In order to address priorities in this sector, budget allocations during 2018 - 2020 needs to be reoriented in such a way as to meet the following reform priorities:

- 1.1. *Creating an apolitical civil service, professional, merit-based and well managed. This is planned to be achieved through reorganization of the ministries and their subordinate bodies, finalizing of the process of jobs classification, implementation of a new system of salaries and promotions as well as the implementation of the Action Plan of the Strategy for Modernization of Public Administration 2015-2017, while also ensuring adequate financial and human resources. In the context of this comprehensive reform of public administration it is also planned to improve the system for human resources managing by connecting this system initially with the salary system. Later it is expected to also connect it with Pension Trust system.*
- 1.2. *Allocation of budgetary resources for implementation of the legal framework for fundamental rights, respectively the implementation of current laws and focusing on updating and implementing of the respective strategies.*
- 1.3. *Advancing of property rights sector, providing additional budget allocation for implementation of court decisions, including the compensation scheme.*
- 1.4. *Statistical system capacity development, in particular some key sector statistics for policy-making, including national accounts, trade and business statistics, social, energy and energy efficiency statistics.*

2. International Cooperation

No European integration medium priority for 2018 – 2020 has been identified in this sector at this stage.

3. Public Finance

In order to address priorities in this sector, budget allocations during 2018 - 2020 needs to be reoriented in such a way as to meet the following reform priorities:

- 3.1. *Increased effectiveness in spending public money through implementation of e-procurement, TAK (SIGTAS) information system replacement, strengthening management and accountability and transparency in public finances.*
- 3.2. *Combating the informal economy, including through systematic implementation of the Strategy for Prevention and Combating of Informal Economy, Money Laundering, Terrorism Financing and Financial Crime and its review based on risk analysis. This will contribute to reducing informality in economy and increasing effectiveness in the collection of domestic revenues.*

4. Defence and Public Security

No European integration medium priority for 2018 – 2020 has been identified in this sector at this stage.

5. Justice

In order to address priorities in this sector, budget allocations during 2018 - 2020 needs to be reoriented in such a way as to meet the following reform priorities:

- 5.1. *In order to ensure higher efficiency in administration of justice, increase and improve institutional and professional capacities, it is necessary to increase the number of judges, prosecutors and professional associates, in accordance with the Law on Courts and State Prosecutors, including selection of judicial experts according to the Rules on judicial experts.*
- 5.2. *Continuous support of migration policies, including the allocation of sufficient budget to implement sustainable reintegration policies.*

6. Infrastructure and Competitiveness

In order to address priorities in this sector, budget allocations during 2018 - 2020 needs to be reoriented in such a way as to meet six reform priorities:

Regarding the creation of a competitive economy which is able to generate economy growth, jobs and welfare for citizens, some of the objectives that will contribute to the implementation of commitments undertaken under SSA and would also create preconditions for foreign investments, facilitation of trade with EU, and economic development include:

- 6.1. *Development of quality infrastructure and market surveillance (inspectorate and consumer protection). More specifically, in the medium term is required strengthening of human capacities and investment in quality infrastructure including necessary investment for laboratories. In order to enable local companies to take advantage of SAA requires compliance with the requirements for product safety and development of products standards to be able to export to EU according to the duty-free agreement. These EU requirements are more stringent, especially for some sectors of the food industry for which we have potential for export. Also, the reform of inspections will require more resources to reorganize the entire system of inspections. Implementation of this reform would improve the management of inspection systems, it would also reduce the cost of inspections for both public institutions and the private sector, and it would improve the effectiveness and inter-institutional coordination in this field and would have a positive impact on market surveillance and limitation of certain aspects of the informal economy.*
- 6.2. *Development of the service sector through further aligning of the legislative framework with that of the EU, including the development of a regulatory framework for regulated professions as a prerequisite for mutual recognition of professional activities with EU countries.*
- 6.3. *Development and implementation of policies that affect improvement of the business environment and further alignment of the legal framework with SAA obligations. In particular, the focus would be the measures for implementation of recommendations of the European Charter for Business, facilitating procedures for construction permits, application and development of legislation on bankruptcy, increasing the effectiveness of the judicial system with focusing on strengthening the capacity of the Departments for Economic and Administrative Affairs and Fiscal Division in the Basic Court of Prishtina and strengthening of property rights through effective implementation of the strategic framework for this sector.*
- 6.4. *Enhancing research capacity of the Competition Authority, functionality and capacity for the implementation of state aid policies. Non-competitive practices in the market produce negative economic effects and discourage investments. SAA obliges Kosovo to enforce competition and state aid policies which are in line with EU rules. Based on these rules, Kosovo needs to implement policies in trade with the EU that do not prevent, restrict and distort competition including the state aid.*

On the other hand, two priority objectives on infrastructure need to be addressed:

- 6.5. *Increasing and improving institutional and professional capacities, as well as capital investments in undertaking measures for environmental protection and energy efficiency. Considering the low level of investment in energy efficiency and environmental protection, and based on the obligations stemming from the European integration agenda, we assess that the increase of the budget for these two objectives will contribute and enable, in addition to fulfilment of EU standards, also the reduction of energy consumption and improvement of environmental / health conditions.*
- 6.6. *Raising professional and technical capacity in ANSA, among others is closely related to the process of normalization of the lower air space and preparations for takeover of upper airspace by Hungarocontrol, respectively provision of air navigation services by ANSA. Through implementation agreement between Hungarian government and KFOR (on behalf of NATO), air navigation services in the upper air space of the Republic of Kosovo since 3 April 2014 are conducted by Hungary ("Hungarocontrol" Hungarian provider of these services). This agreement is valid until 2019 and therefore the Government of Kosovo needs to take concrete steps in order to prepare technically and financially ANSA for taking full responsibility from NATO regarding the control of lower and higher air space of Kosovo.*

7. Agriculture

In order to address priorities in this sector, budget allocations during 2018 - 2020 needs to be reoriented in such a way as to meet the following reform priorities:

- 7.1. *Centralization of food security services and institutional capacity building of the future centralized inspectorate, in order to implement the food safety standards.*

8. Environment

No European integration medium priority for 2018 – 2020 has been identified in this sector at this stage.

9. Culture

No European integration medium priority for 2018 – 2020 has been identified in this sector at this stage.

10. Education

In order to address priorities in this sector, budget allocations during 2018 - 2020 needs to be reoriented in such a way as to meet the following reform priorities:

- 10.1. *Improving the quality of pre-university education and vocational education and training through: a) revision of curricula and textbooks, b) establishing mechanisms for assessment, continuous professional development of teachers and quality assurance; and c) school infrastructure investments including investment in public facilities for children aged 0-5 years*
- 10.2. *Strengthening research capacity and innovation through development of legal and strategic framework and inter-institutional mechanisms in the field of innovation.*

11. Health

In order to address priorities in this sector, budget allocations during 2018 - 2020 needs to be reoriented in such a way as to meet the following reform priorities:

- 11.1. *Functionality of the health insurance fund which would create a sustainable funding system for health and would create preconditions for investment and improvement of health services.*

12. Social Issues

In order to address priorities in this sector, budget allocations during 2018 - 2020 needs to be reoriented in such a way as to meet the following reform priorities:

12.1. Implementation of labour market active measures by targeting employment of youth and women, development of employment services, vocational training and market inspection capacity building (increasing the number of inspectors) to oversee the labour market. These measures would help development of the labour market and would have positive effects especially in terms of long-term unemployment.

1. BLOCK 1: POLITICAL CRITERIA

1.1. Democracy and Rule of Law

1.1.1. Constitution, Parliament and Electoral System

Constitution

The Republic of Kosovo functions based on the Constitution of the Republic of Kosovo, which was approved by the Assembly on 9 April 2008 and entered into force on 15 June 2008. The Constitution of the Republic of Kosovo consists of the principles which guarantee the direct implementation of the international agreements and instruments, whereby human rights and freedoms guaranteed by these agreements and instruments are directly applicable. Constitutional order of the Republic of Kosovo is based on the principles similar to the Stabilization and Association Agreement regarding the freedom, peace, democracy, equality, respect of human rights and freedoms, rule of law, non-discrimination, property right, protection of environment, social justice, pluralism, separation of state powers and market economy, all these foreseen by the Article 7 of the Constitution of the Republic of Kosovo, as well as among the general democratic principles envisaged in SAA, specifically within the Article 3.

In order to fully respect the key principles forming the basis of EU and Kosovo policies, as well as by taking into account that these principles are the SAA essential elements, the Republic of Kosovo has undertaken the necessary measures in order to meet SAA benchmarks in the abovementioned fields, through necessary constitutional amendments. Specifically, in order to fulfil the SAA requirements (specifically Article 3 and 6), the Assembly approved the change of the amendment 24 of the Constitution of the Republic of Kosovo that enables the establishment of Specialist Chambers and an Office of the Specialist Prosecutor, within the Kosovo justice system. Also, decision-making institutions have approved the proposals for amending the Constitution of the Republic of Kosovo, where it is aimed the further advancement of the independence of Judicial Council of the Republic of Kosovo, as well as the fulfilment of criteria related to the European agenda and findings of the European Commission key reports on Kosovo.

Finally, the Republic of Kosovo remains committed to fulfil all other obligations deriving from SAA. In this regard, during the implementation of this agreement, Kosovo will make necessary constitutional reforms, including reforms in the area of security, justice and other, depending on the needs that may arise in the following years, namely upon its implementation.

Parliament

This chapter covers the mandate of the Assembly of the Republic of Kosovo, as a legislative body that approves laws and resolutions, and, among others, reviews and approves international agreements. This chapter covers as well the supervisory aspect of the Assembly regarding the work of the Government and other public institutions, which, based on the Constitution and the laws of Kosovo, report to the Assembly, and, it also covers the role of the Assembly in the process of European integration. Other important points covered by this chapter include: key constitutional reforms required for EU accession; composition and structure, including immunity of the deputies; general functions of the Assembly; functioning of the Assembly structures (based on the Regulation on Rules and Procedures) – with focus on relevant requirements for EI, including those from SAA; legislative function of the Assembly; supervisory function of the Assembly; electoral function of the Assembly (bodies/authorities of state administration which are elected and dismissed, and general procedures); the role of the Assembly in the process of harmonisation of the national legislation with the EU acquis and the responsible structures' elections (legislation, electoral system, functioning and the performance of the electoral processes).

SAA Requirements

SAA, Article 132, foresees functioning of the Parliamentary Committee for Stabilisation-Association (PCSA) as a joint forum of the European Parliament and Kosovo Assembly deputies to exchange their ideas on SAA implementation. The Assembly of Kosovo, pursuant to the Article 132 of the SAA, on 18

March 2016, established the Parliamentary Committee for Stabilisation-Association. The Parliamentary Committee for Stabilisation-Association EU – Kosovo held the first meeting on 16-17 May 2016, where it approved the Rules of the Procedure of this Committee. Only one joint meeting (two day session) has been held so far between both delegations and marks the raising of cooperation of Kosovo Assembly with European Parliament to higher level by establishing the Parliamentary Committee for Stabilisation and Association EU – Kosovo, in compliance with the Article 132 of the SAA. PCSA EU – Kosovo, pursuant to the Article 132 of the SAA, adopted the “Declaration and Recommendations” which are addressed to the EU institutions and Kosovo institutions. This document contains 19 recommendations.

SAPC will be convened at intervals to which its members will agree, but at least once a year, and will be chaired, in turn, by its members who are members of both parliaments. It will also draw up its Rules of Procedure.

In order to fulfil the obligations arising from the EU Kosovo reports, the Assembly will adopt the Law on Assembly, and will amend the Regulation on the organization and responsibilities of the Administration of the Assembly of the Republic of Kosovo.

Other EU accession requirements

SAPD Requirements

Within the framework of SAPD, it is required from the Assembly to ensure appointment of the board members of the independent bodies which are within the powers of the Assembly. Also, the Assembly must develop mechanisms for accountability of the board members. Therefore, the Parliamentary Committees, depending on their mandate will supervise the work of the independent bodies and will invite these institutions for reporting.

Requirements deriving from the EC Kosovo Report

In order to address the requirements from the EC Kosovo Report to “Further efforts by the Assembly and its committees are required to ensure control of the budget, especially in areas such as health, agriculture, social assistance, culture and education”, the Assembly has foreseen establishment of the Unit for Budgetary and Financial Analysis. The Committee for Supervision of Public Finances will develop a mechanism to follow implementation of the Assembly’s recommendations.

As per demands of civil society organisations dealing with gender equality, this unit will provide professional analyses of budgetary issues, in accordance with the requirements of general and specific laws, including gender responsive budgeting, in line with the requirements of the EU Directive for implementation of the principle of equal treatment between men and women in access to and provision of goods and services (Directive 2004/113/EC).

State of Play

Legal Framework

Kosovo’s political system is based on the principles of parliamentary democracy. Kosovo Assembly is a legislative institution and is elected directly from the people for a four year mandate. Kosovo Assembly is the highest representative and legislative body, which exercises its mandate based on the Constitution of the Republic of Kosovo and the Regulation of the Kosovo Assembly.

The composition and the structure of the Assembly is defined in the chapter IV of the Constitution of the Republic of Kosovo. The Article 4 of the Constitution defines the structure of the Assembly, while the first paragraph of the Article 64 stipulates, as follows: *the Assembly has one hundred and twenty (120) deputies elected by secret ballot based on open lists. The seats in the Assembly are distributed amongst all parties, coalitions*

and citizens' initiatives and independent candidates in proportion to the number of valid votes received by them during the elections for the Assembly.

The Regulation of the Assembly of the Republic of Kosovo defines the organisation and the functioning of the Assembly of the Republic of Kosovo, the bodies, working bodies and the rights and obligations of the deputies.

Parliamentary committees reflect political composition in the Assembly. The committees have their chairs and two deputy chairs that belong to different parliamentary groups, where at least one deputy chair is from a community different from the chair.

One of the key roles of the Assembly, except approximation of national legislation with the EU acquis is to review and verify this approximation. The responsible structure regarding the process of harmonization of EU legislation consists of the European Integration Committee, which reviews the process of harmonization of the laws enacted by the Assembly with the EU legislation. The Committee for European Integration reviews not only the text of the draft laws in this committee, but also the amendments made by the functional committees, or by the deputies, ensuring consistency of these amendments with the legal acts of the European Union.

Within the administration, the Directorate for Standardisation and Approximation and Legal Harmonization verifies the statements from MEI regarding the approximation of the draft laws with the EU legislation, as well as overseeing the alignment of legislation with the EU acquis and international standards applicable in Kosovo, applying to all draft laws and amendments proposed by the parliamentary committees that are proposed to the Assembly for consideration.

Policy Framework

The Working Programme of the Assembly of the Republic of Kosovo is the basic document for Assembly's activities as a legislative, supervisory and representative body.

Drafting of the Working Programme is based on the following documents:

- Legislative programme of the Government of the Republic of Kosovo
- Working plans of the parliamentary committees
- Action plan for implementation of the recommendation of the Progress Report.

The dynamics of the work program are implemented in two (2) parts: the Spring session and the Autumn session, which include the work of the Presidency of the Assembly, parliamentary groups, parliamentary committees and the plenary session.

The Assembly of the Republic of Kosovo, in order to increase the professional capacity of its administration, regularly hold trainings on operation of state administration in Kosovo, on monitoring and evaluation of IPA funds, on the rights of access to public documents, on planning and management projects with ms project, implementation of the Job Catalogue within the Civil Service, on administrative management, process communication, writing of reports, records and document archiving, disciplinary procedures and complaints in the civil service, management of nonfinancial assets in OB, ISO 27001 - Information Security Management Systems Lead Implementer, and seminars related to conservation and protection of official documents.

Institutional Framework

The Assembly elects the Presidency of the Parliament (the President and Vice Presidents of the Assembly) from its own members and appoints permanent and functional parliamentary committees, as well as ad-

hoc parliamentary committees. Within the fifth legislature of the Assembly of Kosovo there are 14 committees, 4 as permanent committees and 10 other functional committees. All draft laws first pass the parliamentary review and approval in the functional parliamentary committees and permanent parliamentary committees.

Functioning of the Assembly of Kosovo is explicitly regulated with the Article 65 of the Constitution of the Republic of Kosovo. One of the main functions of the Assembly is the legislative function, and in addition to this function, the Assembly exercises a supervisory function. In order to maintain the accountability, the Assembly supervises the work of the institutions and bodies which are elected by the Assembly. In addition to this, the Assembly, mainly through the parliamentary committees, oversees the implementation of laws by recommending measures in case of non-implementation or inadequate implementation of the supervised laws.

The Assembly of the Republic of Kosovo has a total of 120 deputies, including guaranteed seats for non-majority community in Kosovo, whilst in terms of parliamentary immunity, Article 75 of the Constitution of the Republic of Kosovo and Article 9 of Law no. 03/L-111 on the rights and responsibilities of deputy defines guaranteeing parliamentary immunity from prosecution or civil and criminal lawsuits or from dismissal for their actions within their scope and responsibilities as members of the Assembly. Also, the Rules of Procedure sanction immunity of the deputy, Article 22, paragraph 2 of this Regulation stipulates that the deputy enjoys immunity for statements made orally or in writing, as well as other actions carried out in his capacity as a Member of Parliament, while Article 23 of the Regulation establishes the procedure for removal of parliamentary immunity.

The independent bodies elected the Assembly of the Republic of Kosovo as well as those proposed by the Government and elected by the Assembly, report in accordance with the relevant legislation in force. Some of the constitutional responsibilities of the Assembly include election of the Government, President and the independent bodies.

As regards coordination of the Assembly with the Government, at the administrative level, the Unit for Proposals and Submissions coordinates with the liaison officer of the Government regarding the procession of the draft laws, reports, proposals for appointment of board members and other motions. Also, the Assembly, through its office for proposals and submissions sends to the Government and other institutions the decisions, letters, parliamentary questions request for parliamentary motions, etc. This office sends approved laws in the Assembly to be enacted by the President's office and it also sends the enacted laws at the Official Gazette for publication. The Government of the Republic of Kosovo has also created a mechanism and a consolidated system to coordinate the work with the Assembly of Kosovo. The Regulation of Rules and Procedure of the Government of the Republic of Kosovo, no. 09/2011 defines in details the obligations and the responsibilities of the Government. In order to be possible to implement all the above mentioned issues with accuracy and to inform Government members in time for all issues, the Government Coordinating Secretariat carries out a supporting role for Government members and other Government structures in relation to the Assembly's obligations. In addition to this, based on the Regulation of Rules and Procedure of the Government no. 09/2011, a process has started to approve a caretaker member of the Government who will follow the work of the Assembly.

The Assembly has made progress in executive oversight and consultation with civil society. The number of monitoring activities and the level of supervision of the implementation of the legislation has increased. The Assembly regularly examines the reports of parliamentary committees on the implementation of laws and adopts recommendations to improve enforcement of monitored laws. The practice of reporting from the ministers in front of the Assembly committees has increased. The number of the support staff for committees has increased as well. The Assembly has increased the number of consultations with civil society and with the public. The Kosovo Assembly, in full respect of the principles of Cooperation Strategy, adopted the Declaration on Partnership between the Civil Society and

the Assembly and has institutionalized cooperation at the level of partnership. The Assembly has hired a liaison officer for the NGOs. Also, it has institutionalized partnership with civil society through shared responsibilities in each step of the political process and decision-making in developing and overseeing the implementation of laws and policies and respecting Partnership Declaration between the Parliament and Civil Society. Taking into account the principles of the Strategy of the Assembly for information and public relations, the Presidency of the Assembly has established, by its decision the Forum for Parliamentary Transparency composed of deputies, representatives of the administration and civil society representatives. This Forum is called to advance and ensure greater civic engagement by promoting parliamentary culture through information, access to information and the work of the Assembly and, as well by empowering citizens in the legislative process and increasing of accountability.

The administration of the Assembly, under the authority of the Secretary General, provides professional, technical, administrative and other support services necessary for the Assembly and its organs.

Medium-term Priorities

Institutional Framework: adoption of the new Rules of Procedure of the Assembly. The Assembly of the Republic of Kosovo in the midterm intends to adopt a new regulation for the Assembly and developing a comprehensive and efficient legislative process.

Improvement of policies: drafting the annual work plans of the parliamentary committees, better planning of the dynamics for reviewing the draft laws, the Strategy for International and Inter-Parliamentary Cooperation and the Strategy for the Assembly 2015-2020.

The legislative capacity of the Assembly will increase further, especially for the Department for Legal and Procedural Issues through recruitment of staff in accordance with the Regulation on the Responsibilities and Organization of the Administration of the Assembly, by providing equal treatment and employment opportunities for women and men. The Assembly would also improve monitoring of the executive, including the security sector, by reviewing legislation and monitoring the implementation of policies and laws. In general, it will strengthen the legislative procedure in order to ensure cross-sectorial expertise and compliance with the *acquis*.

The Strategic Plan of the Assembly 2015-2020, which will cover the roles and responsibilities of the Administration of the Assembly to provide services in a quality manner, will help MPs to meet legislative, supervisory and representative function. The plan will ensure an integrated approach for developing and strengthening of the Assembly in the midterm to ensure proper functioning, from an organisational aspect, as well as in the structure and the content of it. The Assembly Strategic Plan 2015-2020 should include a gender perspective, in line with the Law on Gender Equality.

The plan has 5 objectives and 24 sub-objectives: to promote the institutional independence, the integrity of the Assembly, capacity building of the Administration of the Assembly, to enhance the process of reviewing and drafting laws by the Assembly, to enhance the supervisory capacity of the Assembly, to enhance transparency, communication with citizens and the representative role of MPs to develop and advance regional, European and international cooperation. The Assembly also plans to establish Parliamentary Committee for Stabilisation and Association.

Implementation and enforcement: the responsible bodies of the Assembly will provide strong monitoring of Assembly's budgetary expenditure during the financial year, including analysis of gender responsive budgeting.

Special emphasis will be given to the Parliamentary Committee for European Integration, whose role will be improved further since it is the key body for monitoring and pushing forward the reforms and the criteria within the processes of European integration and visa liberalization.

Also, the Assembly will develop the professional capacity of its administration through cooperation with parliaments of other countries, through the priorities established by the Strategy for International and Inter-parliamentary Relations.

Electoral System Reform

One of the main priorities of the Kosovo Republic Assembly is to amend the respective legislation, which allows for an adequate electoral reform, in line with European standards. This is aimed at in the midterm, through addressing the Venice Commission recommendations, while it will be implemented through a political agreement by the political parties' part of the Assembly.

The respective parliamentary commission is committed towards the electoral reform so as to address the key processes in the electoral system, so as to detail them in the respective laws, so as to increase legal certainty, as well as in order to increase the credibility in the electoral processes, in line with the European standards and practice.

In the context of electoral reform in order to fulfil the obligations deriving from the EU reports for Kosovo, Kosovo should amend the Law on General Elections, and establish an independent authority, not the CEC, which be responsible for implementing the Law on Financing of Political Parties.

In the context of electoral reform in order to fulfil the obligations deriving from the EU reports for Kosovo, Kosovo should amend the Law on General Elections, and establish an independent authority, not the CEC, which be responsible for implementing the Law on Financing of Political Parties. More concretely, the Assembly of Republic of Kosovo will commit in establishing an ad hoc committee for electoral reform, to whom it will provide budget, in order to meet its obligations. While in order to implement the Law on Financing of Political Parties, the Assembly will create a special division in CEC or the Office of Auditor General.

State of Play

Legal Framework

The electoral reform in the Republic of Kosovo is regulated based on: the Constitution of the Republic of Kosovo; Law no. 03/L-073 on General Elections; Law on Local Elections in the Republic of Kosovo amended on November 2010; Law no. 03/L-174 on Financing of Political Parties. The Constitution of the Republic of Kosovo contains basic disposition which regulate the electoral process in the Republic of Kosovo.

The Law on General Elections in the Republic of Kosovo and the Law on Financing of Political Parties, dated 16 September, 2010, and amended in December 2011 and July 2013 are the primary legislation, on which is based the entire electoral system of the Republic of Kosovo. Parts of the electoral legislation are also the 17 electoral rules issued by the Central Election Commission which explain the rules for elections and provide more details on its implementation and enforcement.

According to the Constitution of the Republic of Kosovo, state institutions guarantee participation of each citizen in public activities and everyone's right to democratically influence decisions of public bodies. The Constitution guarantees for all citizens of the Republic of Kosovo who have reached the age of eighteen the right to elect and be elected within state institutions through an electoral process, and the ballot will be personal, equal, free and secret.

Furthermore, the Law on General Elections amended as above regulates the electoral system, financing and holding of elections for the Assembly of Kosovo, maintenance of voter lists, registration and certification of political parties, responsibilities and functioning of the Central Election Commission, establishment and functioning of the Elections Complaints and Appeals Panel, organization and functioning of the election committees and councils, rules for accreditation of election observers, restrictions on campaign spending and financial disclosure obligations, coverage of election campaigns by the media, Code of Conduct for political parties, their candidates and supporters, the procedures for voting, counting and announcement of results and the penalties and fines imposed for violations of the provisions of this law.

The Constitution and the Law of Republic of Kosovo regulates the electoral system in Kosovo. According to the Constitution and the Law, Kosovo is considered a multi-candidate constituency. While exercising his/her right to vote, a voter shall vote for one (1) certified Political Party and may vote for one (1) candidate from the list of candidates of this party. Assembly of the Republic of Kosovo has one hundred and twenty (120) deputies elected by secret ballot based on open lists. Seats in the Assembly are distributed amongst all parties, coalitions and citizens' initiatives and independent candidates in proportion to the number of valid votes received by them in the election to the Assembly. In the framework of this distribution, twenty (20) out of one hundred and twenty (120) seats are guaranteed for representation of non-majority communities in Kosovo. Kosovo's electoral legislation also guarantees gender equality in the electoral system, under Article 7.2 of the Constitution of the Republic of Kosovo.

The above legislation has provided a sufficient basis for democratic elections in accordance with international instruments to which Kosovo is committed in its Constitution. The legal framework that has regulated the parliamentary elections and local elections despite the shortcomings, however, ensured a normal operation and performance of the overall flow of the electoral process in the local elections of 2013 and the parliamentary elections of 2014. Elections were peaceful and without major incident. Citizens have expressed their right to vote, including in the northern part of Kosovo. The opening, voting and closing procedures in the election day have been positively evaluated by local and international observers, representing significant improvement compared to the performance of the process in the past elections. During the last electoral process, the system of 'reserved' seats is guaranteed by the constitution for political parties representing non-majority and used as a temporary measure for two previous legislatures, has been replaced by the system of permanent 20 'guaranteed' seats.

Despite a number of attempts to reform the electoral system in Kosovo before the last mayoral and municipal elections in the fall of 2013 and early parliamentary elections on 8 June 2014, it had not happened. A series of shortcomings have followed these electoral processes that have been identified by the recent 2014 progress report of the European Commission. The short time for preparation (30 days) has adversely affected certain aspects of the technical process; such as increasing the awareness of voters. It also reduced the time which was available to lodge complaints and appeals before election day. A number of deficiencies remain to be addressed, including better alignment of the primary and subsidiary legislation on elections, the necessary time limits for complaints and appeals and the accuracy of voter lists in order to better reflect the best international practices and standards.

Kosovo's membership in the Venice Commission is expected to address these identified deficiencies. In this regard, the Central Election Commission has sent to the Legislation Committee of the Assembly its recommendations for amendment to the Law on General Elections and Local Elections. Recommendations were based on past practices in the implementation of the Law on General and Local Elections.

1.1.2. Public Administration

Public administration is a liaison between the government, civil society, private sector and the men and women citizens, which implements public policies undertaken by the government thus enhancing social cohesion and trust between the State and men and women citizens. Therefore, public administration is constituted by governmental institutional units that regulate the functioning of society. An effective public administration is crucial for country's development by implementing transparent, clear and simple administrative procedures, and services focused on men and women citizens. Public administration also helps businesses in exercising their activity, by facilitating procedures and removing bureaucratic barriers.

SAA Requirements

As part of the criteria for public administration which are to be met by the government and the relevant institutions of the Republic of Kosovo in accordance with Article 120 of the SAA remains full consolidation of the legal framework (adoption and amendment of primary and subsidiary legislation) and implementation in full of policies and legislation.

Other EU accession requirements

Requirements deriving from PAR SG, December 2016

Planning in the area of public administration needs to be more strategic and aligned with Government priorities and sector strategies, the MTEF and budget. Another important criterion is completion of the process of classification of jobs. In order for this process to be completed successfully, the Government is committed to adopt the package of laws on public administration in 2017, namely the Law on Civil Service, the new law on wages, and the Law on the Organization of State Administration. Regarding public services and human resource management, further efforts are needed to depoliticise the public administration and to fully implement the relevant provisions for prevention of corruption and promotion of integrity in the Civil Service. By the end of March 2017, the Parliament and the Government will sign a Memorandum of Cooperation to address the issue of rationalization of state agencies. The number and systematization of civil servants belonging to non-majority communities in the ministries and other institutions needs to be made in accordance with the legislation in force.

As per demands of civil society organisations dealing with gender equality regarding employment in the Civil Service, the number and systematisation of women and men civil servants in ministries and other institutions needs to be made in line with the legislation in force.

In general, Kosovo will need to further enhance its efforts to improve professionalism, accountability, efficiency and effectiveness of public administration at all levels, including compliance with decisions of IOBCSK and implementation of the decision on the issue of premises of the Ombudsman.

State of Play

Legal Framework

The legal framework in the area of public administration is established; however it has not yet been completed. The primary legislation on civil service is in accordance with the EU principles, but gaps appear especially in the regulation of administrative procedures, public liability, principles of gender equality, administrative proceedings; and accountability of public institutions.

The basic laws in accordance with which the public administration operates are:

LAW NO. 03/L-149 ON CIVIL SERVICE OF THE REPUBLIC OF KOSOVO - This law regulates the status of civil servants, as well as their working relations in institutions of central and municipal administrations, such as the administration of the Assembly, the administration of the President, Office of

the Prime Minister and ministries, executive agencies, independent agencies and regulatory agencies and municipal administrations. This law establishes rules for the overall management and organization of a politically impartial civil service, rules for recruitment, working conditions, rights and obligations, personal conduct, career advancement and professional development of civil servants, with equal opportunities for women and men and for various communities.

LAW NO. 03/L-147 ON SALARIES OF CIVIL SERVANTS – The purpose of this law is to define the system and the structure of salaries, allowances and other remunerations for civil servants, as defined in the Law on Civil Service of the Republic of Kosovo, where the funds for salaries, allowances and other remunerations of civil servants are ensured by the Budget of the Republic of Kosovo. According to this law, the institutions of the public administration of the Republic of Kosovo are obliged to pay equal pay for equal work;

LAW NO. 03/L-189 ON THE STATE ADMINISTRATION OF THE REPUBLIC OF KOSOVO - The purpose of this law is to define the legal framework for organization, cooperation and management of bodies exercising executive powers. This law regulates the scope of the state administration bodies. The state administration performs administrative tasks within the rights, responsibilities and duties of the Republic of Kosovo. The state administration exercises its functions and tasks based on the constitution, the law, other regulations and general acts. Tasks of the state administration involve direct implementation of the laws, issuance of provisions for their application, exercising of administrative supervision and performing other administrative and professional tasks.

LAW NO. 02/L-28 ON THE ADMINISTRATIVE PROCEDURE - The provisions of this law apply to all public administration bodies in exercising of their functions through individual and collective acts. The provisions of this law shall be implemented by natural and legal persons who have been given the right by law, bylaw or contract to exercise functions and powers of public importance. General principles of the law are binding on the activity of natural and legal persons in those cases where activities affect public interests. Provisions of this law shall not apply in the following forms of the activity of the public administration: administrative acts with regulatory character; administrative acts related to the internal organization of public administration bodies; administrative acts issued by public administration bodies within private transactions, in which public administration is a party.

The legal infrastructure has been consolidated in the area of Information and Communication Technology (ICT). The Law on the Information Society Bodies, the Interoperability Framework of Kosovo, Electronic Governance Strategy for 2009-2015 and several by-laws and standards regulating the policies in this area have been adopted. Also, bylaws deriving from the Law on Information Society bodies have been adopted.

Policy Framework

The strategic framework for public administration was determined by the Ministerial Council on Public Administration Reform, by providing the necessary instructions for the responsibilities of relevant institutions. This way, the approach on public administration reform was determined in the PAR Strategic Package, which consists in three separate documents, prepared and managed by the main portfolios, centrally coordinated. In designing the new approach to PAR, we have taken into account the main issues as determined by the enlargement strategy by the EC, and presented in detail by the OECD/SIGMA through the Public Administration Principles. Specifically, the public administration of the Republic of Kosovo is committed to function on the basis of SIGMA principles, such as:

- Strategic framework on PAR;
- Policy development and coordination;
- Public services and management of human resources;
- Accountability;

- Service provision;
- Management of public finance

In accordance with these principles, the relevant areas are grouped into the three PAR pillars, as part of the main portfolios, who have been vested the authority to develop one or more strategic documents. The three main pillars of the PAR Strategic Framework are as in the following:

- Pillar I – policy development and coordination – under the responsibility of Office of Prime Minister,
- Pillar II – civil service, human resources, accountability and service delivery – under responsibility of Ministry of Public Administration, and
- Pillar III – public finance management – under responsibility of Ministry of Finance.

As per demands of civil society organisations dealing with gender equality, the second pillar should include criteria of providing services under the principle of equal treatment for women and men.

The policy framework for the Ministry of Public Administration consists of:

Strategy on improving policy coordination 2016-18 – presenting the Government strategic orientation as part of the second pillar of PAR. The document treats policy planning and coordination through concrete activities, starting in 2015 and it aims at establishing an integrated planning system, to be implemented in the next three years. The main objective is to avoid fragmentation and overlaps in the central processes of policy and financial planning.

Strategy on Better Regulation – focuses on establishing an effective regulatory system, which balances costs and economic, environment and social benefits, by respecting the principles and procedures of regulatory impact assessment. In order to ensure that the legislation is subject to this standard, the strategy also treats the main challenge in regulatory reforms, through making effective the administrative procedures to keep to a minimum the administrative burden for the citizens and business. In addition, the strategy aims at strengthening the dialogue, inclusion of the private sector, as well as ensuring its maximum impact, so as to achieve the results. The communication also involves better contacts with the citizens at large as well as investors and analysts. In total the strategy has three main strategic objectives: regulatory system, effective implementation and effective communication.

The policy framework for the second PAR pillar consists in the following:

The Strategy for Modernisation of Public Administration 2015-2020 which defines Government's strategic objectives and policies aimed to achieve during the next midterm period in order to improve functioning and modernisation of the public administration, fulfilment of its legal obligations and improvement of service delivery.

The *Strategy for Training of Civil Servants* aims to improve the existing framework for civil servants defined with the previous training strategy (2011-2013). The Strategy focuses in training of women and men civil servants in Kosovo aiming to create a modern, professional and competent administration at the central and local level, an administration which offers qualitative public services for women and men citizens and for legal persons.

E-Governance Strategy 2016-2020 aims at increasing transparency, inclusion and participation of citizens, increasing economic competition, knowledge, as well as harmonization of policies with the EU e-governance framework. Specifically, good governance requires that information is produced and displayed in a simple, clear and accessible manner by the citizens. This access also stimulates and encourages the participation of citizens in decision-making. Also, the e-governance, through the

communication technology, enables the use of information produced at public sector for the purpose of improving the service provision, increasing the accountability, transparency, as well as increasing the efficiency and effectiveness of governance. As per demands of civil society organisations dealing with gender equality, this strategy should reflect the gender perspective. At the request of civil society organisations dealing with gender equality, this strategy should reflect a gender perspective.

Policy framework on the third PAR pillar consists of the following documents:

Strategy on Internal Financial Control 2015-19 – The strategy is a document that deals with the 5 next years, aiming at improving the financial management and control, by easing the public expenditure, better public service, ensuring transparency in adequate use of Kosovo budget, grants and donors to loaned funds.

Strategy on Management of Public Finance: Reforms of the public finance management are based on institutional objectives for increasing the effectiveness and efficiency in public spending, by improving the public money management in accordance to the best international practice and standards, including management of public money in accordance with potentially different needs and interests of women and men. The improvement of PFM requires commitment on the part of all institutions using public money, public authorities, hence the success in undertaking such activities for improving the PFM requires comprehensive commitment by all institutions.

Institutional Framework

Kosovo has considerably consolidated *the institutional framework* in the area of public administration:

The Ministry of Public Administration is responsible for establishing and overseeing implementation of policies of civil service and public administration; drafting of primary and subsidiary legislation for civil service; defining the norms and standards for functional organisation of public administration institutions; proposing and drafting of policies and structure of salaries and remunerations in public administration; development, coordination, overseeing and implementation of equitable training policies, education and development of human resources capacities in civil service (for women and men civil servants); establishment and administering of the information systems for management of human resources in public administration.

As part of the technical infrastructure for ICT, the *Agency for Information Society (AIS)* - MPA has now built an advanced infrastructure for the delivery of electronic services through the national network which covers all the offices of central and local administration and the Centre of the State Data. This infrastructure serves all institutions of central and local level. The current architecture of the infrastructure has a strong basis for delivering electronic services to citizens and for modernization of public administration. Further modernization of public administration requires constant maintenance and investment services in accordance with the growth of electronic services, trends of technological developments and increased security.

However, there is a need to finalise the minimum standards for public consultation together with the "online" platform for civil society in order to enable the early reaction of public (women and men) on legislation, policies and strategies and to increase transparency in the context of accountability as a basic principle for public administration.

Despite major achievements in the administrative reforms, there are challenges which hinder effective implementation of reforms related to the completion of the legal framework, and capacity building for monitoring and implementing the reforms. Past strategies for public administration reform have not paid proper attention to public and administrative services. At this moment, there still remains to be made a full inventory of public and administrative services offered by public institutions.

The Strategy for Public Administration Modernization of 2015-2020, has been drafted, as well as the Action Plan 2015-2017 for the implementation of this strategy, which is expected to be approved this year. The new approach has split the reform process under the responsibility on three pillars; 1. Development and coordination of policies and legislation – Office of the Prime Minister; 2. Civil service, human resources management, provision of public services and administrative and accountability – Ministry of Public Administration; and 3. Public Financial Management – Ministry of Finance.

Medium-term Priorities

In order to accomplish its mission, the Ministry of Public Administration in the midterm period plans to create an apolitical, professional, merit-based and well managed civil service. This is planned to be achieved through reorganization of ministries and their subordinate bodies, finalization of the process of job classification, implementation of a new system of salaries and promotions as well as the implementation of the Action Plan of the Strategy for Modernization of Public Administration in 2015 - 2017, while also ensuring adequate financial and human resources, especially for the department which manages PAR. Also, MPA will improve the system for human resources management and link it to the payroll system, and will approve and complete the process of job classification, and, after 2016 it is expected to be linked with the Pensions Trust.

Kosovo will also increase the percentage of civil servants coming from non-majority groups in the administration, based on current legislation, 10% at the central level (from 8.75% currently) and proportional to the population within the relevant municipality at the local level. It will also ensure full implementation of the Strategy and Action Plan for the Modernization of Public Administration from 2015 to 2020. As per demands of civil society organisations dealing with gender equality, equal participation of women and men at all levels, including decision-making ones, in line with the requirements of the new Law on Gender Equality, also needs to be ensured.

Completion of the legal and operational framework of PAR and finalizing costing reforms will form the basis for determining the scope of the general and financial sectorial budgetary support. Kosovo will focus on the area of PAR with a single program for Sector Budget Support. Also, through IPA 2014 there is some financial support from the European Commission for implementation of the Law on General Administrative Procedure. The Government will provide sufficient funds for implementation of the process of job classification and the overall improvement of human resource management, while ensuring equal treatment and opportunities for women and men.

The electronic governance will be enhanced in the midterm in order to increase the effectiveness of services and transparency to the public. The Strategy and the Action Plan 2016-2020 on e-Government will be implemented. ISA/MPA aims to modernize and improve the quality of provision of electronic services which will contribute to increase transparency.

Local Self-government

The constitutional basis for local self-government is granted by the Constitution of the Republic of Kosovo, Article 124 which states that “the basic unit of local government in Kosovo is municipality. Municipalities enjoy a high degree of local self-governance and encourage and ensure active participation of all women and men citizens in the decision making process of municipal bodies.”

The right for local self-government is guaranteed by the Constitution and is regulated by law. Also, local self-government is exercised by representative bodies elected through general, equal, free, direct and secret ballot. The Republic of Kosovo observes and implements the European Charter of Local Self-Government to the extent required by signatory. Local self-government is based on the principles of good governance, gender equality, transparency, efficiency and effectiveness in providing public services,

paying particular attention to the specific needs and concerns, including of women, men, persons with special needs, as well as of non-majority communities and their members.

1.1.3. Ombudsperson⁴

This chapter covers the scope of the Ombudsperson Institution (OI), as an independent constitutional institution that monitors, protects and promotes human rights and freedoms. It includes criteria derived from the process of EU integration of Kosovo, the current state of fulfilment of its mandate and the challenges faced by the institution and its plans and priorities for the future.

SAA Requirements

Considering that the European Union gives particular importance to human rights, in order to guarantee their implementation, it has imposed certain preconditions, one of them is Copenhagen political Criteria, which require stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities, including the institution of Ombudsperson.

In this context, the relevant SAA articles related to the Ombudsman Institution and its mandate are the following:

- Article 3: “Respect for the democratic principles and human rights as proclaimed in the United Nations Universal Declaration of Human Rights of 1948 and as defined in the Convention for the Protection of Human Rights and Fundamental Freedoms of 1950, in the Helsinki Final Act and the Charter of Paris for a New Europe, respect for international law principles, including full cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) and its residual mechanism, the International Criminal Court, and respect for the rule of law as well as the principles of market economy as reflected in the Document of the Bonn Conference on Economic Cooperation of the Conference on Security Cooperation in Europe, shall form the basis of the policies of the EU and of Kosovo and constitute essential elements of this Agreement.”
- Article 4: “Kosovo commits to abide by international law and instruments, in particular, but not only, related to the protection of human and fundamental rights, to the protection of persons belonging to minorities, and without discrimination on any ground.”
- Article 7: “The development of regional cooperation and good neighbourly relations as well as respect for human rights, including the rights of persons belonging to minorities, are central to the SAP. The conclusion and the implementation of this Agreement takes place within the framework of the SAP and are based on Kosovo’s own merits.”

On the other hand, Article 120 of the SAA except that requires a professional, efficient and accountable public administration, it expressly states that: “Cooperation shall also include the improvement of efficiency and the capacity of independent bodies that are instrumental for the functioning of public administration and for an effective system of checks and balances.”

Other EU Accession Requirements

SAPD Requirements

SAPD conclusions require implementation of the legislative package on human rights, including secondary legislation, implementing promotional campaigns and capacity-building.

Finally, the Republic of Kosovo should generally improve conditions for the functioning of the Ombudsperson Institution, both in terms of completion of the legal framework, ensuring sustainable financial independence and functional relocation of the offices of the institution in a public building, both

⁴ This chapter is linked with the chapter 3.24. Acquis Chapter 23: Judiciary and Fundamental Rights (matrix of short-term measures).

at both central and local levels, and also for adequate addressing and monitoring of the implementation of recommendations for public authorities in the Republic of Kosovo.

State of Play

Legal Framework

Below is listed the main legal framework which regulates the scope of activities of the Institution of Ombudsperson in Kosovo:

- Constitution of the Republic of Kosovo;
- Law on Ombudsperson;
- Law on Protection from Discrimination;
- Law on Gender Equality;
- Law on Access to Public Documents.

The Ombudsperson Institution have taken new responsibilities with the legal package for human rights, consisting the Law on Ombudsperson, Law on Protection from Discrimination and the Law on Gender Equality, adopted in July 2015, (for more, see 03.24, Chapter 23).

In order that OI will be in full compliance with the Paris Principles on National Institutions for Human Rights, which are minimal international criteria that should be fulfilled by every national institution for human rights in a country in order to be considered credible and worthy to carry out its mandate, the new Law on the Ombudsperson has tried to strengthen even further the role of this institution, adding provisions that guarantee organizational, administrative and financial independence. Furthermore, this law has extended functional immunity not only for the Ombudsperson and his deputies, but to its entire staff, and the government and the municipalities are obliged to provide space or offices suitable for work in public ownership in order to enable effective performance of the functions and responsibilities of the OI and guarantees financial independence. Article 35 of this law provides:

- *"Regardless of the provisions of other Laws, the Ombudsperson Institution prepares its annual budget proposal and submits it for approval to the Assembly of the Republic of Kosovo, which cannot be shorter than previous year approved budget. Budget may be shortened only by the approval of the Ombudsperson."*
- *In case powers and liabilities of the Ombudsperson Institution increase with this Law and other Laws, it is accompanied with additional, appropriate and specific financial and human resources.*
- *The Ombudsperson Institution independently manages with its own budget and is subject to internal and external audit by the Auditor General of the Republic Kosovo."*

The legislative package on human rights among others have deadlines faster time to review the case, the establishment of the National Torture Prevention Mechanism (NTPM), coverage of not only the public sector, but also the private one, regarding cases of discrimination, penalties for non-cooperation with the Ombudsman, initiation of proceedings by the Ombudsman, representation by the Ombudsman in his capacity as *Amicus Curiae* in court proceedings dealing with human rights, issues of equality and protection from discrimination, etc.

The Ombudsman, within its responsibilities as NTPM, is obliged to regularly visit, without prior notice, all premises where persons are held deprived of their liberty (including police detention, detention, stay in health institutions, customs detention, immigration-related detention and any other premises where there is suspected violation of human rights and freedoms); as well as to create a special mechanism that will perform all the functions of NTPM. The Ombudsman must cooperate with international and national mechanisms for the prevention of torture and other forms of cruel, inhuman and degrading punishment. The Ombudsman may also come up with suggestions and recommendations to persons and responsible

institutions where persons deprived of liberty are held, regardless of the type, premises or circumstances of their detention, with a view to improving their treatment and conditions.

As regards transposition of the *acquis* into national legislation in this area, *considerable* (partial) transposition has so far been achieved, namely of the Law on Protection from Discrimination and the Law on Gender Equality.

The Ombudsperson Institution in Kosovo has continued to work in fulfilling its constitutional mission to be the protector of the rights of Kosovo citizens in relation with actions of public authorities. The OI is currently conducts its activities in the Headquarters in Prishtina and Regional Offices in Prizren, Peja, Gjilan, Ferizaj, Gjakova, Gracanica and Mitrovica and Mitrovica North.

According to the annual report the Ombudsman, there has been a progressive increase each year of the number of recommendations submitted to institutions, as well as a positive trend of compliance with them, which has increased the trust in the institution and of accountability by public authorities in fulfilling their constitutional and legal obligations in the service of citizens.

Medium-term Priorities

According to the mandate and mission of OI, the fundamental goal and objective of the work of the OI is to achieve investigation of complaints from citizens in order to implement protection and promotion the rights and fundamental freedoms with responsibility, professionalism and timely ease. In this regard, the IO in this period will increase further the percentage and the number of cases reviewed and investigated and cases resolved positively. The IO will also increase its efficiency and number of dealing with *ex officio* cases and various legal analyses to address the systemic issues of human rights, which include a large number of citizens and thus affect the improvement of the human rights system in the Republic of Kosovo. The latter will be achieved through capacity-building of professional associates in the IAP in certain areas, which will bring about an increased quality of addressing cases, recommendations and implementing them, which will, in turn, increase each year. The IAP will pay attention to the promotion of cooperation with public authorities, civil society and media, but also to membership in various international networks, which enable exchange of information on new developments in the area of human rights and of the experience with other counterpart institutions, with a view to implement the same practices in Kosovo.

1.1.4. Civilian Oversight of Security Forces⁵

This chapter covers the democratic civil supervision of security institutions, which refers to the exercise of civilian control by the Assembly of Kosovo, respectively, through the relevant parliamentary committees (Committee on Internal Affairs, Security and Supervision of Security Forces in Kosovo, the Commission for Oversight of Kosovo Intelligence Agency), the President, Prime Minister and Minister of the Kosovo Security Force.

Requirements which derive from the midterm criteria of the Feasibility Study, the progress reports and other mechanisms emphasise that Kosovo continues to be focused on strengthening the democratic civilian oversight of the security sector. Note that the provisions of the SAA do not foresee obligations in this field.

EC Kosovo Report requirements

Security clearance of the members of the Parliamentary Committee for supervision of the Agency for Kosovo Intelligence Agency (KIA) is found by the Progress Report to be unprofessional. It also states that

⁵ This chapter is linked to Chapter 3.32. Acquis Chapter 31: Foreign, Security and Defence Policy.

the Assembly should increase its capacity and improve its expertise to oversee this area and it remains Kosovo's obligation to amend the Law on Classified Information and Security Clearances and establish the Agency on the Safety of Information Classified as a National Security Authority, and, in close cooperation with other mechanisms in the Republic Kosovo, to include in the decision making processes also security clearances and also the minimum security standards for the protection of classified information that are administered by the relevant institutions of the Republic of Kosovo. The relevant parliamentary committee for security will be overseeing mechanism for the agency and the same shall not be subject to security clearance.

State of Play

Legal Framework

As regards civil democratic oversight, the Republic of Kosovo has the following *legal framework*:

The Constitution of the Republic of Kosovo - Article 65, paragraph 12 - provides for oversight of foreign policy and security by the Assembly.

Law no. 04/L-045 for the Ministry of Security Force of Kosovo, which established the Ministry of Kosovo Security Force of within the Republic of Kosovo and the Minister of Kosovo Security Force will have executive authority over it and provides the general principles based on which the Assembly of the Republic of Kosovo, President, the Prime Minister and Minister for the Kosovo Security Force comprise the chain of civilian oversight of the Kosovo Security Force, as defined by the Constitution.

Law 03/L-178 on Classification of Information and Security Clearances – establishes a uniform system for classifying and storing information related to the security interests of Kosovo and to verify the security of persons who have access to this information.

Law No. 03/L-063 for Kosovo Intelligence Agency – established the Kosovo Intelligence Agency and defines function, powers and its mandate. The provisions of this law define the role of the Assembly in the supervision of the Agency, through the relevant parliamentary committee.

Policy Framework

The Analysis of the Strategic Review of the Security Sector - approved in 2014, has set strategic objectives of the Security Sector of the Republic of Kosovo, as follows: independence, sovereignty and territorial integrity; constitutional order; sustainable economic development; life, welfare, property and security of the citizens of Kosovo; and regional stability and membership in international organizations. National interests and security objectives define the basis for the mission and the current and future tasks of the institutions in general and security institutions in particular.

In the context of national security interests and the analysis of SRSS, the scope of this strategy relates to the integration of RK in the EU and NATO, therefore regional stability and membership in international organizations.

Institutional Framework

The chain of civilian democratic control begins with the Assembly (through the relevant parliamentary committees), the President of Kosovo, as the Supreme Commander of the KSF, Prime Minister and Minister, whose powers are exercised through calls for reporting, appointment, promotion and supervision of finances. The functioning of Parliamentary Committees, the response of security forces

officers to requests for reports before these committees, finds that currently there is a genuinely democratic spirit and well-built on the basis of responsibility.

The institutional framework for civil democratic oversight of the security forces consist of:

President of the Republic of Kosovo – is, under Article 84, paragraph 12 of the Constitution of Kosovo the Supreme Commander of the KSF. Article 131, paragraph 7 provides that the President of the Republic of Kosovo, after consultation with the Government and the Assembly, order mobilization of the Kosovo Security Force to assist in the State of Emergency. On this basis and on the basis of Article 5 of Law No. 04/L-045 for the Ministry of Security Force of Kosovo, the President has the power to authorize the deployment of Kosovo Security Forces in action during a state of emergency or during operations in support of peace abroad, after approval by the Assembly of the Republic of Kosovo. The President has the authority to: a) appoint the Commander of the Kosovo Security Force upon recommendation by the Government; b) to approve all promotions to the rank of General on the joint recommendation of the Commander of the Kosovo Security Force and the Minister for Kosovo Security Force; c) to approve all changes and appointments of generals upon joint recommendation by the Commander of the Kosovo Security Force and the Minister for the Kosovo Security Force; d) confer decorations, medals, awards and prizes.

The Assembly of the Republic of Kosovo (Committee for Supervision) - In accordance with Law No. 04/L-045 for the Ministry of Security Force, the Assembly of the Republic of Kosovo has the authority to: a) exercise democratic parliamentary control over the Kosovo Security Force; b) oversee and investigate all matters relating to the organization, financing, staffing, equipment and deployment of the Kosovo Security Force; c) legislate all matters related to the organization, financing, staffing, equipment and deployment of the Kosovo Security Force; d) adopt the annual budget and the rotational ten-year plan for the Kosovo Security Force; e) approve the deployment of the Kosovo Security Force during periods of emergency or to support peace operations abroad.

The Assembly of the Republic of Kosovo establishes a Parliamentary Committee which has the authority to: a) request the Commander of the Kosovo Security Force to submit an annual report and to answer questions personally as required. The report is sent to the President and the Prime Minister; b) request the presence of the Commander of the Kosovo Security Force at their meetings and answer questions; c) examine the budget of the Kosovo Security Force before submitting it for approval in the Assembly; d) review all equipment projects of a value more than a million, those funded by the Government as well as those funded by donors, prior to their submission for approval in the Assembly; e) make available to the International Military Presence all the information needed to identify all sources of funds and equipment given to the Kosovo Security Force.

The Prime Minister - In accordance with the Law No. 04/L-045 the Prime Minister has the power to effectively supervise and exercise control over the Kosovo Security Force, through the Minister for the Kosovo Security Force. Pursuant to authority from the Kosovo Assembly, the Prime Minister has the authority to: a) authorize the Minister for the Kosovo Security Force to order engagement and deployment of the Kosovo Security Force; b) engage the Kosovo Security Force to assist civil authorities in responding to natural disasters or accidents and other disasters or accidents; c) assign and alter the structure of the Kosovo Security Force as needed, in consultation with the President and subject to confirmation by the Assembly, d) assign the minimum representation of all communities within the Kosovo Security Force, according to the last population census.

The Ministry of Security Force / Minister - In accordance with the Law on the Ministry of Kosovo Security Force, the Minister of Kosovo Security Force has the power to exercise control and general administration Security Force of Kosovo, including any competences, which by law are assigned to the Commander of the Kosovo Security Force; Minister for the Kosovo Security Force serves as the

international representative of Kosovo on issues related to Kosovo's security force at the ministerial level, but may delegate this function for specific activities. While the Law No. 04/L-46 on Kosovo Security Force, defines the powers of the Minister of KSF in details, among other, the Minister includes all the powers vested in the Commander of the Kosovo Security Force.

The National Security Council is a supervisory institution of the Kosovo Security Force, which, according to Law no. 04/L-45 reviews and advises about all issues related to the security of the Republic of Kosovo, including the use of the Kosovo Security Force.

Medium-term Priorities

No priorities are foreseen.

1.2. Regional Cooperation and International Obligations⁶

The Government of the Republic of Kosovo will continue to promote good neighbourliness and constructive relations with all countries in the region. To fulfil regional policy, Kosovo remains committed to a constructive and pragmatic ways for increasing an effective regional cooperation. The main purpose is to strengthen relations with immediate neighbours, to raise the current level of comprehensive exchanges and to enhance cooperation in all fields of common interest.

Kosovo continues to support dialogue at all levels, regional security, economic cooperation, deepening of trade exchanges protection and promotion of human rights and freedoms. Kosovo remains committed to full normalization of interstate relations with Serbia and the continuation of dialogue, and it aims to finalize it with mutual recognition, which will allow building a longlasting peace between the two countries and establishing diplomatic relations and good neighbourly relations in the European spirit, including participation of women and men in the dialogue processes, in line with the United Nations Resolution 1325 on Women, Peace and Security, as well as the current government strategies.

Membership of the Republic of Kosovo in international organizations remains a primary priority for the Government of Kosovo, and its increasing its efforts to become a full member of the UN and its specialized agencies as well as to increase its participation and representation in multilateral mechanisms. Kosovo multilateral diplomacy continues to serve Kosovo's national interests, democratic and economic development of the country, as well as international responsibilities.

The Republic of Kosovo as a member with full rights in the regional organization in Southeast Europe - Regional Cooperation Council (RCC) - participates in the annual meetings, board meetings, meetings of the national coordinators and sectoral meetings of the RCC. Kosovo institutions, in line with the requirements of the Law on Gender Equality, ensure equal representation of men and women in all meetings, seminars and conferences.

In accordance to the requirements for EU accession deriving from SAA, requirements from midterm criteria of the Feasibility Study, SAPD and other mechanisms of this process as regards regional cooperation and international obligations, Kosovo continues to develop regional cooperation in respecting of human rights, particularly minorities, promoting regional cooperation regarding the movement of persons, goods and services and capital. Consequently, Kosovo conducts political dialogue aiming to consolidate the approach between the European Union and Kosovo to enhance new forms of cooperation in the process of normalization of relations between Kosovo and Serbia, as well as actively promotes regional cooperation.

⁶ This chapter is linked with chapter 3.32. *Chapter 31 of the Acquis: foreign, security and defence policy.*

It is essential that Kosovo continues implementing in good faith all agreements reached so far between Belgrade and Prishtina, and engage constructively on the full range of issues with the facilitation of the EU, including the Treaty of Community of Transport, judicial cooperation and agreements for employment and social policies within the SEE, Employment and Social Policy Network and the SEE Health Network. Full participation of Kosovo in the Roma Decade must be ensured as well.

According to the Conclusions of the Council, April 1997, regional cooperation is one of the key conditions associated for contractual relations with the EU. Also, to meet obligations deriving from the FS and SAPD, Kosovo continues to provide active and constructive cooperation with all regional partners. The Government of the Republic of Kosovo continues to be constructive as regards the dialogue with the Republic of Serbia and at the same time intensifies efforts to deepen good relations with neighbouring countries. Membership and proactive participation in regional and international organizations also remains a priority.

State of Play

Legal Framework

The legal basis for international agreements consists of:

Law No. 04/L-052 on International Agreements. This law defines the procedure of initiative, signature, ratification, reservations and declarations, amendments, withdrawals from the agreement, and the implementation of international agreements of the Republic of Kosovo, and is in accordance with the rules and principles of universally accepted international law that regulates connection and execution of international treaties, codified in the Vienna Convention of 23 May 1969 on the Law of treaties, and the Vienna Convention of 21 March 1986 for the Law of Treaties between States and International Organizations or between International Organizations.

Law No. 04/L-199 on ratification of the first international agreement of principles governing the normalization of relations between the Republic of Kosovo and the Republic of Serbia. This law ratified the first international agreement of principles governing the normalization of relations between the Republic of Kosovo and the Republic of Serbia, initialised on 19 April 2013 by the Prime Minister of the Republic of Kosovo and Prime Minister of the Republic of Serbia, approved by the Government of the Republic of Kosovo on April 22, 2013, decision no. 01/126, and by the Assembly of Kosovo on 22 April 2013, Resolution no. 04-R-10, and the scope of this law is the first international agreement of principles governing the normalization of relations between the Republic of Kosovo and the Republic of Serbia, and this agreement is an integral part of this law. This law will be implemented by the Republic of Kosovo, with the assistance of the European Union (EU), NATO forces in Kosovo (KFOR) and the Organization for Security and Cooperation in Europe (OSCE).

The legal basis for regulating the area for the missing persons through international agreements is:

Law No. 04/L-023 for Missing Persons, which aims to protect the rights and interests of missing persons and their relatives, in particular the right of relatives to be informed on the fate of missing persons who disappeared during the period 1 January 1998 – 31 December 31 2000, as a result of the war in Kosovo in 1998-1999, and this law also defines the powers and responsibilities of the Government Commission for Missing Persons.

Institutional Framework

Institutional framework for regional cooperation and international obligations consists of the following institutions:

The Ministry of Foreign Affairs, respectively, the *Department for Regional Relations* identifies and defines an archive of official communication and data related to bilateral agreements with countries in the region as well as multilateral relations related to initiatives and regional organizations, as well as conveys membership and participation of Kosovo in regional initiatives and organizations;

Minister for Dialogue (without portfolio) - In accordance with the Government Programme of the Republic of Kosovo, the Minister for Dialogue implements its duties and responsibilities associated with the implementation of the Brussels dialogue and for good neighbourly relations and normalized relations between the Republic of Kosovo and Serbia mediated by the European Union and with US support. In this context, its duties and responsibilities are: development of programmatic and strategic documents for Brussels dialogue, negotiating agreements during the technical dialogue in Brussels, preparing strategic documents for negotiation and participation in the political dialogue, implementation and monitoring of the agreements, report to the EU on the state of application of the agreements, development of diplomacy in support of dialogue and enhancing European integration of Kosovo linked with the implementation of the agreements.

The mandate of the Minister for Dialogue is based on the Work Program of the Government of Kosovo (2015-2018), the Government Program for Dialogue in Brussels (2014-2018) and the National Strategy for Dialogue, the main components of which are as follows: negotiation of agreements in Brussels dialogue, implementation and monitoring of their interconnection with the European agenda and foreign policy of the Republic of Kosovo, and to ensure that the process of dialogue/negotiations and agreements should be in accordance with the Constitution and laws of Kosovo;

The dialogue aims to resolve practical issues between two independent and sovereign states. The dialogue is mediated by the European Union and supported by the US. The dialogue has emerged as an international obligation deriving from the UN Resolution of September 2010 for which the Government of the Republic of Kosovo, in accordance with the Constitution of the country and the Resolution of the Assembly has shown willingness to meet this obligation, as well as being part of objectives for improving citizens' lives and bringing Kosovo closer to the European Union;

Prime Minister's Office respectively *the Office of the Regional Cooperation Council and the Government Commission on Missing Persons*.

Office of the Regional Cooperation Council, which represents the Republic of Kosovo as National Coordinator for regional cooperation initiatives in the framework of the SEE countries and coordinates the activities of regional cooperation within the Regional Cooperation Council directly with the Secretariat in Sarajevo;

Government Commission for Missing Persons intends to protect the rights and interests of missing persons and their relatives, in particular the right of relatives to be informed on the fate of missing persons who disappeared during the period January 1, 1998 to December 31, 2000, as a result of the Kosovo war in 1998-1999.

As regards relations with the international community, Kosovo has largely implemented the Comprehensive Proposal of Ahtisaari's package, and therefore on 10 September 2012 the International Steering Group has announced the completed phase of the supervised independence of Kosovo, and the mandate of the International Civilian Office Representative. Kosovo has agreed with the European Union to extend the mandate of EULEX until June 2016. Kosovo also consistently continues its efforts to increase the recognition of Kosovo as an independent state and as a consequence the number of recognitions has reached 111. Consequently, Kosovo is a member of the International Monetary Fund, World Bank and the

European Bank for Reconstruction and Development. In addition, Kosovo participates and also chaired regular meetings of CEFTA as an equal. (For more, see chapter 31.)

Kosovo has joined the South Eastern Europe Cooperation Process Organisation (SEECP), the Migration, Asylum and Refugees Regional Initiative (MARRI), the Regional Cooperation Council, the Venice Commission, the Centre for Cooperation in the area of security (RACVIAC) and International Francophone Organization. In addition, Kosovo is member with full rights in regional organizations involving sports, including: the International Federation of Basketball, the International Federation of Swimming, the International Olympic Committee, the International Federation Handball, World Taekwondo Federation and the International Federation of Wrestling.

As regards regional cooperation, Kosovo has satisfactory cooperation with:

Albania

In the context of strengthening strategic cooperation with the Republic of Albania in the economic, political, cultural, sports and other spheres, on 23 March 2015, a second joint meeting was held in Tirana between the Government of the Republic of Kosovo and the Council of Ministers of the **Republic of Albania**, and in that occasion, results of the first meeting have been analysed and the prime ministers have signed a joint statement "On cooperation in the area of transboundary regional development in Kosovo and Albania". Also they signed several agreements and memorandums of cooperation by the relevant ministers, to deepen bilateral cooperation in many areas, as follows: agreement between the Government of the Republic of Kosovo and the Council of Ministers of the Republic of Albania "for Mutual Cooperation in Security Area", the protocol for the implementation of the "Framework Agreement on Cooperation in the Promotion and Facilitation of Trade", the protocol between the Ministry of Interior of the Republic of Kosovo and the Ministry of Interior of the Republic of Albania "On Immediate Transboundary Prosecuting", the protocol between the Ministry of Interior of the Republic of Kosovo and the Ministry of Interior of the Republic of Albania "On Joint Sharing of Equipment for Border Control", the memorandum "On Cooperation in the area of Agriculture and Rural Development", the memorandum of cooperation between the Ministry of Culture, Youth and Sports of the Republic of Kosovo, the Ministry of Diaspora of the Republic of Kosovo and the Ministry of Culture of the Republic of Albania, a memorandum of cooperation between the Ministry of Interior of the Republic of Kosovo and the Ministry of Interior of the Republic of Albania "On Strengthening of Cooperation in the area of Internal Control", the memorandum of cooperation on "Strengthening of Cooperation" between the Ministry of Finance of the Republic of Kosovo and the Ministry of Finance of the Republic of Albania; a cooperation agreement "In the area of Higher Education and Scientific Research", a cooperation agreement "For joint Organization of the Teaching of Albanian Language and Culture in the Diaspora", a cooperation agreement "For Institutional Cooperation for Advancement and Professional Development of Teachers in Pre-University Education".

The Republic of Kosovo has reached agreements on mutual recognition of pension and to strengthen cultural cooperation with Macedonia. They have entered into force and negotiations have been hold and further progress is expected towards preparation for signing the following agreements: Agreement on Readmission, Agreement for Judicial Cooperation in Civil and Commercial Matters, Agreement for Legal Assistance in Civil Matters, Agreement on Mutual Recognition of Driving Licenses, Agreement on the Conditions of Travel of Citizens of Both Countries, and a cooperation agreement in matters of European integration. An open issues with Macedonia remains the renewal of the Buteli case.

Montenegro

The Republic of Kosovo has signed the Agreement on the State Border with Montenegro, on August 26, 2015. Also, some agreements have passed as initiatives and some of them have been negotiated: the agreement on "Mutual Sharing and Protection of Classified Information", the agreement on "Reciprocal Promotion and Protection of Investments", the agreement on "Cultural Cooperation", the agreement on

“International Transport”, the agreement on “Judicial Cooperation in Criminal Matters”, the agreement between the Government of the Republic of Kosovo, the Council of Ministers of the Republic of Albania and the Government of Montenegro “Related to Joint Border Crossing Point of the Republic of Kosovo, the Republic of Albania, Montenegro, which marks three partite border and its maintenance”, the protocol between the Ministry of Interior of the Republic of Kosovo, the Office of the National Coordinator for the Fight Against Trafficking in Human Beings and the General Secretariat of the Government of Montenegro, the Office for Combating Trafficking in Human Beings on “Cooperation in the Fight Against Trafficking in Human Beings”, the agreement between the Government of the Republic of Kosovo and the Republic of Montenegro on “Cooperation in the Economic Area”, the agreement between the Government of the Republic of Kosovo and the Republic of Montenegro on “Implementation of the Cross-Border Cooperation Programme, which is financed under the Instrument for Pre-Accession (IPA) 2014-2020”.

Bosnia and Herzegovina has not changed its position regarding recognition of Kosovo. Short-stay visas for citizens of Kosovo are issued only at the invitation of foreign diplomatic missions and international organizations accredited in Bosnia and Herzegovina, or for humanitarian reasons. As a reciprocal measure, Kosovo has established a visa regime for citizens of Bosnia and Herzegovina since January. In August, Kosovo has blocked food imports of animal origins from Bosnia and Herzegovina; in this regard, Kosovo will not impose requirements that go beyond those agreed in the context of the Free Trade Agreement of Central Europe.

Implementation of Cross-Border Cooperation programmes

Three existing programmes of Cross-Border Cooperation, Albania-Kosovo; Kosovo-Macedonia; and Kosovo-Montenegro are in the process of implementation. Projects funded by these programmes in coordination with representatives of the European Union and neighbouring countries are being implemented in the form of two strategic projects, one with Macedonia, a border crossing in Stanqiq (Kosovo) - Belanovce (Macedonia) and one with Albania for construction of the border road (Shishtavec/Albania and Dragash/Kosovo).

CBC Programme Albania-Kosovo –the strategic project “Build together an Attractive and Prosperous Region” in coordination with the Office of the European Union have drafted Terms of Reference for a service contract that includes a feasibility study.

CBC Programme Macedonia-Kosovo - the expert committee has continued a joint work for opening of the border crossing point in Stanqiq (Kosovo) - Belanovce (Macedonia), as part of strategic project under the border cooperation programme for Kosovo-Macedonia.

CBC Programme Montenegro-Kosovo – European Union Office in Kosovo has approved the evaluation report of the first phase for allocations for the period 2011-2013. The second phase of evaluation has continued and will complete the assessment of the projects and the final report of evaluation has been drafted, which will be submitted for approval in the European Union Office in Kosovo.

In the context of completing the legal framework through changes in key legislation, including the Constitution, Kosovo has amended its Constitution to establish the Special Court and its prosecutor's office. In this regard, Law on Specialized Rooms and Specialized Prosecutor's Office, and the Law on Legal Protection and Financial Support of the Potential Accused Persons in Trials of the Specialized Chambers have been approved. The government should also adopt a strategy for transitional justice, and, in this case an inter-ministerial working group dealing with the past, as well as the sub-working groups is doing a preliminary analysis to prepare a draft strategy in the midterm period linked with the relevant mechanisms to gather information in investigation of war crimes and missing persons.

The Republic of Kosovo is actively participating in initiatives and multilateral organizations operating in the region of Southeast Europe and beyond. It is a member of the following regional initiatives: the Central European Free Trade Agreement (CEFTA); BRDO Process (BP); Western Balkans Investment Framework (WBIF); Southeast Europe Investment Committee (SEEIC); - Southeast Europe Transport Observatory (SEETO); Electronic Southeast Europe Initiative (eSEE); Southeast Europe Trade Association Forum (SEETUF); South-East Europe Network of Associations of Local Authorities (NALAS); Southeast Europe Public Private Partnership Network (SEPPPN); US - Adriatic Charter (A-5); Education Reform Initiative for South Eastern Europe (ERI SEE); Regional Environmental Centre (REC); Western Balkans 6; Centre for Security Cooperation (RACVIAC); Migration, Asylum and Refugees Regional Initiative (MARRI); South East European Cooperation Process (SECP); Regional Cooperation Council (RCC); Regional School for Public Administration (ReSPA); Regional Environmental Network for Accession (RENA); Southeast Europe Centre for Entrepreneurship Learning (SEECEL); Task Force Fostering and Building Human Capital (TFFBHC).

In the framework of the dialogue between the Republic of Kosovo and Serbia, mediated by the European Union, Kosovo is actively involved in implementation of agreements reached so far. Positive indicator in this regard are: the Agreement on Implementation of Justice and licensing of companies in the northern Kosovo for controlled goods under the Agreement on Collection of Customs Revenue at the two border crossings Jarinje and Brnjak and the Agreement on the Association of Serb Municipalities.

So far, it can be concluded that parallel structures in the area of police, customs and civil registry have been dissolved and the same is continuing as regards justice, courts and the prosecution. Regarding the so-called "Civil Protection" the agreement for its dissolving foresees integration of individuals (former members) of this structure in the civil institutions of the Republic of Kosovo. Consequently, it is expected that this illegal structure will be fully dissolved.

Despite the achievements in international relations, there remain many difficult challenges for Kosovo's position in the international arena. Non-recognition by 5 EU member states is a challenge to Kosovo's path towards European integration. Also, lack of sufficient recognitions hinders Kosovo's membership in other international mechanisms such as the UN, OSCE or Council of Europe, and, as a result, Kosovo is not able to have full benefits of the evaluation mechanisms of relevant conventions.

As regards achievements in dealing with the past, the Government of the Republic of Kosovo, on 15 October 2014, decision no. 02/200 adopted Regulation (GRK) - No. 18/2014 for the working group dealing with the past and reconciliation.

Serbia

In the context of the dialogue between the Republic of Kosovo and Serbia, facilitated by European Union, Kosovo has been actively involved in this process regarding the implementation of the agreements signed so far. As positive indicators in this aspect are: the implementation of the Agreement for Integrated Border Management (IBM), agreement on free movement of peoples and goods, agreement on collection of customs revenues in two border crossing-points, namely Jarinje and Bërnjak, licensing of the companies of the north part of Kosovo for controlled goods, the agreement on the mutual recognition of the vehicles insurance, mutual recognition of certificated for pharmaceutical products, whereas the agreements for justice, dissolution of civil protection and recognition of diplomas, country code for Kosovo, energy , cadastre and Association are under the process.

It can be concluded that up to date, the parallel structures are dissolved in few fields, as in the area of police, in the area of customs and those of civil status and we are continuing also in the area of justice, courts and prosecution. Regarding the so-called "Civil Protection," the agreement for its dissolution foresees the integration of individuals (former members) of this structure in the civil institutions of the Republic of Kosovo, where the integration is already done, whereas we are waiting for the handover of

facilities. Of 483 persons integrated within Kosovo institutions, 105 of them are already recruited and entered into payroll, whereas 328 others shall be recruited and will enter the payroll starting from 1 January 2016.

However, the existence of the parallel structures of Serbia in Kosovo in many fields at the municipal level, several at the central level, especially in north municipalities with already established legal structures as a result of the first agreement, remains a concern. The full dissolution of these illegal structures is a perquisite for the establishment of the Association as agreed.

The implementation of the justice agreement is at the final stage. The Judicial and Prosecutorial Councils of Kosovo confirmed that has completed the process for evaluation and interviewing the candidates for the first stage, whereby 34 judges and 9 prosecutors, who met the application criteria, have been selected, from a total of 48 judges and 15 prosecutors. On 10 December 2015, the Judicial and Prosecutorial Councils of Kosovo will announce a vacancy for the vacant positions for 14 judges and 6 prosecutors, as well as 164 positions for the administrative staff of the judiciary and prosecution system of the Republic of Kosovo, as foreseen by the agreement. The issue of facilities tackled by Justice Agreement implementation plan is at the final process, whereas the dissolution of Serbian judiciary parallel structures in Kosovo is not fulfilled yet. The dissolution requires the legal adaptation in the Serbia Law no. 116/2008 on the Seats and Territorial Jurisdictions of Courts and Prosecutors Offices. The deadline was 31 December 2013. Serbia should also dismiss judges and discontinue the payment of salaries for the judiciary staff engaged in the judiciary parallel structures on the day of appointment by the President.

Integrated Border Management between Kosovo and Serbia functions very well, whereas at this stage, the implementation is focused on the construction of IBM six border crossing-points permanent facilities between both countries. EU funds and implements the construction of these BCP facilities. Also, we agreed for the opening of two new border crossing-points, such as border crossing-point between Kamenica and Medveđa, and Zubin Potok and Novi Pazar.

During this period, in the context of the Free Movement, the Agreement on Mutual Recognition of the Vehicles Insurance Policies has been reached between Kosovo and Serbia and this process shall facilitate further the movement of people and goods between both countries. The implementation of the concerned agreement, following three years of negotiations, commenced on 12 August 2015 because the Serbian side was not ready to commence the implementation pursuant to the agreement.

Regarding the implementation of the agreement on telecommunication/country code and energy, the agreement on the implementation plan for telecommunication has been reached during the meeting held on 25 August 2015 in Brussels. The Agreement on Telecommunications specifies that Kosovo will obtain its country code 383 by ITU and that Austria will apply on behalf of Kosovo. In return to the removal of obstacles from Serbia, a temporary permission has been offered for mobile services for a new company with the limited scope, registered in Kosovo. The registration process of this company in Kosovo was delayed due to the submission of documents not in harmony with the Brussels agreement and Kosovo laws. Two months later, namely on 13 October 2015, the company was granted with a business registration certificate by the Kosovo Business Registration Agency within MTI. Whereas, within the exchange of data, Kosovo side, on 2 December, submitted these data to EU and we are waiting for data from the Serbia side in order to move towards the cooperation between both telecom regulators, with the EU facilitation. The concerned Agreement also guarantees the dissolution of parallel structures in this field.

Whereas, regarding the Agreement on Energy and agreements of 25 August 2015, Serbia so far has failed to register two new companies (one for trade services, and the other for supply and distribution maintenance services) in Kosovo. The reasons for delays are of the political nature: (1) to avoid the compliance with Kosovo law for the business registration process and (2) creating obstacles in order that

the Kosovo Transmission System Operator (KOSTT) to commence its operation as an independent regulatory block within the European transmission system, based on the agreement reached between KOSTT and ENTSO-E on 1 October 2015. The implementation of this agreement has been foreseen for 30 November 2015, conditioning Kosovo with the issuance of a licence for supply for a new company; however, Kosovo is not able to issue such a license because the new company has not been registered yet.

Serbia continues to reject the access of the Kosovo energy operators (KOSTT and KEDS) to the northern part, violating thus the Agreement on Energy. The access in the northern part should commence immediately after KOSTT commences the operation as an independent regulatory block in the European system (ENTSO-E). Regarding illegal operators, Serbia, by signing the agreement, re-confirmed its commitment for the dissolution of its illegal energy operators in the north of Kosovo, an obligation that has been delayed since the September 2014, namely following the signature of the implementation action plan on energy.

During the meeting held on 25 August 2015 in Brussels, both sides agreed to commence the revitalization of the bridge on the Ibër river in Mitrovica and removal of the barricade, the so-called "Peace Park." The process for revitalization commenced on 17 October 2015. The revitalization of the bridge shall be taking place during the spring of 2016, where the bridge will be opened for movement for all citizens and vehicles. Also, pursuant to the agreement, we are working on defining the cadastral zones for villages Suhadoll and Kroj i Vitakut, pursuant boundary line between the Municipalities of South and North Mitrovica and pursuant to Kosovo laws and Ahtisaari Plan.

Also, dialogues regarding the general principles for the Association of Serb-majority municipalities have been held in Brussels. The dialogues regarding this issue were initially held at the technical level during the June and July 2015, then continued at the Prime Minister level and HR Mogherini and on 25 August 2015 was reached the Agreement that the Association of Serb-majority municipalities will be established and function based on the Constitution and the Laws of the Republic of Kosovo and there will be no executive competencies, and that the main condition for its establishment is related to the dissolution of all illegal structures of Serbia which still continue to operate in Kosovo. In order to commence the drafting of statute, we are awaiting for the decision of the Constitutional Court of Kosovo on the constitutionality of the Brussels Agreement on this issue (reached on 25 August 2015), in line with the request submitted by the President of the Republic of Kosovo.

WhereAs regards the Development Fund for the north part, the process is continuing lead and coordinated by the EU office in Kosovo, where the first projects of the North Municipality have been submitted and approved by the Management Board. Funds allocated for these four first projects amount to EUR 2,515. Whereas, 7.8 million EUR have been collected during this period, pursuant to the agreement for the collection of customs revenues in the northern part.

Medium-term Priorities

MFA is in the process of consolidating its institutional infrastructure ensuring diplomatic/consular coverage extending all continents to strengthen Kosovo statehood in the international arena. In the midterm it will further extend its diplomatic network in countries with regional and global power in order to consolidate the international subjectivity of the Republic of Kosovo and to be able that the Republic of Kosovo will become a member of international organizations. In this regard, Kosovo will open new diplomatic missions and consular/liaison offices, will strengthen embassies and will increase the number of diplomats in Brussels, New York, Washington, Geneva and within the Diplomatic Academy and the Ministry of Foreign Affairs (in the political as well as administrative departments).

Kosovo will focus on resolving the fate of missing persons. It will intensify its efforts for exchanging information about possible mass graves. To achieve the full capacity of the Department of Forensic

Medicine in the context of meeting the standards required for sustainable legal practices, the government will initially develop a concept paper to regulate the field of forensic medicine and to adopt implementing legislation for creating a central register and closure of cases, including data broken down on the basis of gender. It will also recruit and develop the necessary professional expertise in the area of anthropology and forensic medicine in general, taking into account equitable participation of women and men and integration of staff from non-majority communities.

Serbia's parallel structures in Kosovo are the main obstacles for normalization of the situation in northern Kosovo; therefore their dissolving is very important for effective implementation of the agreement. Serbia continues to intervene in Kosovo through the partial maintenance of some of its parallel structures, in contradiction with the Brussels agreement on the normalization of friendly relations between the two countries.

The Agreement on Normalization of Relations between the Republic of Kosovo and Serbia has provided for an implicit dissolving of parallel structures supported by Serbia in the spheres of police, justice, civil protection and administration (after the local elections and the functionalisation of the municipalities in the northern part), earlier during the technical dialogue the dissolution of parallel structures in the area of energy, telecom, civil registry services, cadastral and customs has been foreseen.

Regarding *implementation and enforcement*, in the midterm, Serbia's parallel structures that continue to grow and violate the Brussels Agreement on Normalization of Relations between the two countries will be removed.

2. BLOCK 2: ECONOMIC CRITERIA

Fulfilling the economic criteria for accession is based on requirements deriving from the European Council 1993, and called the Copenhagen Criteria. A functional market economy is the first Copenhagen criteria, which includes:

- Existence of a broad consensus on essential economic policy;
- Achieving macroeconomic stability, including the adequate price stability as well as sustainability in terms of public finance and external balance of payment;
- Free interaction of market forces based on the mechanisms of supply and demands, including price setting and trade liberalization;
- Eliminating essential barriers to the market input and output (with regards to establishing new enterprises or in their bankruptcy);
- The existence of a legal system, including regulation of property rights, as well as enforcement of laws and contracts;
- Broad consensus on key issues with regards to economic policy;
- A financial sector, developed sufficiently in order to channel savings towards productive investment.

The Maastricht Criteria, known as convergence economic criteria deal with the monetary integration in the Euro zone. Specifically, those countries aiming at adopting euro need to fulfil a number of economic indicators, measuring:

- Price stability through CPI;
- Sustainability and adequacy of public finance, through limiting the budget deficit to 3% of GDP and the government debt in relation to GDP;
- Stability in long term interest rates; and
- Stability in exchange rate.

Based on the Council conclusions of 2008⁷ and the General Affairs Council, the European Commission of 2013 has started in the past two years a new approach in promoting economic and political development in Kosovo, similar to instruments and mechanisms used in member states. In such a context, the enlargement strategy for Kosovo (and Balkans in general) is based on three basic pillars, one of them being economic governance. One of the main instruments to strengthen the economic governance is the dialogue with the EU, including preparing the Economic Reform Programme. Hence, the progress assessment in fulfilling the economic criteria is closely linked to improving economic governance and implementing the economic reform programme.

As a result, the main objectives and measures within economic criteria aim at reflecting the substance of structural reforms as contained in the Economic Reforms Programme⁸. Of course, all measures are closely linked to the Republic Kosovo institutions' strategic documents, such as: Government Programme 2015-2018, sectorial strategies, National Development Strategy. The document also incorporates measures deriving from the Country Report, and the annual SAPD Economy, Financial Issues and Statistics.

In terms of progress with regards to fulfilling the accession economic criteria⁹, Kosovo needs to continue efforts in creating a functional market economy, capable to cope with competitiveness, by directing the budget towards growth generating investment, and by strengthening the competitiveness, which in turn would positively affect in reducing the external misbalance. Kosovo needs to continue privatization, as well as work towards increasing the internal taxation. Clarifying the bankruptcy procedures would positively affect the economy. Similarly, Kosovo needs to develop the human capital so as to reduce the

⁷ Council of the European Union.

⁸ As ERP 2017-2019 is currently being prepared the measures included in the programme will be finalized when it is finalized.

⁹ Based on the EC 2016 Kosovo Report.

high rate of unemployment of men and women, as well as it needs to fight informal economy and strengthen the rule of law, so as to improve the business environment for the private sector and market competitiveness. Stability and sustainable fiscal policy as well as further development of financial market improving access to finance, will create a good ground for economic development. In order to increase the competitiveness capability, there is still a need for considerable reforms, including, among others, the sector of energy and developing the education system.

2.1. Existence of a Functional Market Economy¹⁰

Economic governance

There is a broad consensus on market-oriented economic policies and reforms. This is also reflected in the Government Programme 2015-2018 which emphasizes that one of the basic principles of government is to promote economic development and social wellbeing through market economy. The process of economic reforms has continued in recent years, focusing on implementation of basic reforms. Transformation of SOEs in new privately-owned companies has continued with a large number of privatized enterprises. New structures, based on corporate governance, have been put in place in POEs, although more efforts need to be made in improving their governance and performance. Structural reforms have included restructuring and privatization of some public services, aimed at increasing their economic efficiency in service delivery. The telecom sector has been liberalized. Electricity distribution network was also privatized. The national civil aviation airport is given to 20-year concession through a public-private partnership. However, despite reforms, the country still faces a high rate of unemployment, an economic structure with a small manufacturing basis, inefficient POEs and a large trade deficit.

Dialogue and partnership with representatives of business, social partners and other stakeholders regarding issues of economic development and social policies has continued. In this context, chambers of commerce provide their input within the National Council for Economic Development on policies and initiatives for private sector development and business environment. Based on the Law on the Social and Economic Council (SEC), social dialogue and issues of concern to employers and employees are discussed the SEC as an independent tripartite mechanism consisting of representatives of the Government, employer organisations (Chambers of Commerce) and employee organisations (trade unions members).

Regarding the **policy framework**, the Government Programme 2015-2018 is one of the basic medium-term policy documents. The financing of these priority policies and concrete objectives is then further specified in indicative allocations for the respective sectors in the Medium Term Expenditure Framework. The programme focuses on five main priority pillars: i) sustainable economic development and social welfare, ii) rule of law, iii) European agenda and foreign policy, iv) education, science, culture, sports and youth; and v) modern health care. Regarding key economic policies, the Programme foresees favourable fiscal policies and improving the business environment through competitive market policies, combating informal economy and elimination of barriers to business. The development of important economic sectors such as energy, infrastructure, agriculture, telecommunications and information society, and tourism are priority objectives. Other measures under the first pillar, on sustainable economic development and welfare, include promotion of investments (including investment funds), support for SMEs, privatization and improving the performance of public enterprises, and social policies to improve living standards and social welfare. The Government is currently developing the National Development Strategy as a comprehensive development document. The strategy covers a medium-term period and will reflect largely priority pillars of the Government Programme. As per demands of civil society organisations dealing with gender equality, this strategy should include a gender perspective, and should ensure participation of women and men in the development process, aiming at ensuring equitable distribution of resources for women and men.

¹⁰ This chapter does not contain a matrix of short-term measures.

An integral part of strengthened institutional cooperation between Kosovo and the EU is also participation in the structured dialogue on economic governance that takes place between the candidate countries, on the one hand, and the EU institutions, especially the Council and the Commission, on the other. In the framework of this dialogue, the Republic of Kosovo has prepared the next **2017 Economic Reform Programme (ERP)**. ERP is a tool that aims to improve economic governance by providing a clear framework in implementing reforms. The document consists of a macroeconomic and fiscal analysis, as well as a general framework for priority structural reforms in certain sectors. This document will be directly aligned with the National Development Strategy and other medium-term strategic documents on structural reforms and public finance management. Preparation of the 2017 Programme is at an advanced stage, with a final draft (PRE is a three-year document that is revised annually) developed, and expected to be adopted by the end of January 2017. In terms of its structure, the document contains the main structural reforms, divided into nine priority areas that have an impact on economic growth, increasing competitiveness and on employment, namely: (i) public finance management, (ii) energy, transport and telecommunications market, (iii) sectorial developments (agriculture, industry, services, etc.), (iv) business environment, corporate governance and reduction of informal economy, (v) research and innovation, (vi) foreign trade and investments, (vii) education and skills, (viii) employment and labour market, and (IX) social inclusion, promotion of equal opportunities and fight against poverty.

Successful implementation of structural and quantitative criteria under the Stand-By Agreement with the International Monetary Fund has continued, aimed at supporting the preservation of fiscal stability, maintaining a low level of public debt, as well as improving the quality of public expenditure.

Macroeconomic stability

The nominal gross domestic product for 2015 is estimated to have been at EUR 5,774 million (at the levels of current prices), while it was EUR 5,568 million in 2014. The per capita GDP was EUR 3,193 in 2015, compared to EUR 3,085 in 2014. The nominal GDP in 2016 is expected to have reached a value of EUR 6,039 million, while GDP per capita is expected to have been at EUR 3,332. According to forecasts for 2017, GDP is expected to be EUR 6,333 million, while GDP per capita is expected to be EUR 3,488.

Kosovo's economy is estimated to have grown at a real rate of 3.6% in 2015, a significant increase compared to the previous year (1.2%¹¹). This rate of growth has continued in 2016. In the third quarter of 2016, real GDP growth was 3.8% compared to Q3 2015.

The beginning of 2015 brought a recovery that came about in the aftermath of an increase in the sense of confidence of economic agents about the development environment, driven among others by a clearly articulated Government Programme at the beginning of the end-2014 election. While 2015 was marked by recovery compared to the figures we saw in 2014 (as a result of the post-election political situation in the country), 2016 is expected to have continued marked by a continuation of economic growth in all economic sectors.

¹¹ These are the latest official figures for GDP growth in 2015, a change from the 0.9% figure that was given initially by KSA, a discrepancy that resulted in the aftermath of the publication of the quarterly GDP for the first time by ASK, which then needed to be reassessed.

Main macroeconomic aggregates (MTEF 2017-2019)

Description	2014	2015	2016	2017	2018	2019
Real growth rates (in %)						
GDP	1.20%	3.60%	3.80%	3.90%	4%	4%
GDP per capita	2.10%	3.40%	3.50%	3.70%	3.8	3.80%
Consumption	3.70%	2.20%	3%	3.10%	3.20%	3.00%
Investments	-5%	9.20%	7.60%	6.60%	8.00%	7.60%
Export	16.70%	1.10%	3%	5.20%	6.30%	6.7
Import	8.40%	2.60%	3.90%	4.30%	5.50%	5.10%
Price changes (in %)						
Price index	0.40%	-0.50%	0.20%	0.90%	1.30%	1.60%
Deflator	3.30%	0.10%	0.80%	1%	1.40%	1.80%
Import prices	-0.60%	-0.70%	-0.30%	0.90%	0.90%	1.50%
Government budget (as % of GDP)						
Revenues:	24.00%	25.30%	26.30%	25.80%	25.30%	25.00%
Tax revenues	20.90%	22.00%	22.70%	22.50%	22.20%	22.10%
Non-tax revenues	3.10%	3.30%	3.60%	3.20%	3.10%	3.00%
Expenses	26.30%	27.00%	27.60%	26.60%	26.00%	25.20%
Current expenses	18.90%	20.00%	20.10%	19.30%	18.60%	17.70%
Capital expenses and net borrowing	7.40%	7.00%	7.50%	7.30%	7.40%	7.50%
Interest payments	0.20%	0.30%	0.40%	0.50%	0.50%	0.40%
Primary balance	-2.30%	-1.70%	-1.30%	-0.90%	-0.60%	-0.20%
Overall balance	-2.50%	-2.00%	-1.70%	-1.40%	-1.10%	-0.60%
Overall balance (as per the Fiscal Rule)	-2.40%	-1.80%	-1.50%	-1.20%	-1.00%	-0.50%
Balance of savings/investments (in % of GDP)						
Primary net revenues from abroad	2.00%	1.30%	1.50%	1.80%	1.90%	2.00%
Secondary net revenues from abroad	21.00%	19.90%	19.40%	19.50%	19.60%	19.60%
Remittances	12.50%	13.00%	13.20%	13.40%	13.60%	13.60%
Investments	25.80%	27.10%	28.10%	28.80%	29.80%	30.90%
Current account balance	-7.80%	-9.40%	-9.60%	-9.00%	-9.00%	-8.80%
Trade balance	-37.00%	-36.50%	-36.40%	-36.40%	-36.70%	-36.70%
National gross savings	17.90%	17.70%	18.50%	19.70%	20.80%	22.10%
Private savings	14.10%	12.50%	13.60%	15.20%	15.80%	16.90%
Main aggregates (in million EUR)						
GDP	5,568.0	5,774.0	6,039.0	6,333.0	6,674.0	7,065.0
GNIA	6,853.0	7,001.0	7,303.0	7,684.0	8,108.0	8,588.0
Per capita GDP (in EUR)	3,085.0	3,193.0	3,332.0	3,488.0	3,668.0	3,876.0
Per capita GNIA (in EUR)	3,532.0	3,641.0	3,823.0	4,018.0	4,235.0	4,481.0
Employee remittances	694.0	752.0	798.0	849.0	905.0	963.0
Population (in thousands)	1,805.0	1,809.0	1,812.0	1,816.0	1,819.0	1,823.0

Source: KAS and assessments and projections by the MoF Macroeconomic Unit

The data presented in the table above also show that consumption remains the component with the greatest impact on GDP, which has increased from year to year. Consumption in 2015 increased by 2.2%, respectively from EUR 5.856 million in 2014 up to EUR 5.977 million in 2015, while 2016 is expected to have been at EUR 6.185 million, and it is expected to be at EUR 6.434 million in 2017. If consumption is analyzed, we see that private consumption in 2014 was EUR 4.926 million, and EUR 5,060 million in 2015, thus we see a 2.72% increase in private consumption in 2016, as forecasts show it to have been at EUR 5.248 million, which means an increase of 3.72%; according to projections for 2017, we see that private

consumption is expected to reach EUR 5.495 mil., or 4.71% higher than 2015. Regarding public consumption it has to be said that it was EUR 910 million in 2014, and it declined down to EUR 897 million in 2015, while it is expected to have increased again in 2016, at the amount of EUR 917 million, and it is expected to reaches EUR 919 million in 2017. Seen in terms of percentage, we see a 1.43% increase in 2015 compared to 2014, while projections show an increase of 2.23% in 2016, whereas a 0.22% increase in 2017, compared to 2016, is expected. Despite the fact that consumption is expected to decrease in relation to GDP over the 2017-2019 medium term period, consumption growth will continue to be the biggest contributing factor to GDP growth in Kosovo, supported, inter alia, by remittances.

Moreover, this period is expected to be characterized by significant improvement in investments. The overall perspective of immigrants from the Eurozone transfers, whether in the form of remittances or investment in real estate, remains an important component in financing the economy. Remittances, which make up the bulk of secondary income account, continue to contribute to reducing the current account deficit. 2015 registered growth of remittances from 8.36% compared to 2014. Remittances remained high in 2016, but they showed a 3% decrease compared to 2015, while forecasts for the 2017-2019 period show a continued increase in remittances of about 6% per year. Germany and Switzerland, with a share over 50% of their total, remain the main source of remittances.

It is supposed that in 2016 economic agents have started to use the facilities available for local production and those of the 2015 tax reform. Thus, it is estimated that the real GDP growth for 2016 will be 3.8%, a rate similar to that of the previous year. It is obvious that it takes time to see the full effect of tax changes; therefore the most obvious impact will come by in the medium-term run, from 2017 to 2019.

Estimates for 2016 take into account (albeit conservatively) the impact of tax changes initiated in 2015 regarding the support of local production, such as: exemptions for production lines, exemption for manufacturing input, exemptions for IT equipment, introduction of varied VAT rates, etc.. These changes are also designed to be complementary to existing government initiatives related to local production support, such as agricultural subsidies. The latter will continue to be an important support to agricultural producers in the country, so this scheme will continue to support entrepreneurs and companies in the coming years. The Government is committed to continuously improving the management and monitoring this scheme, a defining element of the success of the whole scheme.

Regarding prices, 2015 ended with a 0.5% deflation, while it is estimated that there was a slight inflation of 0.2% in 2016. This reflects movements in global food prices (which determine most of the price movement in Kosovo), as well as in fuel oil, which is expected to have continued its downward trend in 2016. It is expected that there will also be inflation in the 2017-2019 period, with a projected 0.90% rate in 2017 and 1.30% in 2018, while inflation is expected to reach 1.60% in 2019. FDI in 2014 declined significantly, largely due to the sale of shares of several foreign companies operating in Kosovo to residents and distribution of super-dividend of several foreign companies operating in Kosovo. However, FDI grew considerably in 2015. According to CBK data, entries in the form of FDI until December 2015 amounted to EUR 338 million, an increase of over 100% compared to 2014. However, this growth should be interpreted cautiously given the political situation in the country in 2014, which may have negatively affected confidence of economic agents. This is clear if we compare FDI recorded in 2015 to the amount recorded in 2013, which shows an increase of around 20%. Over 50% of FDI in 2015 were in the real estate sector, around EUR 189 million, which corresponds to positive developments in the construction sector in 2015. If we compare the January - October 2016 period with the same period of 2015, we see a 32.52% FDI decrease.

Signs of improvement in the category of **investments** were noted, with an increase in investment rates, driven not only by private investment but also from public investment, due to the moving forward of infrastructure projects with a faster pace than in the previous year. Total investments increased by EUR 1,435 million in 2014 to EUR 1,566 million in 2015, while they are expected to have been EUR 1,696

million in 2016, while expected to be EUR 1,822 million in 2017. Private investments in 2015 were at EUR 1,161 million, an increase of EUR 1,024 million compared to 2014, while it is expected to have been at EUR 1,256 million in 2016 and at EUR 1,353 million in 2017, expected to reach EUR 1,644 million in 2019. Public investments marked a decline from EUR 411 in 2014 to EUR 404 million in 2015, and an increase to EUR 440 million in 2016, and are expected to reach a value of EUR 470million in 2017. According to the data, total loans in the Kosovan economy at the end of 2015 reached the value of EUR 1.33 billion, an increase of 6% compared to the previous year, while loans marked a 4.50% increase in 2016 compared to the same period of 2015.

Nominal GDP and its components

Description	2014	2015	2016	2017	2018	2019
Consumption	5,856.0	5,977.0	6,185.0	6,434.0	6718	7029
Private consumption	4,926.0	5,060.0	5,248.0	5,495.0	5,797.0	6,100.0
Public consumption	910.0	897.0	917.0	919.0	901.0	909.0
General government	724.0	729.0	757.0	767.0	751.0	760.0
Donors sector	187.0	168.0	160.0	152.0	150.0	149.0
NPISSDE	19.0	20.0	20.0	20.0	20.0	21.0
Investments	1,435.0	1,566.0	1,696.0	1,822.0	1,988.0	2,182.0
Private investments	1,024.0	1,161.0	1,256.0	1,353.0	1,482.0	1,644.0
Public investment	411.0	404.0	440.0	470.0	505.0	539.0
Net export of goods and services	-1,723.0	-1,768.0	-1,842.0	-1,923.0	-2,032.0	-2,146.0
Exports	1,092.0	1,099.0	1,136.0	1,212.0	1,305.0	1,415.0
Export of goods	324.0	323.0	328.0	349.0	378.0	416.0
Export of services	767.0	777.0	808.0	863.0	927.0	999.0
Import	2,814.0	2,867.0	2,978.0	3,135.0	3,337.0	3,561.0
Import of goods	2,383.0	2,432.0	2,524.0	2,657.0	2,825.0	3,011.0
Import of services	431.0	463.0	454.0	478.0	512.0	550.0
GDP	5,568.0	5,774.0	6,039.0	6,333.0	6,674.0	7,056.0
GNIA	6,853.0	7,001.0	7,303.0	7,684.0	8,108.0	8,588.0
Other indicators						
private sector available income (in mil. EUR)	5,665.0	5,807.0	6,057.0	6,404.0	6,782.0	7,194.0
Per capita private consumption (in EUR)	2,729.0	2,798.0	2,896.0	3,026.0	3,186.0	3,346.0
Private consumption in relation to GDP	88%	88%	87%	87%	87%	86%
Private investments in relation to GDP	18%	20%	21%	21%	22%	23%
Exports in relation to GDP	20%	19%	19%	19%	20%	20%
Imports in relation to GDP	51%	50%	49%	49%	50%	50%

Trade balance remains a challenge for the economy. A high rate of participation of consumer products in the import structure hints at a low level of exports. Import of products continued to increase in 2015, with a positive trend of 1.88% in 2015, while it is expected to have reached a 3.87% increase in 2016. The import of goods reached the value of EUR 2,432 million in 2015, while it was EUR 2,383 million in 2016, or a 2.06% increase, while it is expected to have been at EUR 2.524 million in 2016, a 3.78% increase compared to 2015. The import of services also grew in 2015, reaching an amount of EUR 463 million compared to a value of EUR 431 million in 2014, while it is expected to have reached at EUR 454 million in 2016, 4.13% higher than in 2015. As with the import of goods, an increase in the import of services during 2017 is expected, reaching the value of EUR 478 million. Exports had a slight increase in 2015 compared to 2014,

totalling EUR 1,099 million, while they were at EUR 1,092 million in 2014. They are expected to have reached a value of EUR 1,136 million in 2016. Export of goods in 2015 were at EUR 323 million, which marked a slight decrease compared to 2014 when they have reached at EUR 324 million, while it is predicted to have had an increase, reaching EUR 328 million in 2016; exports of services rose from EUR 767 million in 2014 to EUR 777 million in 2015, while expected to have reached EUR 808 million in 2016. Exports are expected to reach EUR 863 million in 2017, with exports of goods projected to reach EUR 349 million, and exports of services a value of 863 million.

The **balance of payments** in Kosovo was characterized with an increase of deficit in the current and capital accounts by the August 2016. The deficit of 376.0 million euro in the current and capital accounts reached 6.22% by the August 2016, from 3.82% during the same period in 2015. In the two previous years, the deficit in the current and capital account had decreased, mainly as a result of the trade deficit reduction that resulted from the increase of the exports value and decrease of the imports value, while all other categories within the balance of the current account were characterized with positive balances. In 2016, the increase of deficit of the current account was mainly result of the increased trade deficit, as well as reduction of positive balance in the account of primary and secondary incomes.¹²

The volume of trade exchange of goods and services between Kosovo and external sector marked an increase for 14.4 percent. The rate of market opening reached 29.7 percent in August 2016 (27.0 percent in August 2015). The value of goods and services export in 2016 marked an annual increase of 2.2 percent, while the value of total imported goods and services marked an increase of around 5.5 percent. In relation to GDP, the export of goods and services in Kosovo continues to be low with around 13.2 percent by August 2016, while the ratio between the imports and exports and GDP is at 32.5 percent. By August 2016, the trade deficit in goods and services reached the amount of 1.2 billion Euro (around 20 percent of GDP), which indicates an annual growth of 7.8 percent (annual drop of 2.4 percent in 2015).

On the other hand, the account of primary and secondary sources was characterized with the decrease of the positive balance of 50.4, namely 3.3 percent. The biggest category within the primary incomes, compensation of employees, marked an annual decrease of 9.9 percent by August 2016, thus decreasing to 125.0 million Euros. Also, remittances, as one of the main categories of the secondary account, marked a decrease of 2.8 percent and amounted to 498.7 million Euros (Figure 1).

Figura 1. Remitencat, në milionë euro

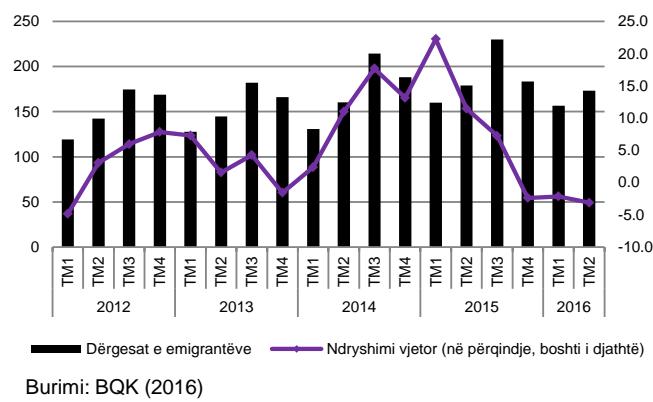
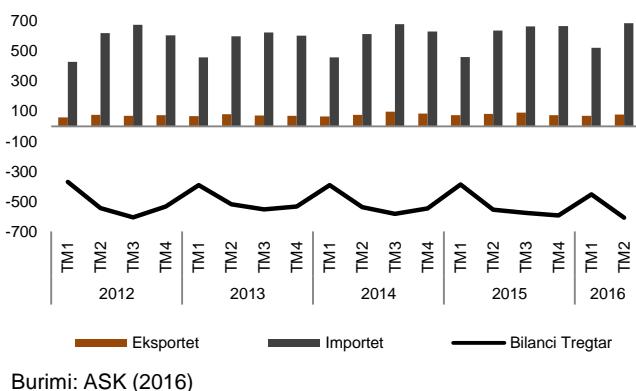


Figura 2. Eksportet, importet dhe bilanci tregtar, në milionë euro



¹² In the context of the Balance of Payments of Kosovo, the primary income account includes the categories "Compensation of employees" and "Investment income". The secondary income account consists of "government transfers" and "Private Transfers" which are dominated by remittances.

The deficit of goods account amounted to 1.5 billion Euros by August 2016, which marks an increase of 11.7 percent compared to the same period of the previous year (Figure 2). The increase of deficit is mainly attributed to the decrease of the value of total exports of 9.7 percent, while imports marked an increase of 8.6 percent. By August 2016, total exports marked an amount of 202.6 million Euros, while the value of total imports in Kosovo amounted to 1.7 billion Euros as a result of export decrease and import increase, the level of coverage of imports with exports decreased to 12.0 percent, from 14.5 percent as it was in the same period of the previous year. The trade in services saw a reduced positive balance until August 2016. The services balance reached 313.4 million Euro (242.2 million Euros in the same period of 2015), while the greatest increase was seen in the category of travel services.

Another important component of the balance of payment is the category of Foreign Direct Investments (FDIs). FDIs balance by August 2016 amounted to 148.0 million Euros, which presents a significant decrease compared to the value of 237.8 million Euros in the same period of the previous year. As part of the structure of the FDIs, there was an increase in both its forms, including the capital and investment funds in stocks, and investments in debt instruments (Figure 3). The sectors which marked the largest decrease were the sector of financial services, as well as the sector of immovable properties, lease and other business activities.

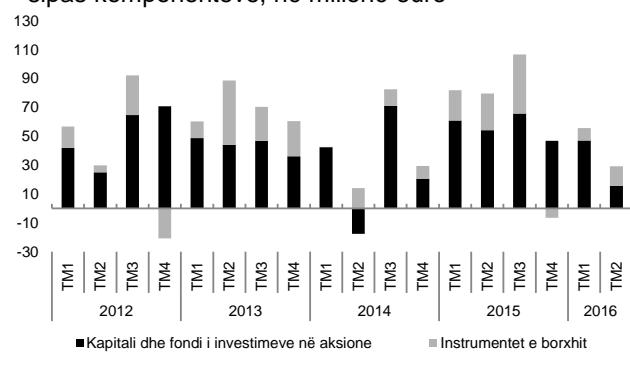
The total amount of the external debt at the end of the second quarter of 2016 amounted to 2.0 billion Euros, which represents an annual growth of 9.4 percent. The majority of the external debt is covered by the private sector, which reached the amount of 1.5 billion Euros, an annual increase of 8.3 percent. The amount of the external debt by the general government reached EUR 383.6 million, which is an increase of 16.0 percent compared to the second quarter of 2015.

With regard to **inflation**, generally regarding the prices, 2015 was concluded with a deflation of 0.5%, whereas in 2016 is estimated a slight inflation of 0.2%. This reflects the shift in global prices of food products (which determine the majority of prices shift in Kosovo), but also the petroleum and petroleum products which are expected to continue their downward trend in 2016.

Overall harmonized index of **consumer prices** in the country is higher by 0.9% in October 2016, compared to the September 2016. This increase is mainly explained by increase in consumer prices in the following subgroups: sugar and sweets (2.4%), tobacco (1.3%), coffee, tea and cocoa (1.4%), with a combined impact of 0.2% in HICP. The increase was counteracted mainly by decreases in the subgroup of fruits (-5.8%), with an impact of (-0.1%) in the HICP. Consumer price increase is obvious in the following subgroups: meat (1.3%); milk, cheese and eggs (2.1%); sugar and sweets (9.3%); coffee, tea and cocoa (1.4%); tobacco (6.4%); clothing (3.1%); electricity, gas and other fuels (1.2%); use of personal transport equipment (1.2%); transport services (7.5%, an increase in the price of airplane tickets), with a combined impact of these subgroups of 1.2% in the HICP. The increase was counteracted mainly by decreases in this period of the subgroups of fruits (-3.7%) and vegetables (-5.0%), with a combined impact of (-0.3%) in the HICP. The overall harmonized index of consumer prices was for 0.9% higher in November 2016 compared to November 2015.

Overall index of **production prices** in Kosovo marked a decrease of -4.6% compared to the Q1 2016. The larger decrease by economic activities branch is noticed at the: electricity, gas, steam and supply with air

Figura 3. Struktura e investimeve të huaja direkte sipas komponenteve, në milionë euro



Burimi: BQK (2016)

conditioning (-17.2%); manufacture of motor vehicles (of transport), trailers and semi-trailers (-5.8%); manufacture of beverages (-1.3%); manufacture of food stuffs (-0.4%); manufacture of leather and its products (-0.3%); and manufacture of wood and its products and cork, except furniture: manufacture of articles of straw and plaiting materials – plaiting (-0.3%). In comparison of Q2 2016 to Q2 2015, the manufacture prices decreased in an average of -5.4%. Larger decreases by the branches of economic activities were: electricity, gas, steam and air conditioning (-16.5%); manufacture of motor vehicles (of transport) trailers and semi-trailers (-12.9%); manufacture of electrical devices.

Overall index of **import prices** in Kosovo increased for 0.7% in Q2 2016, compared to Q1 2016. Compared to Q2 2015, import prices marked a decrease in an average of -3.9%. Import prices in Kosovo increased in an average of 0.7% in Q2 2016, compared to Q1 2016. The largest increase of prices by sectors was at: mineral products (5.8%); living animals and animal products (3.2%); basic metals and their articles (1.9%); prepared food articles, beverage and tobacco (0.8%); papers and its articles (0.5%); wood and its articles (0.2%); and leather and its articles (0.1%). Whereas comparing Q2 2016 to Q2 2015, import prices in Kosovo marked a decrease in an average of -3.9%.

With regard to the **public debt**, the primary legal framework in managing the state debt is the Law no. 03/l-175 on Public Debt, adopted by the Assembly of the Republic of Kosovo on 29 December 2009. This law allows the right of the Republic of Kosovo “*to take loans, provide loan guarantees, to pay the expenses related to loan taking, as well as to pay the principal and interest rates related to its state debts*”. Moreover, according to the Law, the outstanding amount of total debt should not exceed 40% of Gross Domestic Product (GDP). According to the law, the state guarantees are treated as state debt while calculating such a limitation. While with respect to jurisdiction, the debt can be divided into international and national internal – whereby the internal debt is subject to national jurisdiction, whereas the international debt may be subject even to the jurisdiction outside the Republic of Kosovo. The internal debt consists entirely on securities, emitted by Kosovo Republic, while the international debt consists in loans from international financial institutions and through bilateral agreements with other states.

Pursuant to the Law, the Ministry of Finance, , in order to increase the management transparency and to define management responsibilities within MoF and beyond, has drafted the Rules of Procedure, as in:

- Regulation GRK no. 22/2013 on procedures for issuance and management of state debts, state guarantees and municipal debts;
- Regulation MoF- CBK no. 01/2014 for the primary and secondary market of securities of the Government of the Republic of Kosovo;
- Regulation MoF no. 01/2016 on Borrowing Funds Administration;
- Procedure on registration of KFMIS of the payment of public debt payment;
- Procedure on registration of KFMIS of the payment of international state debt for special projects.

Stock of state debt: the main contributing factor towards the increase in the public debt is the inherited debt, project financing through loans, as well as financing the budget deficit. In 2009 the Republic of Kosovo inherited the debt from the former Yugoslavia, while since 2010 loan disbursements were undertaken with IMF so as to support budget support. Since 2012 onward, the Republic of Kosovo started emitting securities and until 2016, the maturity has been extended to 5 years, while the revenues have been used to finance budget deficit. A smaller amount came as a result of debt disbursement with IMF for financing various projects, especially in the field of infrastructure, energy and water. This category is expected to increase in the forthcoming years as a number of loans have been signed and ratified, but the disbursement is not yet complete.

Current portfolio of public debt: at the end of 2015, the state debt was 748.95 million Euros, of which direct government debt is at 717.65 million Euro or 95.8% of the total portfolio, whereas 31.3 million

Euros or 4.2% is under-loan. At the end of 2016, the state debt stock is foreseen to amount to 848.02 or 14.37% of GDP.

General debt stock

	2012	2013	2014	2015	TM1 2016	TM2 2016	TM3 2016
International debt	336.60	323.76	326.35	371.17	389.47	383.58	368.44
Central level	336.46	321.73	316.54	339.87	354.20	345.63	327.13
Under-loans	0.14	2.03	9.81	31.30	35.27	37.95	41.31
Municipalities	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Internal debt	73.31	152.51	256.52	377.78	409.71	438.34	473.62
Central level	73.31	152.51	256.52	377.78	409.71	438.34	473.62
Municipalities	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total general debt	409.92	476.27	582.87	748.95	799.18	821.93	842.06
State guarantees	0.00	0.00	10.00	10.00	10.00	10.00	20.00
Total general debt (% of GDP)	8.44%	9.10%	10.63%	12.98%	13.40%	13.78%	14.27%

Note: International debt changes through years and quarters also as a result of exchange rate fluctuation.

If one excludes from the calculation the refinancing, and we only consider the new financing, MoF will focus on the financing needs, which are mainly in relation to capital investment, which it would meet through international debt – loans or financing institutions.

Loans during 2017-2019 will be taken in order to: (i) service/re-finance the existing debt maturing at this period, (ii) financing development projects of the Government, and (iii) financing bank balance.

The financing sources through international debt, broken down according to type of financing, include budget financing (IMF) and project financing, with the following financing institutions: World Bank – International Development Agency (IDA), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), European Council Development Bank (ECDB), German Reconstruction Agency (KfW), Austrian Federal Government, Republic of France, Republic of Hungary, Islamic Development Bank (IsDB), Saudi Development Fund, OPEC DevelopmentFund (OFID) and other creditors with whom we may begin cooperation in the future.

Regarding **fiscal policies**, a summary shows that domestic revenues in 2016 grew by 16.1% compared to the same period of the previous year, and have shown underperformance by -6.6 compared to the projections based on the revised budget. Revenues from customs have increased by 10.5% compared to 2015, representing an over-performance of 1.1% compared to the revised plan for this period. Customs revenues for 2016 are expected to have reached 1,040.1 million (cumulative), while the value of revenues from this source reached EUR 1,051.4 million for the reporting period. Revenues collected in the country for 2016 recorded an increase of 16.1% compared to the same period of 2015, reaching a value of EUR 386.4 million compared to 2015, when they reached EUR 332.8 million. Revenues collected by Municipalities have recorded an increase of 3.9% compared to the same period of 2015. Out of the total of revenues, those from the central level make up 70% of revenues, and 30% of revenues are those of Municipalities. IHÇK taken place. Consumer price increase observed in subgroups: meat (1.3%); milk, cheese and eggs (2.1%); sugar and sweets (9.3%); coffee, tea and cocoa (1.4%); tobacco (6.4%); clothing (3.1%); electricity, gas and other fuels (1.2%); use of personal transport equipment (1.2%); transport services (7.5%, an increase in the price of airplane tickets) with a common impact of these subgroups of 1.2% in the HICP. The increase was counteracted mainly by decreases in this period of subgroups: fruit (-3.7%); vegetables (-5.0%) with a common impact of these subgroups of (-0.3%) in the HICP. Overall harmonized index of consumer prices is higher for 0.9% in November 2016 compared with November 2015.

Total expenditures recorded an increase of 7% compared to the same period of 2015. In comparison with the annual plan according the revised budget, total expenses were executed with a rate of 92.1%. Total expenses amounted to 1,275.4 million Euros during the period January - October 2016. Expenses structure continues to be dominated from expenses for wages and salaries, as well as subsidies and transfers. Concretely, expenses for wages and salaries represented 35.5% of total expenses, followed by expenses in subsidies and transfers (28.9%). Expenses in goods and services and capital expenses represented 11.4%, namely 22.9%. For detailed data about the revenues and budget expenses for 2016, please see Annex: Revenues (Table 1) and expenses (Table 2) during 2016.

With regards to the developments, the continuation of changes in the reforms commenced in 2015, as:

- (i) removing barriers for fiscalisation of all businesses by amending the Administrative Instruction no. 15/2010 for Fiscal Devices with the aim of liberalising the market for these devices, which as a measure intends to increase the number of operators in this market, thus impacting the cost reduction, whether of devices or maintenance, for businesses. The fiscalisation process commenced on 17.03.2015 following the entry into force of the Administrative Instruction MoF No.01/2015 up to 13.11.2016(the last period) and around 4,091 businesses have been fiscalised and around 6,110 fiscal electronic devices have been installed. This measure is enabling the creation of a more equal environment to operate in the Republic of Kosovo;
- (ii) continuation of incentive measures for consumers to collect fiscal coupons, which is regulated by a special Administrative Instruction, aimed at reducing the fiscal evasion and preventing the unequal competition and at the same time protect the consumer;
- (iii) lowering the VAT threshold and scaling the VAT rate in 8% for certain basic products and 18% for other products, removing VAT for other production lines and basic inputs for local producers, and
- (iv) reducing the administrative barriers, where administrative procedures have been eliminated, and we can mention the removal of the request for export and import certificate as now all Kosovo businesses posses an identical fiscal number.

Another development in the fiscal sector in 2016 is worth to mention the entry into force of the Stabilisation and Association Agreement (SAA) since 1 April 2016. On the one hand, this Agreement impacts the stimulation of imports from European Union states and at the same time impacts the decrease in the expectations of revenues from custom taxes. This development presents a new opportunity for businesses in Kosovo.

Also, with regards to the developments in the fiscal sector, the policy of customs exemptions foreseen in Government Programme 2014-2018 continued in order to reflect the fiscal reform. Concretely, by drafting the AI on Custom Exemptions, which entered into force on 30.09.2015, and AI which entered into force on 04.10.2016, we expanded the list of custom exemptions.

The Government is committed to preserve the macro-fiscal stability and at the same time to preserve the budget product expenditure. In this context, it is worth mentioning the fact that at the beginning of last year. Kosovo's Government has negotiated a 22-month program with the IMF, which was approved by the IMF Board. Since Kosovo does not face any fiscal or balance of payments risks and it has no monetary policy, this programme will mainly focus on economic development. More specifically, taking into account the low level of public debt in relation to the GDP as well as Kosovo's need to strengthen infrastructure and economic growth, the agreement was concluded with IMF in order to create a basis for investment as part of Law on Public Financial Management and Responsibilities (LPFMR), which allows the Government to finance projects outside the fiscal rule through credit by International Financing Institutions.

The Government continues to have as its main objective the fiscal strategy of further strengthening its fiscal position and responsible management of public finances. In this context, budget planning and execution will be in line with the fiscal rule limiting country's budget deficit to 2% of GDP. Given the fact that the existing fiscal space is limited, the Government intends to achieve its objectives, set out in the strategic documents, through spending reallocations within the existing expenses defined under the fiscal framework.

However, part of this document, for the first time, will be implementation of the investment clause, thus allowing the Government to fund capital projects with broad public interest, over the deficit limit of 2% of GDP, provided that these projects are funded by IFIs and development agencies. In this context, the Government approved a list of specific projects to be funded through this clause, and some of these projects will be implemented during the next three years covered by this document. The financing of these projects will be in line with long-term sustainability of public debt and public finances.

The main objectives of the 2017-2019 fiscal strategy are the following: strengthening public finances – compliance with the fiscal rule limiting the overall deficit to 2% of GDP by taking measures to improve the structure of budgetary expenditures, by reducing non-productive current expenditures and creating space for development projects. The Government is committed to follow a prudent policy of employment and wages, a policy which seeks to regulate through establishment of a legal framework (such as the Law on Wages). In this context, the Government is committed to restrict employment in its own services to the extent necessary for the efficient and effective provision of public goods and services. Furthermore, the Government has also introduced a rule-based mechanism specifying that the increase in the public sector wage bill is linked to nominal GDP growth, which is aimed at better linking the increase of public sector wages with productivity.

The Government is also committed to implement a clear policy of social protection so that through it not only supports vulnerable citizens but also encourages employment, ensures fiscal sustainability and enables efficient administration of these expenditure. Thus, The Government intends to maintain the incentive basis necessary for sustainable economic growth and employment.

The Government is also committed to fulfil obligations and development plans of budget organisations, with an emphasis on measures directly related to economic development.

As per demands of civil society organisations dealing with gender equality, the Government should ensure that capital expenditures are planned, executed, and monitored in line with the Law No. 05/0-20 on Gender Equality, according to which women and men should participate equally in the planning and execution of capital projects. Equal gender distribution in planning and execution of projects provides for equal and sustainable development.

Given the existing high level of structural difficulties facing the economy, the Government has amended the Law on Public Financial Management and Accountability (PFMA), thus adopting the investment clause, which allows for additional expenses (over the deficit rate of 2% set by law) for infrastructure projects with an impact on economic development, provided that they are financed by IFIs. In this context, the Government is committed to implement the program of structural reforms set out in its strategic documents. These elements address all budgetary organisations equally; therefore it is necessary to enhance cooperation at the level of the Government in order to enable monitoring of country's economic development agenda while maintaining macro-fiscal stability. In the case of sectors of environment, transport and energy, special attention should be paid to co-financing requirements for priority projects within the Single Project Pipeline.

Similarly, budgetary organisations belonging to sectors of environment, transport and energy should ensure that sufficient co-funding is provided for priority infrastructure projects that will begin or

continue in 2017 and beyond. To this end, budget organisations should assess options for ending programs and projects that are not within main priorities of the Government. Emphasis should also be given to improving efficiency and effectiveness of spending. Opportunities to expand and improve the performance of existing programmes will largely be financed within the existing appropriations. For this reason, budget organisations should identify resources within their own scenarios based on performance of those areas showing poor performance or that are not consistent enough with the high-level Government priorities. Where necessary, the Strategic Planning Committee and the Government may recommend reallocation of expenses between functional groups or budget organisations, or take other measures to finance urgent priorities, always taking into account the maintenance of fiscal sustainability as a priority.

Regarding the adequacy of the mix of macroeconomic policies, the existing model of economic growth, based on large financial inflows, is associated with high risks. In the short term, the main risk factor would be the sudden drop in inflows caused by unfavourable economic developments in countries with large number of people constituting Kosovo's diaspora, and negative repercussions in relation to growth, public finances, as well as external stability and that of the financial sector. In the short and medium to long run, however, the main challenge for the country is how to create favourable conditions for promoting self-sustaining growth based on increasing domestic productivity and export competitiveness, and aim to reduce the still high unemployment rate, as well as improving human capital and physical infrastructure. These objectives will be achieved within the framework of sustainable public finances, which means predictable development in connection with public sector wages, and maintaining labour market flexibility. Both are of crucial importance given the macroeconomic policy options available to a country without its own monetary policy.¹³

Macroeconomic forecast for 2017-2019

Projections scenario for 2017-2019 considers that the economy will begin recovering from the challenges it faced in 2014. 2015 will be a year of stabilization, so as to 2015 will be year of stability, which will in the midterm lead to a stable macroeconomic climate, and an improved environment for doing business, and entry into force of taxation amendments and SAA will contribute even more to this. The government programme is based on the challenges of the past and current period, and has put its focus on the economic development, by stimulating the local production. Such fiscal amendments will particularly support the production line in various sectors, including agriculture, which has for some time now been supported through state subsidies.

Kosovo has recently enjoyed an average GDP growth rate among the highest in the region. Main macroeconomic indicators show that Kosovo's economy recovered, supported not only by improved lending in general and increased security of investors and other economic agents, but also by the improved economic environment in the Eurozone. Initiatives of tax incentives for manufacturers are expected to address the issue of the high cost of financing, thus stimulating domestic product growth in the coming years. As a result, based on underlying assumptions, it estimated that the economy will grow at a rate of nearly 4% on average for the period 2017-2019. Total consumption, which accounts for more than 80% of disposable income, is expected to grow at a real rate of about 3% in the medium term, contributing 3.1 percentage points to GDP growth. Consumption growth will continue to be largest contributor to the Kosovo GDP growth, supported by remittances among others. Remittances and increased public sector salaries are continuing to push the total consumption. However, slight shrinkage of government spending is expected to counteract the positive effects mentioned above in relation to the impact on total consumption, where public consumption is expected to fall by 0.7% on average during 2017-2019. Investments in real terms over the 2017-2019 period are expected to grow 7.4% on average, contributing with 2.1 percentage points to GDP growth, all this as an effect of the 2015 agreement between the Government of Kosovo and the IMF on the so-called 'investment clause'. Negative trade

¹³ National Economic Reform Programme 2015.

balance continues to be a challenge for the economy of Kosovo. The high share of consumer products in Kosovo import implies there is a low level of competitiveness and the possibility to increase the low level of import substitutes. Besides the low export base, the main problem is the low level of its diversification, where over 50% of Kosovo's exports consist of metals. This characteristic has a direct impact on the sustainability of export, which is highlighted in the period, as the present one, the decline in prices.

Government attempts to improve the environment of doing business by stimulating the diversification of export and considering the impact of global developments, goods export is expected to grow with an average of 7.8%. The service export is expected to mark an increase of 5.4% in average, dominated by the travel services export. The export in total is expected to mark an increase of 6.1% in average by 2019. The goods import trend is expected to mark an increase of 6.1%, while service import, which is mainly dominated by transport and travels, has been significantly impacted by the circulation of goods, while the commencement of works in Route 6 is expected to determine a large part of construction service import growth. Thus, the service import is expected to mark an average increase of 6.6% for the period 2017-2019. Considering that prices are impacted by international prices fluctuations, it should be emphasized that this correlation is more emphasized at the time of inflation pressures; therefore, it is reasonable to expect that prices will reduce globally, whereas in Kosovo they are stabilized in an average of 1.3% during the period 2017-2019. A deterioration of the current account during the period 2017-2019 is expected, mainly driven by public infrastructure projects and the repatriation of profits, thus counteracting the positive effect of increase in export (approximately 630 million in 2019). Total imports are expected to grow at an average rate of approximately 5%. The structure of the products imported in Kosovo is expected to remain the same (mineral products and foodstuffs, beverages, tobacco, etc.). Measures undertaken by the Government of Kosovo aim at stimulating the local production so that following a period of import substitution, to stimulate the Kosovan export, especially at foodstuffs, where it is expected the cooperation of these initiatives with another government initiative, namely those of subventions for the agriculture sector. These initiatives have been undertaken considering the fact that Kosovo should use the full potential of opportunities provided through trade agreements as CEFTA, SAA and agreement with Turkey.

It is important for the Government that Kosovo products are ready for foreign markets in order to be able to rely on stable export in improving trade deficit. Thus, total exports during the period 2017-2019 are expected to grow at an average rate of 6.1% (with estimates of exports of goods and services in the section above), whereas by 2019 it is estimated that will mark a trade balance -36.7% of GDP. Remittances, which account for the bulk of secondary income account, continue to contribute to reducing the current account deficit. Thus, remittances are expected to grow at an average rate of about 6%, holding a share of GDP of about 13%. Over the 2017-2019 period FDI is projected to continue to increase, mainly due to a better internal and external environment following the global financial crisis. Although signs of improvement in the export category were observed, the level of Kosovo exports remains low. For this reason, the Government of Kosovo has seen export as a category with the potential to contribute to GDP growth. Therefore, given the challenges faced by producers in Kosovo, the Government has undertaken changes in the tax system with a view to easing the existing burden of Kosovo businesses in manufacturing. In this way, Kosovo products will begin to gradually replace imported ones and will find easier access to international markets. Application of these changes since July 2015 will enable the manifestation of these changes effect even more during the medium-term period 2017-2019, which is also reflected in the increase of participation of export category in GDP over this period.

In general, the period 2017-2019 will not bring drastic changes in the structure of the contributors to the Kosovar GDP growth; expectations lean more towards gradual improvement of each category. In the short-term period 2017 – 2019, categories which are expected to push the economic growth in Kosovo are consumption and private investments and export at a small extent. Although in the short-term the tax system reform may not have great effect, in the long-term they are expected to contribute to the substitution of imported goods with local products and increasing the export of non-metals. Therefore,

these tax changes represent opportunities for improving the external trade balance, which remains a challenge for economy of Kosovo.

Functioning of product market

Business environment

Law no. 02/L-123 on Business Organizations determines the type of organizations and the type of economic activities that they may carry out. It also determines the legal condition related to the rights and obligations of owners, managers, legal representative of business organizations and interested parties, which serve to facilitate the functioning and closure properly and effectively.

Regarding **institutional framework**, the main body in this respect is the Kosovo Business Registration Agency (KBRA), within the Ministry of Trade and Industry. KBRA registers all local and international business organizations in accordance with Law no. 02/L-123 on Business Organizations and Law no. 04/L-006 on amending the Law on Business Organizations. The agency provides data and cooperates with the Statistics Office, Tax Administration, Customs, Kosovo Police and other agencies. Furthermore, it registers all new businesses, modifications of the business data, closure of businesses, issuance of registration certification with fiscal number, Value Added Tax certificate, import-export certificate, and offers information and free forms.

Whereas regarding the **administrative capacities** of KBRA, the agency consists of 14 employees organized in 1 directorate (administrative and business registration matters) and 3 sectors (Approvers, Data Processing and Collateral). Besides this, it has also established 28 municipal business centres (stop shop).

Regarding the policies and reforms in this area, Kosovo has progressed in simplifying the establishment of new businesses and offering of services based on the “one stop shop” concept. The procedures to open a business are simplified and shortened and this can be done in any municipal centreof KBRA depending on the location of providing services of the applicant. Regarding individual businesses and partnerships, the registration occurs within 1 (one) day. Whereas for joint stock companies and those with limited liability (L.L.C), registration is done within 2-3 days. This is evident in the latest 2017 WB *Doing Business Report*, where Kosovo has progressed for 14 positions in terms of starting a business (from position 27th in the previous year, up to the 13th)¹⁴.

In terms of the overall assessment by the *Doing Business Report*, Kosovo has seen an improvement for 4 positions in the rankings (from 64 a year earlier, at 60). Significant increase in the rankings has been achieved in terms of tax compliance (14 positions up) and cross-border trade (4 positions up). There has been a significant drop in the criteria for building permits (4 positions down) and in terms of electricity supply. However, difficulties remain for businesses in terms of access to finance, particularly for businesses run by women, effective settlement of disputes by the judicial system, power supply and contract enforcement. One of the issues hampering business development is the rate of informality in the economy (see for example the EC Country Report). For more on reforms in this area, see Chapter 20, on enterprise and industry.

In 2015, the total number of new registered enterprises was bigger than the number of new enterprises registered in 2014. The total number of new enterprises has increased by 3%, from 9,616 in 2014 in 9,936 in 2015. The number of new enterprises during the last 4 years has sensitively increased by around...During this period, the network of business registration one stop shop has increased the number of offices and the quality of services towards improvement of services availability.

¹⁴ <http://www.doingbusiness.org/data/exploreeconomies/kosovo>

Number of registered and closed businesses 2010-2015

	2010	2011	2012	2013	2014	2015
Registered	7,747	7,909	9,655	9,485	9,616	10,070
Closed	1,427	947	1,118	1,515	1,663	2,199

Source: KBRA

As per demands of civil society organisations dealing with gender equality, these statistics should be supplemented with data disaggregated by gender.

The number of closed businesses has continuously increased, namely for 16% from 2010 to 2015. However, this number is actually under-reported considering that closing a business is an administrative task and the costs of such transaction are between 5-10 EUR, depending on the enterprise type.

Number of registered businesses according to size 2010-2015

	2010	2011	2012	2013	2014	2015
Micro (1-9)	7,677	7,839	9,549	9,418	9,521	9,977
Small (10-49)	61	63	92	59	84	85
Medium (50-249)	6	7	12	7	6	7
Big (250+)	2	0	2	1	2	1
Total	7,746	7,909	9,655	9,485	9,613	10,070

Source: KBRA

As per demands of civil society organisations dealing with gender equality, these statistics should be supplemented with data disaggregated by gender.

On the other side, within 2010-2014, the smallest number of closing of businesses was in 2011 while the highest in 2015. In general the most significant oscillation regarding registration and opening of businesses has occurred in 2013 which had a decrease of 2% and increase of 36% respectively.

Micro businesses constitute around 99% of new businesses registered during 2010-2015 (see table above).

With regard to the **size of the private sector**, the share of private sector in GDP varied between 87 and 90 percentage points in the period 2011-2015, as it can be seen in the table below. Private investments are increasing even in 2015, whereas the private consumption, based on the projections for 2016, is expected to mark a slight decrease compared to the previous year.

Private sector participation in GDP, by% (source: MTEF 2017-2019)¹⁵

Description	2011	2012	2013	2014	2015	2016 assessment	2017 assessment
Private consumption	88%	90%	87%	88%	88%	87%	87%
Private investments	21%	17%	18%	19%	20%	21%	21%

As per demands of civil society organisations dealing with gender equality, these statistics should be supplemented with data disaggregated by gender.

Legal rules regulating the business environment

Business environment, judicial system and administrative capacities

¹⁵ MTEF 2017-2019.

Judicial system is a very important factor for economic development of the country and has a key role in facilitating investments, adequate protection of contractual rights of businesses and increasing the private sector. This system is regulated by the Constitution of the Republic of Kosovo, Law on Courts, and Law on Kosovo Judicial Council. Law on Courts has set 7 Basic Courts of the first instance in the territory of the Republic of Kosovo. Basic Courts are divided into regions, as follows: Basic Court of Prishtina, Basic Court of Gjilan, Basic Court of Prizren, Basic Court of Gjakova, Basic Court of Peja, Basic Court of Ferizaj and Basic Court of Mitrovica.

The Law on Courts has determined the internal organization of the Basic Court as follows:

- Department of Economic Affairs which operates in the Basic Court in Prishtina for the entire territory of the Republic of Kosovo;
- The Department of Administrative Cases operating in the Basic Court in Prishtina for the entire territory of the Republic of Kosovo;
- Department for Serious Crimes operating in the branches of each Basic Court;
- General Department operating in each Basic Court headquarters and in each branch of the Basic Courts;
- Juvenile Department operating within the Basic Courts.

The Law on Courts has set the Court of Appeal as the second instance court within the territorial jurisdiction throughout the Republic of Kosovo, which has in its organizational structure the Department of Economic Affairs. The Supreme Court is the highest judicial instance in Kosovo. Supreme Court includes the Panel of Appeals for the Kosovo Property Agency and the Special Chamber of the Supreme Court, the judges of which are part of the Supreme Court. The Constitution and the Law on the Judicial Council of Kosovo stipulate that proposals to the President for appointment, reappointment and removal of judges are the responsibility of the Kosovo Judicial Council. Based on the law, the organization, supervision and proper functioning of the courts is the responsibility of the Kosovo Judicial Council. In the judicial system currently there are 350 judges.

Regarding the **property rights**, Article 119 paragraphs 1 of the Constitution of the Republic of Kosovo ensures a favourable legal environment for the market economy, freedom of economic activities and security of public and private property. By this, the public property and private property is recognized as a constitutional category. The Constitution guarantees the right of ownership, and offers assurances that exclude the possibility of arbitrary deprivation from the property. Once that kind of property is defined by the Constitution, the regulation of their content is delegated to the legislation. The Legislative has passed the Law No. 03 /L-154 on Property and other Real Rights which regulates the establishment, content, transfer, protection and cessation of real rights and regulates ownership and limited rights in things as possession, property rights security and rights in things to use while there is still no law regulating public property in general. Findings of various research shows that women and girls have limited access to real estate.

The Government of Kosovo, in order to improve the policy framework on property rights, adopted the National Strategy for Property Rights in December 2016, which sets out a strategic vision for ensuring these rights. The main aspects of the strategy relate to improvement of the legal framework in order to simplify and facilitate procedures and creating preconditions for sustainable economic development.

Efforts in 2017 will focus on preparing a concept note on amending the law on inheritance and that on notary and their adoption by the Assembly of Kosovo (in 2018). Regarding interventions aimed at legal recognition of *de facto* property rights arising from informal contracts and prevention of informality and inconsistency, concept notes for changes to the laws on property and other real rights will be prepared, as well as of the law on civil procedure and contentious procedure (in 2017) and their adoption by the Assembly. An integrated Law on Cadastre, which will incorporate the THRDPP Law and the Mortgage

Law, will also be drafted and adopted, thus requiring a vertical organisation of the cadastre system (in 2018).

Within the registration of property rights a complete analysis of procedures of the Cadastre Agency will be conducted, and policies to ensure accurate recording of data, thus helping efficiency, simplicity, affordability, transparency and predictability of the registration process. In order to simplify registration procedures and reducing related costs, municipal taxes for the transfer of ownership will be abolished and only fees set by AI No. 08/2014 on Fees for Services for Registration of Immovable Property Rights by Municipal Cadastral Offices shall apply (in 2018). Interventions within this priority will also include relevant information activities and capacity-building that will extend throughout 2018 and 2019. Work in 2017 will also focus on the preparation of the Concept Paper on ensuring property rights of EU citizens and companies, as per the Stabilisation and Association Agreement.

Creating an effective system of property rights brings about legal certainty for investors and consequently increases the opportunities for investment, and it creates more opportunities for citizens to use the property as collateral, and thus improves access to finance. In general, the impact also includes improving World Bank indicators on business environment, such as lowering the cost of property registration, reducing the total number of procedures in law for property registration and the number of days needed for registration of property, improving the land management index (infrastructural reliability, transparency of information, geographic coverage and resolution of land disputes).

Within the **reform process of the justice system**, in order to ensure the independence, impartiality, transparency and to increase the efficiency of the judiciary, the Kosovo Government has approved four laws within the package of the judiciary (the Law on amending and supplementing the Law on Courts, the Law on amending and supplementing the Law on State Prosecutor, the Law on amending and supplementing the Law on Prosecutorial Council, the Law on amending and supplementing the Law on Judicial Council).

The legal framework in the area of **mediation** is regulated by *Law No. 03/L-057 on Mediation*. From the existing practices the implementation of alternative ways of dispute resolution has proven to be very good.

However, from the analysis and the recommendations suggested in practice, it was concluded that there should be a better coordination between the Mediation centres and the Courts or State Prosecutor and that the role and importance of the mediation centre is further explained, including the administration fees of random mediation at the mediation centre and coverage of financial costs from the budget of the Republic of Kosovo.

One of the innovations of the **execution procedure**, and which impacts the implementation of decisions, has been established by the Law 04/L-139 on the execution procedure, which removed the execution procedures from the courts to private bailiffs, who are appointed by the Ministry of Justice for the performance of entrusted with public authority, except the competence to decide on the procedure of execution and to implement the execution in all matters of family law and the return of workers and civil servants in work and other allowances.

In the beginning the biggest problem was with the title of private enforcement, because debtors were not treated as an institution established under the law. Decision on objection is also impacting the procedure because by the law there is no timetable according to which the courts must decide on the objection of debtor. Based on the law objection must be submitted to the court, and the issue is regulated by a circular of the Supreme Court which regulates filing of objections in executive offices.

As for the efficiency of the judicial system, the Kosovo Judicial Council has delegated the responsibilities of the Secretariat of the Judicial Council to the courts in the areas of personnel, finance, procurement and logistics with the aim of increasing the efficiency of the system.

The **Property Agency** was established as an independent agency with a mandate to receive, register and resolve property disputes for private property including agricultural and commercial property (stemming from the 1998-1999 war period). Decisions taken by the Agency Commission for Property Claims may be appealed only to the Supreme Court.

The main challenges in the Kosovo judicial system based on international reports, including progress report, consists on the effective implementation of the judicial framework, strengthening the capacity for the effective functioning and solving the large number of unsolved cases. This would contribute to improving the environment for doing business.

The registration of property rights through the cadastral register system of property rights is regulated by the following laws:

- Lawno. 2002-4 on Mortgages;
- Lawno. 2002-5 on the Establishment of the Register of Property Rights;
- Lawno. 02 L-96 on amending and supplementing the Law on Cadastre;
- Law no. 04_L-009 on amending and supplementing the Law 2002 5 on the establishment of the real property rights;
- Lawno. 04-L/013 on Cadastre;
- Law no. 04/L-071 for the address system;
- Lawno. 2003/25 on Cadastre (the previous one); and
- Lawon amending and supplementing the Law on IPRR 2003-13.

As per demands of civil society organisations dealing with gender equality, this regulation must ensure that all records of the cadastral system need to be disaggregated by gender.

While implementing legislation consists of about 15 Administrative Instructions. Property rights are registered based on the provisions of Law No. 04/L-009 on the Immovable Property Rights Register according to which the immovable property rights are registered based on:

- Final court decision;
- The decision of the administrative state sector;
- The contract for transfer of immovable property rights certified by the competent authority;
- Privatization decision or contract issued by the Kosovo Privatization Agency;
- Commission decision to reconstruct the cadastre;
- Commission decision to regulate the land, and
- Any other documents that special laws provides for the registration of property rights.

Cadastral register is kept in electronic format at the national level, while all the cadastral documentation is kept at the municipal level in order to provide services to the citizens close to their residence which means in each municipality.

The immovable property rights include ownership, mortgages, easements, rights of use of municipal property, public, social and state property and property liens and charges.

Kosovo Cadastral Agency (KCA) is a public institution for registration, maintenance and updating of the rights of owners of immovable property. The Agency is the central authority for maintenance of cadastral database, maintenance of property records, cartography and GIS. It is also the central authority of geospatial data infrastructure. The agency is responsible for the certification of persons in Municipal

Cadastre Offices and licensing of companies and surveyors for performing cadastral surveys. The organization is at the country level, and some rights and duties are delegated under the law on cadastre departments in local government, particularly the Municipal Cadastre Offices. Activities of municipal offices are connected and are reflected in the central data base of the Agency.

In recent years cadastral system has been consolidated and developed in many aspects including the key projects for the redevelopment of cadastral information, registration of immovable properties in 50 cadastral zones throughout the country with assistance from the World Bank, the development of the database, registration of buildings (not existed before), the addresses system (from 2014 has been implemented at the local level), topographic mapping including digital topographic maps, aero photographic surveying (made four surveys since 2001, the last was conducted in 2013), etc. Also with the assistance of the Norwegian Government,a Geoportal - a web portal which presents geographical information from different sources in a unified way - has been developed. Its primary aim is to provide online services enabling access to spatial data for all interested parties. These developments contribute to the cadastral system in facilitating the business environment by providing better services for the registration and property management, planning, assisting in the tax system and the design of public policies in many areas. Also it will enable the judicial system to a more efficient implementation of the principle of legality and property rights.

To increase capacity and effective management of public institutions, the cadastral system will be organized vertically. This makes it easier to manage the system of immovable property cadastre and the staff who made the recordings, maintaining and updating the data, including disaggregation of data by gender, as this will be organized by the centre.

Registration of property rights is made in the Municipal Cadastre Office (MCO) which evidences are monitored on a daily basis, and is published in the website of ACA in daily basis¹⁶. The legal deadline for application to the cadastral offices for sales transactions, inheritance, and collateral is 30 days. But based on the latest data of cadastral offices, this process is carried out for 10 days on average.

Kosovo has been ranked in 32ndplace for property registration in the World Bank Report "Doing Business" for 2016¹⁷is the highest ranking comparing with the all countries in the region. The time required for registration of real estate property is 27 days which is only five days more than in the region of Europe Region and Central Asia (according to the 2016 Doing Business Report of the World Bank). Only 6 procedures are required for registration of property, regardless of relatively large compared with the number of procedures across the region of Europe and Central Asia (5.4). Until now the state of registration is this:

- The total number of parcels in the territory of Kosovo, until 05.11.2016 is 2.093.640;
- The total number of registered buildings until 05.11.2016 is 18.744 units, while the total number of parts of buildings is 42.775 units;
- The total number of owners of real property rights registered until 05.11.2016 is 508.063 persons, of whom 74,5% males, 15.4 femalesand 10.2% legal entities.

Price liberalization

The Law No. 03 / L-185 on Energy Regulator regulates the functioning of the Office of Energy Regulator, including the conditions for the granting of licenses for carrying out activities in the field of energy, procedures for granting authorizations for the construction of new generating capacity, creation and efficient operation of competitive energy markets, as well as criteria for regulation of tariffs and electricity supply conditions. This includes electricity, heat and natural gas. Based on this law, the Regulator has the authority and responsibility to approve tariff methodologies developed by the Transmission System

¹⁶ Updated data are available at :<http://akk-statistics.rks-gov.net/>

¹⁷ <http://www.doingbusiness.org/data/exploreeconomies/kosovo/#registering-property>.

Operator, Market Operator and the Distribution System Operator on fees charged for the regulated energy services provided by them and to ensure that they are proportionate and applied in a non-discriminatory manner. Tariffs for end consumers will fully reflect the cost for the energy enterprise.

Regarding the **tariffs for public services related to water and sewage**, based on the Law 05/L-042, the tariffs are set by the water and sewage regulator based on the request and feasibility of offering water and waste services and considering the sustainability of prices from the consumers' point of view. Law no. 05/L -042 for Regulation of Water Services has been drafted for this field and adopted by the Assembly of Kosovo, published on 14 January 2016. The methodology for setting of tariffs is regulated by Rule on Setting of Tariffs for the Water Companies and Sewage and Wholesale Supply (R-02/ U&K).

WSRA applies three-year (2015-2017) tariffs, which might be reconfigured during this period, as needed. The Regulator monitors operational and financial efficiency to ensure that tariffs meet the relevant standards of providing these services. It has developed a Customer Charter envisaging the development of legal contractual relationship between service providers and women and men customers. Thus, the Charter will establish obligations and rights of parties. In order to ensure water quality, the regulatory obliges each service provider to have a testing laboratory for water quality control.

Pursuant to the Law No. 04 / L-109 on Electronic Communications (LEC), RAEPC has the right to impose undertakings with significant market power the obligation to control prices and cost calculation under Article 35 of the Law. Under Article 40, the regulator may impose undertakings with significant market power (SMP) liability for costs and control prices, including obligations for cost-based prices and obligations concerning cost accounting systems, for the provision of specific types of interconnection and/or access, in situations where a market analysis indicates the absence of effective competition means that a certain operator keeps prices at a level that is too high, or may apply a price squeeze to the detriment to the end users.

Also, under Article 64 of the law, the regulator, in order to protect the interests of end users and promote effective competition, has the right to set higher price levels, take measures to control individual tariffs and impose obligations for orienting tariffs towards costs or prices on comparable markets.

In case of settlement of disputes between operators regarding interconnection, the regulator also decides on interconnection prices. The most recent case when RAEPC has decided on this issue was in 2012, when through the Decision No. 271, interconnection prices were set for mobile call termination MTR and FTR fixed call termination, as well as the prices of 8X and 9X numbers for special value-added services. Wholesale prices were set in this way.

The Law No. 03/L-173 on Postal Services, Article 6, paragraph 1.3, specifies that RAEPC approves **tariffs for universal and reserved postal services** proposed by the public postal operator, while Article 6, paragraph 1.9, provides that the regulator supervises the use of postal tariffs and proposes legal measures in cases when the postal operator imposes or uses tariffs contrary to the measures stipulated by this law. RAEPC also has set tariffs for universal postal services, through decision no. 351.

The TRAINKOS JSC POE has the option of setting tariffs for Kosovo Railways pursuant to the Law No. 04/L-63.

In the area of **education**, the fees of private education institutions are set freely by those institutions providing education services. Pursuant to the Law on Higher Education¹⁸, the Ministry of Education, Science and Technology, through secondary legislation, sets the maximum fees payable for students in public institutions funded by the Ministry. The rates of payment are determined depending on students'

¹⁸ <http://masht.rks-gov.net/uploads/2015/06/02-ligji-per-arsimin-e-larte-anglisht.pdf>.

residential status (Kosovo or abroad), and the nature and cost of the study programme. Tuition fees in higher education include admission fee, tuition fee, exam retake fees and student card payment. These fees are approved by the respective educational institutions and confirmed by the MEST.

Prices for **health services** in the private sector are set independently by the operators, while prices of health services provided by the public sector are uniform throughout Kosovo. They are set by the Ministry of Health based on the analysis of material and labour costs. Regulation of prices of medical products and setting margins for medicinal products and equipment is made by the Agency for Medicinal Products and Equipment and the Ministry of Health, in collaboration with other Government institutions, pursuant to the Law No. 2013/04-L-190 on Medical Products and Equipment.

State influence in products market

With regard to the large public enterprises, currently in Kosovo operate 8 large central enterprises (not including Trepça). Following the entry into force of the Law no. 05/L -120 on Trepça, Trepça Enterprise has been transformed into "Trepça J.S.C." -Joint Stock Company, where 80% of shares are of the Government of the Republic of Kosovo and 20% of employees.

In the sector of energy operate KEC and KOSTT, in telecommunication PTK and PK, in transport operate the railway enterprises TrainKos and InfraKos, in watering sector operates Ibër-Lepenci and so does the Regional Water Company – Prishtina¹⁹. The value of the assets that these enterprises own is around 825 millionEuros, whereas the number of people employed is 9,685.

As per demands of civil society organisations dealing with gender equality, these statistics need to be disaggregated by gender.

In financial year 2015 results that these 8 enterprises have finalized the year with financial profits 4 public enterprises, whereas 4 other public enterprises: "Posta e Kosovës", "Telekomi i Kosovës" "Ibër-Lepenci" and "InfraKos" have ended the year with financial losses.

With regard to the **restructuring of enterprises**, in compliance with the provisions of the Law on Electric Energy and the conditions of the Energy Community Treaty for restructuring of the electro energetic sector, in 2006 was established the company Electricity Transmission, System and Market Operator (KOSTT) as an independent body. This activity earlier was developed within the KEC Corporation.

The process of restructuring of activities within the sector of electric energy has continued later with the division of generation from distribution and supply with electricity. Within the process of full restructuring of the activities of energetic sector, the Government of the Republic of Kosovo, through decisions no. 04/36 and 03/38, has ordered the legal division of KEC, thus establishing the new legal entity: Kosovo Company for Electricity Distribution and Supply (KEDS) and later the same company was privatized. At the end of 2014 there was a further legal emerging of distribution activity from the supply making thus two companies: KEDS for distribution and KES/CO for electric energy supply.

Structural reform in the sector of energy are still being processed and they aim to ensure competition in the energy market, based on general principles of open competitiveness, non-discrimination, transparency, equality, respecting the consumer protection and sustainable development of society. Following the entry into force of the Law No. 05/L - 085 (Official Gazette No. 26/21 July 2016), the rights of the share holder for the public central enterprise "KOSTT" shall be exercised by the Assembly of Kosovo.

¹⁹ In the water sector operate a total of 6 regional enterprises, whereas 2 in the irrigation sector.

In addition to the energy sector, enterprises have been restructured even in other sectors. Post and Telecommunication PTK Enterprise (Post of Kosovo has been divided from Vala and Telecom) and Kosovo Railway have been restructured since 2008, where in two special business entities InfraKos and TrainKos have been divided in 2011.

Following the entry into force of the Law no. 05/L -120 on Trepça, Trepça Enterprise has been transformed into "Trepça J.S.C." – Joint Stock Company, where 80% of shares are of the Government of the Republic of Kosovo and 20% of employees. Organizational structure, basic capital, management and other specific organizational issues of Trepça J.S.C. are determined in the status of the joint stock company pursuant to the law. Business Units of Trepça J.S.C. are: Mines with Flotation Trepça - Stan Terg, Mines with Flotation Kishnica and Artana, Mines with Flotation Kopaonik – Leposavić. The feasibility study is expected to be completed for Trepça and based on the feasibility study and economic and financial reasonability, the business units as Metallurgy of Lead, Metallurgy of Zinc and Chemical Industry will be established within the Trepça J.S.C.

As regards **state aid**, the new Law No. 05/L-100 on State Aid has established the groundwork for the development of state aid, as well as principles and procedures for granting state aid. The law contains basic definitions, including of state aid, and has also established the mechanism and framework for state aid control. It also forms the basis for the establishment of a comprehensive state aid inventory and reporting system. The law was adopted by the Assembly at the end of 2016, while *acquis* rules in this area will be then transposed through secondary legislation.

The institutional framework consists in the Commission of state aid and the Office of state aid. Based on the current law, the Commission of state aid is the decision making body regarding the state aid. Until the end of 2017 the Committee will consist of the Chairman (Minister of Finance), and four members: Chairman of the Assembly Budget and Finance Committee, Competition Commission Chairman, a representative of the Association of Municipalities and a representative of civil society. After the expiry of the transitional phase (after 2017), the State Aid Commission will consist of 5 members, who are independent experts with a term duration of 3 years, who will be elected by the Assembly through an open and merit-based selection process. Members shall be proposed by the Commission, consisting of the Chairman of the Assembly Budget and Finance Committee, Chairman of the Assembly Budget and Finance Committee and Chairman of the Economic Development Committee.

The Office for state aid is responsible for taking, analyzing and observing the notices and the information related to the schemes of the assistance. The office, since its establishment has functioned not at its full capacities. From 6 officials allowed by the Law on state aid, the salaries were allowed by the budget only to 5 of them. Pursuant to the new state aid law, the Office shall be transferred to the Ministry of Finance, followed by recruitment of the staff foreseen. As per demands of civil society organisations dealing with gender equality, all funds raised need to be allocated in a way that would benefit women, men, girls and boys, equally, serving their different needs and interests. In order to achieve this, gender responsive budgeting needs to be applied at all stages of financial planning of assistance, monitoring and evaluation. For more details on the measures in this field, see Chapter 8, on competition policy.

Privatization and restructuring

The Privatization Agency of Kosovo (PAK) was established as an independent public body that shall carry out its functions and responsibilities with full autonomy, under the Assembly, as set out by the Law No. 04/L-034 on PAK. PAK is authorized to administer, sell, transfer and/or liquidate socially-owned enterprises and their assets. In order to fulfil this mission, the Agency maintains and manages any enterprise (according to its mandate) in good faith and for the benefit of owners and their creditors, and also sells or liquidates enterprises and their assets in accordance with the law. PAK was established as the successor of the Kosovo Trust Agency (KTA), and all the latter's assets and liabilities were transferred as assets and liabilities of PAK.

The process of transformation of social ownership and privatization in Kosovo had commenced with the establishment of KTA in 2002. The methods used for privatization of SOEs and their assets were regular Spin-Off, conditional Spin-Off and special Spin-Off. While regular Spin-Off does not have additional conditions in addition to the highest price, as carried out in a round of bids, as per conditional Spin-Off and special Spin-Off, besides based on the highest price (50% of points) the winning bidder is also determined on the basis of commitments on employment (25% points) and commitments for investments (25% points) offered by the bidders and, moreover, this method included two rounds of bidding, the second round with only three bidders who have offered the highest price from the first round.

Pursuant to the Law No. 04/L-034 on the Privatization Agency of Kosovo, the privatization method through special Spin-off is not being used by the PAK for the work on this method, inherited from KTA, has proved to be too complex to be managed by the PAK Board. Some of the enterprises privatized through special Spin-Off have exceedingly postponed the fulfilment of commitments on employment and investments. Complications have arisen because the contracts were concluded based on the English law which does not comply with the laws in force in Kosovo. Privatization is now done through two main methods: Spin-Off and liquidation method, which is called Asset Sale.

So far, the total number of privatized socially-owned enterprises is 329 and a total of 1294 assets have been sold since the beginning, whereas there are approximately 290 socially-owned enterprises that have 1693 assets to sell. New enterprises have been established by selling SOEs, where one or more new companies, depending on their profitability, have been established from an SOE. A total of 766 new enterprises have been established during the privatization process. The number of investors registered in the database of the Agency is around 15,000, whereas the current number of pre-qualified investors is around 4,000.

The main developments with regard to the financial results of trust funds have been summarised in the table below.

Summary of financial results of trust funds: *main incomes throughout the process*

Income from selling of assets (new enterprises and selling of liquidation assets and selling of apartments)	665,950,741
Commercialization income	5,020,552
Regular rent income	17,526,891
Other income in the trust fund accounts	13,049,323
Income from bank interest	34,844,700

Status on 31 July 2016

Basic PAK capital	1,109,549
Reserve fund	1,000,000
Administrative fund	6,941,010
Status of funds in the bank	463,812,219

The liquidation process

Board of Directors of the Agency approved the beginning of the liquidation process for 463 Socially-Owned Enterprises. Achievements in the liquidation process have been presented in the table below:

The table summarises the activities related to the liquidation process:

Reporting period	The whole process
Number of SOEs in liquidation	463
Number of creditors' claims filed	89,894

Total number of examined claims (LC&LA)	89,518
Number of SOEs closed according to the decisions of the Special Chamber of the Supreme Court of Kosovo (SCSCK), SOEs without assets or credit claims)	12
Number of final reports submitted from LAs to SCSCK for closing SOE (pending decision)	3
Number of reports on final or temporary allocation of funds for creditors	110
The amount of allocation to creditors	EUR 15,118,264

As per demands of civil society organisations dealing with gender equality, these statistics should be supplemented with data disaggregated by gender.

Functioning of the financial market

This section will focus mainly on the stability of the financial sector development from the structural perspective, size and effectiveness of financial intermediaries. The legal aspects and other requirements deriving from the SAA are elaborated further in below chapters on free movement of goods and financial services.

The Central Bank (hereinafter CBK) is the only oversight and regulatory body in terms of financial sector in Kosovo, as established by the Law no 03/L-209 on Kosovo Central Bank. The main objectives of the CBK are to promote and preserve a sustainable financial system, including a secure and efficient payment system. This objective of CBK is linked with its duties and responsibilities as its main body responsible for the licensing, regulation and supervision of financial institutions operating in Kosovo, such as banks, microfinance institutions, financial institutions, non-banking companies, insurance and pension funds. Since its establishment it has developed and implemented policies and supervisory practices based on the best standards of international regulation and supervision of financial institutions in view of financial stability in Kosovo, mainly based on EU directives and standards issued by internationally recognized mechanisms for the preparation and harmonization of standards in the field of banking supervision, insurance and pensions, such as BCBS, IAIS and IOPS.

The financial system consists in the banking sector with 10 banks, insurance sector with 15 insurance companies and 2 pension funds, micro-financial sector with 18 IMFs (13 in foreign ownership) and securities market. The financial system has continued to expand, reaching the rate of international intermediation at 87% of GDP by September 2016. Banks represent the main financial intermediaries with 67% of assets in the financial sector, followed by the pension funds and insurance sector with 27% and 3%, respectively.

As part of the CBK, the following departments have been established as exclusively responsible for licensing, regulating and supervising the financial institutions: Department on Bank Oversight, Department on Insurance Oversight, Department on Licensing and Standardization, Division on Pension Funds Oversight and Securities, and Division on Prevention of Money Laundering and Financing of Terrorism, which are part of the financial oversight.

Currently, there are 57 staff members employed in financial oversight, of which 23 in bank oversight, 15 in insurance oversight, 9 in licensing and standardisation, 5 in pension and securities oversight, 5 in prevention of money laundering - PML.

We have continuously invested in staff professional development, by participating in a number of training sessions organized by international institutions, such as US Federal Reserve, International Monetary Fund (IMF), World Bank (WB), Joint Vienna Institute, FSI, European Central Bank (ECB) and

other EU MS Central Banks, such as Deutsche Bundesbank, Banque De France, etc. CBK has also cooperated with IMF, WB and American Treasury, as well as other international institutions, in implementing important projects. CBK has cooperated and is supported by advisers of IMF, World Bank and U.S. Treasury, but also from other international institutions.

Also, in line with the increase in the work volume, mainly based on the Strategic Plan 2015-19, related to approximation with acquis and SAA requirements, CBK is focused to advance its capacity through additional recruitments and further specialized training for the existing staff. As per demands of civil society organisations dealing with gender equality, recruitment and training of staff members will be based on offering equal treatment and opportunities for women and men, and the application of affirmative measures to encourage the recruitment of the underrepresented gender, in line with the Law on Gender Equality.

In terms of **cooperation**, CBK has a number of cooperation agreements with the regulatory and supervising authorities in other countries, especially those where main headquarters of banks and insurance companies with capital operating in Kosovo, are established. In the framework of international cooperation, CBK also participates in panels organized by counterpart bank supervisors, as well as regional initiatives and international conferences organized in the field of banking supervision, insurance and pensions. As of recently CBK is also part of the Vienna Initiative, an international initiative whose members, besides the European Union, include regional countries: Kosovo, Albania, Macedonia, Bosnia and Herzegovina and Serbia. The main goal of this initiative is to advance cooperation in the field of banking supervision.

Developments in the financial market

The banking sector mainly consists of assets in foreign ownership with around 90.4% of banking assets. The sector has a high level of concentration, with a decreasing tendency over the last years. In September 2016, the market participation of the three first banks has decreased to 63.1 percent from 64.9 percent in September 2015. In terms of Herfindahl-Hirschman Index, the concentration rate has fallen in 1,702 points from 1,754 points at the end of 2015.

Main indicators of banking sector 2013-2016

	2013	2014	2015	**2016
Number of banks	9	10	10	10
Total assets	3,059.3	3,186.6	3,385.3	3,512.7
Total assets/GDP	57.4%	57.7%	58.3%	58.4%
*Liquid assets (broad definition)/Total assets (%)	34.1%	32.8%	29.2%	31.4%
Capital	277.8	323.1	392.7	406.8
Capital/GDP	5.2%	5.9%	6.8%	6.8%
Total deposits	2,449.0	2,537.5	2702.9	2789.5
Total deposits/GDP	46.0%	46.0%	46.5%	46.4%
Average Deposit interest rate	2.4%	1.1%	1.2%	1.0
Total loans	1,805.8	1,882.3	2019.5	2184.4
Total loans/GDP	33.9%	34.1%	34.8%	36.3%
Average Loan interest rate	10.9%	9.3%	7.7%	7.5%
Enterprise loans	1,215.2	1,240.5	1,318.8	1,400.2
Households loans	563.9	635.3	694.3	779.7
Difference of interest in deposits and loans	8.5pp	8.2pp	6.5pp	6.5pp
Non-performing loans (%)	8.7%	8.3%	6.2%	5.1%
Capital adequacy rate	16.7%	17.8%	19.0%	18.3%
Asset returns	0.9%	2.0%	2.9%	2.6%
Equity returns	9.4%	20.3%	26.4%	22.4%

*IMF compilation instructions: (wide) liquid assets; base liquid assets + securities and marketable assets of up to three months; Total assets: assets in total (excluding provisions) are taken into account

***Values contain data for September 2016*

As per demands of civil society organisations dealing with gender equality, these statistics should be supplemented with data disaggregated by gender.

The liquidity of the banking system continues to be satisfactory. The general liquid assets in the total assets were at 31.4 percent in September 2016 (30.2 percent in September 2015). The ratio loan/deposits increased to 78.3 percent in September 2016, from 75.0 percent in September 2015. The banking system is well capitalized, with a capital rate which continuously exceeds the minimal regulatory requirements. In June 2016, the capital adequacy rate in September was 18.3 percent. The non-performing loan rate marked a decrease to 5.1 percent from 6.8 percent in September 2015. The non-performing loans remain well covered with provisions (around 122 percent in September 2016).

The difference between loan and deposit interest rates reduced to 6.5 pp in September 2016, from 7.0 pp in September 2015. The average loan interest rate has continued the decreasing trend. The average loan interest rate fell to 7.5 percent from 7.9 percent in the previous year. The average enterprise rate fell to 6.9 percent from 7.5 percent, whereas for households fell to 8.0 percent from 8.5 percent in September 2015. The deposit interest rate has slightly increased in September 2016 in 1.0 percent from 0.9 percent as it was in September 2015. Enterprise deposit interest rate was at 1.3 percent compared to 0.6 percent in the same period of the previous year. The household average deposit rate was 0.9 percent, a same level with the one of previous year.

The banking system has declared profits at 61.3 million euro in September 2016 compared to the profit of 69.3 million by September 2015. The generated profit has marked a slowdown mainly as a result of the decrease of incomes of 2.2 percent (mainly impacted from the reduction of incomes from interest) and increase of expenditures of 3.7 percent (mainly impacted from the increase of non-interest expenditures).

The **micro-financial sector** is mainly under foreign ownership, where around 93.3 percent of total assets are under foreign ownership. In September 2015, the concentration rate of the sector was 51.6 percent. The total sector assets reached at 140.8 million Euro (September 2016), thus marking an annual increase of 19.1 percent. The total amount of loans has reached 103.1 million Euros in September 2016, marking an annual increase of 29.7 percent (6.1 percent in September 2015). Total loans were increased as a result of significant increase of household loans (33.4 percent in September 2016), and also enterprise loans (22.5 percent in September 2015). Micro-financial leasing activity marked a slight annual decrease of 0.6 percent in September 2016, falling in the amount of 22.3 million Euros. By September 2016, micro-financial institutions marked a profit of 3.2 million Euros, mainly as a result of the accelerated growth of incomes from interest compared to expenditures increase rate.

The **insurance sector** is characterized with a low level of foreign ownership (64.1 percent in June 2016) and market concentration (33.3 percent in June 2016) in the financial system. There are 15 insurance companies in the market, of which 9 are under foreign ownership, while 6 are under national ownership. Most of them (12) provide non-life services, while three of them provide life services.

The general assets in the insurance sector have reached an annual growth of 8.1 percent, reaching thus 163.6 million Euros in June 2016. From this, non-life insurance represents the greatest part of assets in the sector with 90.4 percent, while the life assets consist in 9.6 percent. Gross value of primes by June reached in 41.1 million Euros. From total gross primes, 96.6 percent are non-life insurances, whereas life insurance is only 3.4 percent. The total amounts of damages paid until June 2016 reached 18.2 million Euros, of which 10.4 million Euros are for damages paid within the third-party liability insurance. By June 2016, insurance sector recorded a loss of 11.5 million Euros, compared to the loss of 2.5 million Euros of the previous year. The growing loss was a result of the loss marked within the 'non-life' insurance, while financial performance of life insurance was positive. By June 2016, the 'non-life' insurance marked a

net loss of 11.7 million Euros (loss of 2.8 million in June 2015), whereas the life insurance recorded a net profit in the amount of 186.2 thousands Euros (236.3 thousand Euros in June 2015). The loss of 'non-life' insurance is attributed to the increase of expenditures for technical provisions as a result of their re-assessment, mainly for PPT category and increase of damages from the Compensation Funds, which is dedicated to the uninsured and unidentified motor vehicles.

The financial performance of the sector affected negatively the profitability indicators, such as Return on Asset Average (ROAA), due Return in Average Capital (ROAE). ROAA worsened to -14.6 percent (-5.3 percent in June 2015) while ROAE in -48.9 percent (-16.0 percent in June 2015).

With regards to the number of financial institutions in the pension area, there are currently two such funds, Kosovo Pension Savings Trust (KPST), and Kosovo Slovenian Pension Fund (KSPF).

The asset structure in the pension fund is dominated by the Kosovo Pension Savings Trust, which manages 99.5 percent of general assets, while the remaining 0.5 percent is managed by Kosovo Slovenian Pension Fund (KSPF) (September 2016). The total assets in the sector reached 1.4 billion Euros in September 2016, marking an annual growth of 4.1 percent.

Kosovo Pension Savings Trust (KPST) has continued to increase assets and positive investment returns also during the third quarter of 2016. In September 2016, the value of total KPST assets was 1.38 billion Euros, marking an annual increase of 4.1 percent. This increase is attributed to the return in investments which in September 2016 amounted to 55.8 million Euros.

In the area of financial market, so far only the internal debt market is developed, regulated by Law 04/L-175 on Public Debt, in force as of November 2009 and bylaws, Regulation MoF - CBK no. 01/2014 on primary and secondary market of Government securities issued in 2012 (amended on 2014).

The internal debt market is developed through emissions of Government securities, which functions by electronically platform of securities trade. This activity occurs in securities auctions and is based in the primary actors systems (commercial banks) whereas individuals and legal persons can participate in the market through the primary actors mentioned above.

The first emission in the primary market of Kosovo Government Securities has occurred on 17 January 2012 whereby an instrument with 3 months maturity was emitted, and it was further continued with 6 and 12 months emissions. Besides treasury bonds, obligations with maturity timeline 2, 3 and 5 years are emitted.

Functioning of labour market

In the second quarter of 2016, from the total population of 1,771,603, the working age population (aged 15 to 64 years) was 1,178,189 persons. Of these, 37.81% were part of the labour force (economically active). This means that they are employed or unemployed (but active in seeking a job and ready to work). The other part of 62.19% was economically inactive. Economically non-active persons include students, housewives, discouraged employees and other persons, who were not active in searching for a job and this category has been reviewed in more details in the next chapter. The table below summarises the main indicators of the labour market for the period 2012-2014.

Key indicators of the labour market Q2 2016

Indicator	Males	Females	Total
Participation rate in the labour force	57.1	18.1	37.8
Inactivity rate	42.9	81.9	62.2
Employment to population ratio (employment rate)	42.9	12.6	27.9

Unemployment rate	25.0	30.3	26.2
Unemployment rate among young people (15-24 years)	45.8	65.1	51.0
Percentage of young people NEET youth population (15-24 years)	25.7	33.5	29.3
Percentage of unstable employment to total employment	23.9	20.0	23.0

Source: Labour Force Survey Q2 2016

The employment rate based on the Labour Force Survey (LFS) for the second quarter (Q2) 2016 is 27.9%. The employment rate is higher for males, 42.9%, whereas for females is 12.6%. Women are employed mainly in the sectors of education, trade and health care, with about 52% of them, while men are mainly employed in the manufacturing, construction and trade, with about 45%.

Economic sectors that lead with employment remain: trade with 15.0%; manufacturing with 13.7%; construction with 11.6%; and education with 10.6%. Other sectors participate with a smaller percentage in employment.

With regard to the employees with contracts, 28.6% of employed persons have permanent contract in their main work, whereas 71.4% have temporary contract.

According to the LFS, Q2 2016, the unemployment rate is 26.2%. The unemployment is higher for females with 30.3% compared to males with 25.0%. The unemployment rate is higher for the age groups 15-24 year old with 51.0%. According to LFS results, Q2 2016, inactive force is high, 62.2%, with a special focus on females with 81.9% compared to males 42.9%.

According to the LFS results for 2015, the unemployment rate is 32.9%, whereas the employment rate is 25.2%. The unemployment rate is 36.6% at females compared to males with 31.8%.

Short-term measures

- Revision and implementation of the Strategy on Prevention and Combating Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2014-2018, (Q4 2017). The budget allocated for the completion of this measure is EUR 414,000;
- Further improve the tax compliance and implementation in order to protect the fiscal interest of the country, ensuring the rights of employees and ensuring a fair competition in the field of business, (Q4 2017). The budget allocated for the completion of this measure is EUR 414,000;
- Continuing the privatization and liquidation of socially-owned enterprises (Q4 2017). The budget allocated for the completion of this measure is EUR xxx;
- Effective implementation of e-procurement legislation and relevant operational guides (Q4 2017). The budget allocated for the completion of this measure is EUR 431,583;
- Improving the access to finance for SOEs through functionalization of Kosovo Credit Guarantee Fund, (Q4 2017). The budget allocated for the completion of this measure is EUR 1 million from KB and EUR 6 million from USAID;
- Increasing efficiency in courts for solving cases (reduction of old cases for 30%), (Q4 2017). The budget allocated for the completion of this measure is EUR 350,000;
- KJC will assess the needs for increasing the number of judges in Economic Basic Courts. The assessment will determine the budget costs, as well as human capacities necessary for reduction of backlog in the Economic Basic Court (Q1 2017). The budget allocated for the completion of this measure is EUR xxx;
- Holding training for 10 judges and 5 prosecutors for corruptive schemes, conflict of interest and other problems related to the prosecution, (Q4 2017). The budget allocated from KJI for the completion of this measure is EUR 390;

- Holding training for 10 judges for the field of intellectual ownership (Q4 2017). The budget allocated from KJI for the completion of this measure is EUR 365;
- Holding training for 7 judges from the administrative department for the field of taxes (Q4 2017). The budget allocated from KJI for the completion of this measure is EUR 350;
- Adopting the Concept Paper for the rights of citizens and companies of EU for the purchase of immovable property in Kosovo, (Q4 2017). The budget allocated for the completion of this measure is EUR 2,500;
- Adopting the Concept Paper for amending and supplementing the Law on Property and other Real Rights, (Q4 2017). The budget allocated for the completion of this measure is EUR 2,500;
- Adopting the Draft Law on Construction Land (Q4 2017). The budget allocated for the completion of this measure is EUR 25,000;
- Adopting the Draft Law on Public Property (Q4 2017). The budget allocated for the completion of this measure is EUR 2,500;
- Formal establishment and functioning of the Kosovo Employment Agency (KEA), including the transfer of existing staff and assets from MLSW to KEA, (Q4 2017). The budget allocated for the completion of this measure is EUR 175,000;

Medium-term priorities

- Government will continue with reforms that are important in the context of the macroeconomic stability and financial sector, including the implementation of the fiscal rule for budget deficit and maintaining the level of capital expenditures;
- Establishment of a single agency for collecting revenues;
- Replacement of the IT system SIGTAS in order to increase capacities and modernize tax services;
- Implementation of the Strategy for the Prevention and Combating Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2014-2018;
- Completing the construction of the facility for TAK-Customs for merging two agencies for revenue collection;
- Privatization and liquidation of state enterprises;
- Judicial Council will prioritise the increase of the number of judges for the purpose of reducing the number of cases in courts (KJC)
- Ensuring property rights by addressing informality in the sector of immovable property;
- Improving the access to finances for SOEs through the Kosovo Credit Guarantee Fund (KCGF);
- Gradual implementation of risk-based supervision for all commercial banks;
- Ongoing advancement of the regulatory framework for the banking and insurance system, in line with the international standards and EU legislation;
- Improving the employment services by establishing the Employment Agency and active labour market measures and improvement of social and health services.

2.2. Capacity to Cope with Competitive Pressures and Market Forces within the Union²⁰

This chapter addresses the second Copenhagen economic criterion for membership, which has to do with the country's capacity to cope and be competitive in the EU market. Key factors to achieve this goal, on the basis of which the European Commission monitors and evaluates progress towards membership, are the following:

- development of human and physical capital at a satisfactory level which evaluated aspects of the development of education, research and infrastructure;
- adequate sectorial structure and of enterprises, including sectorial composition, development of SMEs and issues of restructuring of enterprises;
- a limited level of state influence on competitiveness, focusing, among other things, in examining the impact of policies and certain segments of the economy, including state aid and support to SMEs; and
- insufficient trade integration of the economy with EU countries.

Government priorities in recent years have been directed at the development of physical capital through infrastructure development, human capital development through education reforms and measures to support the private sector. The strategic framework defining priority objectives and measures consists of the 2015-2018 Government Programme and sectorial strategic documents, including the Strategy for the Development of the Private Sector 2013-2018, Strategic Plan for Education in Kosovo 2017-2021, Draft Sector Strategy on Labour, etc. The development of important economic sectors such as energy, infrastructure, agriculture, telecommunications and information society and tourism are priority objectives. Similarly to the Government Programme, as well as the Private Sector Development Strategy is also aimed at sustainable economic development, social policies that enhance welfare, promotion of investments (including investment funds), support for small and medium enterprises, privatization and improving performance of public-owned enterprises. In the medium-terms perspective, efforts will be intensified to improve quality of education and better link education with market requirements.

Within the framework of regional cooperation and European integration, the Republic of Kosovo is committed to achieve the Southeast Europe 2020 Strategy objectives and the communications infrastructure agenda, including what is now called as the 'Berlin Process'. Improving competitiveness, labour market and industrial policies, facilitation of trade between countries of the region, improvement of the road infrastructure network and energy market, are some of the main objectives at the regional level. The Republic of Kosovo has integrated their achievement in its own framework of the relevant strategic objectives and action plans.

However, there need to be continued efforts to address challenges related to improving country's competitive capacity.²¹ To this end, the country should engage in improving the quality of education and the relation to the labour market, ensuring a stable supply of energy, infrastructure development and energy efficiency, improving the business environment, including strengthening capacity and efficiency of the judicial system, combating the informal economy, attracting foreign investments and protection of investors to support the strategic objectives, and development of state aid and trade facilitation mechanisms.

Regarding **external assistance**, within the sector approach of the Instrument for Pre-accession Assistance (IPA II), the preparation of the Sector Planning Document on Competitiveness is in the final stage, which will foresee support over the medium-term period through EC assistance for implementation of some specific objectives to increase competitiveness and economy integrated into the global economy. Areas of assistance include private sector development, employment and education.

²⁰ This chapter does not contain a matrix of short-term measures.

²¹ Challenges are based on the 2015 EC Report on Kosovo.

Similarly, the Berlin Process offers financial support from the European Commission and IFIs for important infrastructure projects. More specifically, Kosovo will gain support in road infrastructure in the framework of the Durres-Prishtina-Nish corridor and in railway infrastructure, in its two main axes. For more information on other assistance instruments and concrete projects, see the respective chapters in the third block.

The following provides an overview of developments in each of these key factors of the second economic criterion.

Education and innovation

Given that Kosovo is a country with less than two million inhabitants, the development of human capital is an important factor for the overall development of the country and a knowledge-based society. The development and transformation of the education sector is oriented to serve the needs and demands of the society in the process of transition and economic development, provide equal opportunities and develop in harmony with European standards. Education reform is based on the principles of fairness, equality, quality, lifelong learning, effectiveness and efficiency, institutional autonomy and decentralized system, and public accountability.

The **Kosovo Education Strategic Plan 2017-2021** is the basic document for the development of the education sector in Kosovo. The plan focuses on achieving 7 strategic objectives, namely participation and inclusion in education, quality management and efficient education system, development of the quality system in line with international standards, improving the quality of teaching, further development of vocational education to meet market needs, and increasing the quality of the higher education. The implementing Action Plan was developed and adopted together with the Strategic Plan, and it identifies activities, institutions, deadlines and budgetary means necessary to achieve these objectives. On the other hand, the **Government Programme 2015-2018** sets out that structural reforms in education focus on increasing participation and equal access to education, security, ensuring and enhancing quality of education, management of education institutions, integration and international cooperation, promotion of science and research, and financing of education and science by revising the funding formula.

As per demands of civil society organisations dealing with gender equality, gender mainstreaming in school curricula also needs to be ensured.

Reforms in **pre-university education** are focused on curriculum revision or development of new curricula and increasing capacities of human resources at the ministry, municipalities and schools to implement the new curriculum. The new curriculum has already been piloted in 92 schools. According to the data of the Ministry of Education, Science and Technology, there are a total of 1,153 educational institutions in Kosovo (778 parent schools and 375 branches), divided as follows:

- Pre-school facilities: 43 (36 parent ones and 7 branches);
- Elementary schools: 985 (633 parent ones and 352 branches);
- Secondary schools: 119 (103 parent ones and 16 branches);
- Special schools: 6 (all parent schools).

The total number of pupils included in pre-university education is 388,351, whereas the number of the hired personnel in these institutions is 28,199 (of which 23,480 teachers, administration staff 1,639 and assistance staff 3,080).

Number of pupils by level of education and gender

Level	Total	Males	Females
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Pre-school	3915	2031	1884
Pre-primary	21655	11221	10434
Primary and lower secondary	258464	133297	125167
Upper secondary	83906	43976	39930

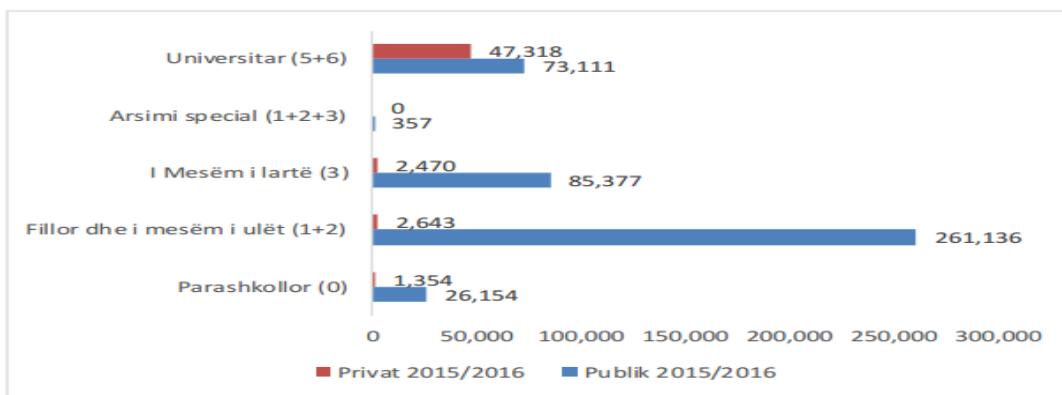
Source: Statistics of Education in Kosovo, MEST

On **vocational education**, the primary goal is to prepare students for the labour market. This level works according to the Law of vocational education and training and adult education and the National Qualifications Framework. Besides vocational schools 4 Competence centres have also been established. The system envisaged by the VET legislation in force (3 + 1 + 1) is in accordance with the requirements of the labour market. 142 curricula, covering 17 fields and 29 profession standards, have been developed. Guidelines for vocational schools and employers, as well as the draft-strategy for inclusive education and career orientation, have been developed. The Agency for Vocational Education and Training and for Adult Education has also been established and is functional, and it aims to develop the system of professional education, competency-based qualifications based on market needs and to establish a quality assurance system. Competency centres also operate under the umbrella of this agency.

In order to advance the quality management in the pre-university education, we focused our efforts in building internal capacity, implementing mechanisms for assessing the external quality and building capacities of the Education Inspectorate.

Higher education offers study opportunities for all persons within or outside the territory of Kosovo without any discrimination (on national, racial, religious, gender or other grounds). 6 public universities and 25 private colleges already operate within the territory of the Republic of Kosovo,. Each of these higher education institutions, whether public or private, offer study programmes accredited by the Kosovo Accreditation Agency. There is no age limits to register or gain higher education qualifications in Kosovo.

Number of children, pupils and students in all levels of education in the public and private sector 2015/2016



Source: Statistics of Education in Kosovo 2015/2016, KAS

As per demands of civil society organisations dealing with gender equality, these statistics should be supplemented with data disaggregated by gender.

NARIC centre also operates within the Ministry of Education, Science and Technology, which is in charge of making equivalence of higher education diplomas acquired abroad. Kosovo has officially joined the Bologna Process, yet formal application for admission was submitted only in 2014. The legal basis

harmonizes the current educational practices with priorities of the Bologna Group statements, especially with regard to the harmonization of certain provisions of the law with the Qualifications Law (No. 03/L-060) and National Framework and facilitating, through NARIC, the recognition of prior learning and qualifications acquired in other countries.

The Kosovo Accreditation Agency assesses externally the institutions and programmes. By July 2016, the total number of accredited programmes in public and private institutions was 468. Most of the programmes are at the bachelor and master level and there are several other doctorate programmes of the University of Prishtina. Also, all public and private institutions of the higher education have internal offices for quality assurance and officers for internal quality assurance.

Regarding external mechanisms for quality assurance, Kosovo's full membership to ENQA (European Network of Quality Assurance Agencies) was confirmed in 2014. Kosovo implements Quality Standard Guidelines and has adopted practices applicable in the European Area of Higher Education.

The field of research is still limited. Support for research consists of financial support through the mobility scheme and scientific publications.

Regarding developments in the labour market, almost two-thirds Kosovo's population are of the working age (15-64). In 2011, 28% of the population was younger than 28 and the average age of the population was 30. Given that Kosovo's population is so young, the working age population is expected to grow rapidly over the next decade.

Based on the Labour Force Survey for Q2 2016, of the working age population, 62.2% are not economically active, which means that they are not employed and have not been active in search of employment during the past four weeks and / or are not ready to start working within two weeks. From 37.8% of the population that is economically active, 26.2% (116.082 persons) are unemployed. This means that 73.8% (328.694) of economically active persons are employed, by creating an employment to population ratio (employment rate) of 27.9%. From 62.2% of the working age population that is inactive, 19.5% (114,437 people) do not seek for a job because they believed that there are no jobs. Discouraged workers make up 9.7% of the working age population, with levels slightly higher for females than males.

There are large gender differences in the labour market. Nearly one in five (18.1%) women of working age are active in the labour market, compared to about three-fifths (57.1%) of the male working age population. Among those in the labour force, unemployment is higher for women than it is for men (30.3% compared to 25%). The employment rate among working age women is only 12.6%, compared to 42.9% for men. Women's extremely low employment rate stems from the combination of very low labour force participation and high unemployment. Family responsibilities were the main reason for women's inactivity in the labour market (45% of female respondents giving this reason). Women were mostly employed in the education, trade and health sectors (52% of employed women). Men were mostly employed in the manufacturing, trade and construction sectors (employing almost 45% of employed males).

Youth unemployment is very high in Kosovo. In the second quarter of 2016, youth in Kosovo were almost twice as likely to be unemployed compared to adults. Among those aged 15-24 years and in the labour force, 51.0% were unemployed. Unemployment is higher among young women (65.1%) than young men (45.8%). Only 38% of the 2.5% of all registered job seekers who participated in training by the Public Employment Services in 2015 were women. Almost one third (29.3%) of Kosovo's 15 to 24 year olds were not in education, employment or training. The figure among young women is 33.5% compared to 25.7% for young men.

The large majority of those who are employed report working full-time. In their main job, 94.0% of respondents reported working full-time. The reasons for working part-time were rather gender differentiated, with women taking more of a caring role within the family, thus reducing the hours available for employment. The main reason for males not working full-time is the lack of a full-time job. 23.0% of employed persons belonged to the category of vulnerable employment. This means that they are either employed in their own business (own-account workers) or contributing to a family business (paid or unpaid).

Only 28.6% of those employed had a permanent contract for their main job while 71.4% had temporary contracts, with no significant difference between men and women. Those with temporary contracts were asked why they had this type of contract and 98.4% of respondents reported that no other type of contract was available. The net salaries of most employees were from EUR 300 to EUR 400 a month. Very small gender differences were noted.²²

Physical capital and infrastructure quality

In contrast, the public investments gradually increased in the period 2011-2013 in a high level and because of the investments in infrastructure they have dropped in 2014-2015 (which associates with the finalizing of big projects, e.g. Prishtina- Vermica highway). Future particular emphasis will be placed on the so-called investment clause, through which the Government of the Republic of Kosovo aims to invest in major infrastructure projects to overcome the structural challenges that have hampered the maximum utilization of country's potential for development. In order to enable a comprehensive economic growth, the Government has made more room for capital spending at municipal level.

Private and public investments 2011-2016 (Source: MTEF)

Description	2011	2012	2013	2014	2015 Asse.	2016Proj.
Private investments	1,003	837	942	1,024	1,161	1,256
Public investments	528	550	529	411	404	440

Source: MTEF 2017-2019

Road infrastructure

The road infrastructure has been a key priority in recent years. More investments are made in national roads associated with the regional corridors in regional and local roads. Currently, the country has 1962 km of national and regional roads, and 4761 km of local roads (see table below).

The main objectives in this sector include: i) integration of Kosovo in regional network road through the development of roads 6 and 7 along the corridors pan-European, ii) reduction of transport costs, and reducing the load on traffic through new roads including roads transit around urban centres, iii) increasing safety through improved horizontal and vertical signalling, and improving the quality of road infrastructure and campaigns for road safety, and iv) maintenance and improvement of existing roads to provide good services to private transport and public.

The Prishtina-Vërmicë segment of the highway that is part of the national Vërmicë-Merdare highway (R7), connected to international corridors 8 and 10, was completed last year. The Prishtina-Milloshëvë segment of the M2 highway was also completed. The following elaborates on key infrastructure projects being implemented and those that are planned.

the transport network and to fully integrate the regional network. Development of both routes seems to be of primary importance for Kosovo's economy and strategically for the region, comprising two main connections within the regional transportation network. At the same time, it connects the main cities and economic centres in Kosovo.

²² Labour Force Survey Q2 2016, KAS.

Road infrastructure network, in km

Type	Asphalted	%	Non-asphalted	%	Total
Central	1,921	95.48	91	4.52	2,012
Motorway	78	100	-	-	78
National	626	99.52	3	0.48	629
Regional	1,217	93.26	88	6.74	1,305
Municipal*					4,925
Local*					4,355
Urban*					570
Total					6,937

* Assessment

The Route 6 within the Southeast Europe transport network links Corridors VIII and X in Macedonia to Prishtina and goes on towards Montenegro, Croatia and Bosnia-Herzegovina. The *6A Route Prishtina – Sllatina (Airport) – Peja – Montenegro – Croatian and beyond* is included (in 2009) in the process of modifying the basic SEE network. In this respect road are being invested considerable resources in order to develop it. Considerable investments are being made in this road direction. The 6 Route, within the transportation network in Southeast Europe, connecting corridors VIII and X in Macedonia to Prishtina, has a special economic importance for Kosovo and the region, integrating the capitals and economic centres of the region in the regional network of transportation. A contract between the Ministry of Infrastructure and Bechtel Enka, as the winning company, for the construction of the highway Prishtina - Hani i Elezit was signed 2 July 2015. Progress of works by segments is as follows: C1 segment: 95%, C2 segment: 38%, and C3 segment: 1%. Overall progress is 44.66%.

Construction of the **Vërmicë - Prishtina - Merdare highway** was defined as a high-priority investment. This route is identified as the No. 7 regional route of the South Eastern Europe Core Transport Network linking the Adriatic Sea, Northern Albania, Prizren, Prishtina and through Merdare to Nish (Serbia) with the ETN (European Transport Network) Corridor X. In this context, financial support is also provided within the ‘Connectivity’ framework for the Western Balkans as a co-initiative of the European Commission and the German Government.

After the release of sections of segments of R7 Highway, Morine - Gjurgjicë (Connection to N9) - Bresje - Besi, the Ministry of Infrastructure, in cooperation with the WBIF instrument and EIB, started the Feasibility and Environmental Impact Study and the Preliminary Project for Besi - Merdare segment (to the border with Serbia).

The COWI consulting company has conducted the study of some alternatives to the future corridor of the Besi - Merdare highway (25 Km), which were assessed by a mechanism consisting of technical, financial, social, environmental and security criteria. Based on the findings, the final report, with the most favourable variant, has been prepared.

Further steps on preparation of the project and ways of financing it will be defined in cooperation with WBIF and EIB/EBRD.

The **Prishtina-Gjilan-Dheu i Bardhë Highway** Project: the Government of Kosovo has identified the construction of the 47.1 km long Prishtina-Gjilan-Dheu i Bardhë Highway as a high priority investment for infrastructure and economic development. The road towards the main road connects with main Southeast European Routes 6 and 7 and Corridor X in Serbia. The preliminary project, as well as the initial draft of the Social Impact Assessment and Environmental Assessment, have been submitted to EBRD, and a positive response is expected. It is important that the Prishtina-Gjilan-Dheu i Bardhë Highway

project starts implementing after this route is included in the Basic Transport Network for Southeast Europe (Core Transport Network) map.

Extension of **N25 National Road**, from the Besi – Podujevë roundabout: project design for this project has commenced. The expanding road will have 4 strips for circulation (4x3.75m), with the separation bar of 1.50 m. The connections and intersections will also include extra track width of 3.0 m. Intersections will mainly be on two levels (only in specific cases at one level). The beginning of the route of the road expansion will be at the roundabout in Besi, and the end will be at the crossroads of Podujevë. The length of this extension is about 20 km. This project does not affect the continuation of the Route 7 Corridor Durres - Morine - Prishtina - Merdare - Nish. The character of this project is more to connect to areas, that of Prishtina and Podujevë, with extending the capacity of the existing road. The tentative plan for completion of this is the end of 2018.

The continuation of the project of expanding the **N9 national road Prishtina - Peja**: In cooperation with the WBIF²³ and the EBRD, the feasibility study and environmental impact for the Kijevë-Zahaq segment (32 km) has started and the project implementation plan, a precondition to start project implementation, was completed. The tentative plan for completion of this part is the end of 2018.

Continuing the expansion project of National Road N2, Prishtina – Mitrovica: during the next three years, the Ministry of Infrastructure will continue with the expansion of the N2 national road towards Mitrovica. For the rest of this project will be available 60 million US dollar loan from the Islamic Development Bank, Saudi Development Fund and OFID.

Given that for realization of this project will apply the procedures of the Islamic Development Bank, provided that the implementation of the project to start in 2016, while the procedures to be completed within this year. Tentative plan for termination of this is the end of 2018.

Railway transport

Kosovo Railways Infrastructure JSC (INFRAKOS) manages the railway infrastructure owned by the state. This is a public limited liability company with 100% of shares owned by the Kosovo Trust Agency.

Kosovo's railway network consists of 335.079 km of railway. Four railway lines need different levels of rehabilitation to bring railways to modern standards of speed and security. Over the past year, as passenger traffic of goods he had increased.

A limited maintenance is done. More specifically, the railway infrastructure is as follows:

- Railroad 10 (border with Serbia - Leshak - Mitrovica - Fushë-Kosovë - Hani i Elezit - Border with Macedonia), with a length of 149,110 km, with only a pair of rails, without electrified, width 1435 mm, category D3, move the axis longitudinal 22.5 tons and measure 7.2 ton / m;
- Railway line East (border with Serbia - Podujevë - Prishtina – Fushë-Kosovë, with a length of 45 198 km, only a pair of rails, saw electrified, width 1435 mm, category D3, measures of axis 22.5 ton and 16 tons, and longitudinal measures 7.2 ton / m and 5 ton / m;
- Western Railway line (Fushe Kosovo-Peje) with a length of 81 940 km, only a pair of track, not electrified, width 1435 mm, Category C2, measures 20 ton axle and longitudinal measures 6.4 ton / m; and
- Southwest railway (Kline-Xerxe-Prizren) with a length of 58,831 km, with only a pair of track, not electrified, with a length of 1.435 mm, Category D3 and B1, measures of axis 22.5 tons and 18 ton, and longitudinal measures 7.2 ton / m and 5 ton / m.

²³ A joint initiative that raises funds European Commission, European Investment Bank (EIB), the Development Bank of the Council of Europe (CEB), European Bank for Reconstruction and Development (EBRD), the World Bank, KfW, etc.

Law 04 / L-063 on Kosovo Railways Railways Regulatory Authority establishes which consists of independent bodies, in addition to investigative body that is under the prime minister's office to monitor and regulate the railway sector.

The Ministry of Infrastructure has developed Multimodal Transport Sector Strategy 2015-2025 which includes the railway sector. The strategy has taken into account the interoperability of the European railway system, safety and standards of the European railway system, and strategies developed by the Transport Community Agreement between the partners of the Observatory of the South East Europe Transport Observatory (SEETO).

Since railway road 10 linking Kosovo with Serbia and Macedonia is part of the corridors and railway routes of the SEETO is priority road to modernization. European Bank for Reconstruction and Development (EBRD) will lend the Republic of Kosovo 36 million euros for infrastructure Kosovo Railways (INFRAKOS) in 2015. The loan will finance emergency rehabilitation and upgrading of the southern section (Fushë-Kosovë – Macedonian border) route 10 (the border between Kosovo and Serbia in Kosovo-Macedonia border) in Kosovo (project 34). The project invested in the renewal of tracks, signalling systems, bridges, crossings at land and rehabilitation of tunnels.

In the medium term, the main priority in the railway sector is the modernization of the rail network. For details, see Chapter 14 on transport policy.

Air transport

Kosovo has Prishtina International Airport "Adem Jashari" that operates with combined civilian and military. In April 2010 the contract became effective public-private partnership between the Government of the Republic of Kosovo and the Turkish consortium - French Limak-Aeroport de Lyon for the concession of Prishtina International Airport, and this is one example of concession successful projects in Eastern Europe.

The new terminal, which was inaugurated on 23 October 2013, is an investment of around 100 million euro, and offers more convenience for travellers, service-level view and ample space and a social environment of relaxation for women and men passengers. The new terminal has 44,000 m² and enables the reception capacity of about 4 million passengers annually. It makes PIA leader in the region for the terminal spaces also from the control tower, and has the potential to transform Prishtina and Kosovo connection point and regional aviation centre.

Quality and quantity of services at the airport has increased significantly. As part of the basic regional and international network, the aim is the continued expansion and increasing the capacity of the airport.

Energy

Production of electricity in the country is mainly from the Kosovo Energy Corporation (KEK JSC) which consists of two power stations (Kosovo A and Kosovo B) and the Coal Mines. Energy producers are also five small hydropower plants (one is within the Public Enterprise 4 IberLepenci and run by private companies). The installed capacity of power plants is 1478 MW, but due to their age, their current operating capacity is around 915 MW. Are installed hydro capacity of 45.84 MW.

Transmission system managed by the Transmission System Operator and Market Operator (KOSTT JSC): this system is interconnected with all neighboring systems at 400 kV, except for Albania, which is only at 220 kV. Construction activities of the new line of 400 kV with Albania are being developed and the construction of this line began in late 2014 and be completed within 24 months from the commencement of the implementation period of the project. This will contribute to increase transmission capacity between the two countries and the region, increasing safety and reliability of electricity systems of

Kosovo and Albania, and the optimization of the two systems. The total length of transmission lines (400 kV, 220 kV and 110 kV) is 1,223km.

Kosovo Company for Electricity Distribution-KEDS, manages the Distribution System Operator of electricity in Kosovo. System Operator (DSO) owns 624.5 km of 35 kV network, 1259.2 km of network 10 (20) kV, 5743.5 km of 10 kV network around 50.1 km network 6 kV and 11635.9 km of network 0.4 kV. Also, owned by the DSO are 7863 35/10 kV substations from level to level 6 / 0.4 kV and 7610 kV substations from level to level 35/10 6 / 0.4 kV.

Despite progress in increasing the capacity of transmission and distribution, power supply, increased efficiency in the use of mineral resources, which still remains to this commitment to improving the current situation. Electricity sector as one of the key factors for economic development and social welfare, followed by further technical and commercial losses and outdated technology that does not have enough capacity for stable power supply.

The heating sector consists of 4 heating throughout Kosovo (Prishtina, Gjakova, Mitrovica and Zvecan). In late 2014 Heating Prishtina, Termokos is included in the cogeneration system in Kosovo B that has contributed significantly to enhancing the performance of supplying the citizens of Prishtina heat. There is considerable potential for developing energy heating system. Heating development has impacts on enhancing the security of electricity supply especially during the winter season when heavy loads in the power system.

Kosovo has no natural gas network, but recent developments in the region, in terms of international projects, represent an opportunity to be exploited, but prior studies and analysis required technical and financial.

Despite identifying the energy potential of different sources of energy, the use of these potentials is too small. This situation must change policies and measures in order to diversify energy sources and to increase security of supply. Customers women and men should be enabled as many alternatives for meeting their energy needs with products at affordable costs.

Regarding the **regulatory and institutional framework**, there are several important steps that form the basis for market opening and fostering competition in the energy sector. Energy Regulatory Office has the legal authority to bind the parties to provide the free market certain amount of energy (currently operate only one supplier). According to the design of the electricity market, Kosovo has a bilateral market in which licensed participants buy and sell energy to enable a balanced energy system. This market is accompanied by a balancing mechanism in which the Transmission System Operator KOSTT accepts the offer to purchase and sale of energy by licensees to manage differences streams which are not covered by bilateral contracts. Legal separation between distribution and supply was made and the two functions are already privatized. While management of coal mining and electricity generation from power plants become energy of the public company KEK.

Develop policies, organization, regulation and management of the energy sector takes place through legal infrastructure, which generally is quite complete and highly aligned with the acquis of the European Union (EU). All processes need to reflect gender perspective.

Also since 2004 developed governmental institutions, regulatory and skilled operators to successfully manage the energy sector. The main institutions that govern the energy sector are the following:

- Ministry of Economic Development (MED) which is responsible for the development of energy sector policies and monitoring their implementation;
- Energy Regulatory Office (ERO), operating as an independent regulatory agency that is responsible for regulating the energy market (electricity, natural gas and heat energy);

- Independent Commission for Mines and Minerals (ICMM) - acting as an independent regulatory agency for the regulation of mining activities which also includes coal;
- System Operator, Transmission and Electricity Market (KOSTT JSC) which is a public company that manages the transmission network and the role of the Transmission System Operator and Energy Market Operator.

Other government institutions such as the Ministry of Environment and Spatial Planning (MESP), Ministry of Labour and Social Welfare (MPMS), Ministry of Trade and Industry (MTI), Ministry of Finance (MoF) and the Kosovo Competition Commission they have an important role in the supervision of social, economic and environmental impacts of the energy sector.

Electronic communications market

Kosovo ICT sector has great economic importance to the fact that in the past ten years participates in Kosovo's GDP figure around 10%. Besides the economic importance of this sector it has enormous influence in social cohesion in the area of education, health, human capacity building in general and in the establishment of Kosovo's overall competitiveness globally.

Regarding developments in the market, fixed telephony development is historically low in our country. With the liberalization of this market has enabled the introduction of an alternative operator (IPKO) that competes until then monopolist operator PTK (ICT). Already authorized to provide fixed telephony services operator has the memory. During 2015, a new operator has been notified at the Authority for providing services of landline telephony, and now the total number of operators for provisions of landline telecommunicating services is four.

The concerned operators are:

- Kosovo Telecom J.S.C. (former PTK -), licensed on 30/07/2004,
- IPKO Telecommunications LLC, licensed on 08/09/2006,
- Kujtesa.Net, licensed on 07/01/2014, and
- Fiberlink (not providing services yet)

The number of active fixed telephone lines in this quarter continued the downward trend. In this period, Q3 2016 recorded a decrease in the number of users to 2.95% compared with the previous quarter ie a significant decrease from the 6.80% compared with the same period last year. Similar to the number of active lines penetration rate of fixed telephony continues to show a negative trend. The highest participation in the market has the Kosovo Telecom POE, followed by IPKO. However, all indicators point to a fixed phone much slower growth and falling.

Such a development trend lower fixed telephony noticed globally. The low rate of penetration depends on the continued evolution of the other services that replace fixed telephony services simultaneously offering added value in the implementation of electronic communications. Normally, investments are oriented towards providing more attractive services where demand is very high and the expected return of investment. New telecommunication networks are an added value to society and sufficient alternative compared to traditional landline phone networks.

With regards to the **postal services**, during 2015 in comparison with 2014, there has been a significant increase in the overall number of postal shipments in a value of 32.62%, whereas CPE 'Post of Kosovo JSC' marked a significant increase of the overall volume of postal shipments by 49.44%, whereas private operators experienced a significant decrease of 60.01%. Despite the declining trends of letter post, in domestic and international traffic, there has been an increasing trend in postal package, parcel post and Direct Mail. Also in 2015 compared to 2014, there is an increase of 12.07% in total incomes of the Postal

Sector, whereas the CPE ‘Post of Kosovo JSC’ marked an increase of 10.39%, and private operators have experienced an increase of 13.35%.

Mobile telephony market has wider extension in all electronic communications. Currently in Kosovo operate two authorized operators of mobile telephony networks in the frequency band 900/1800 MHz:

- Kosovo Telecom J.S.C/Vala licensed on 30/07/2004 (ART Prot. No. 111/04), with a validity period of 15 years, and
- IPKO Telecommunications LLC licensed on 06/03/2007 (ART Prot. No. 77/07), with a validity period of 15 years.

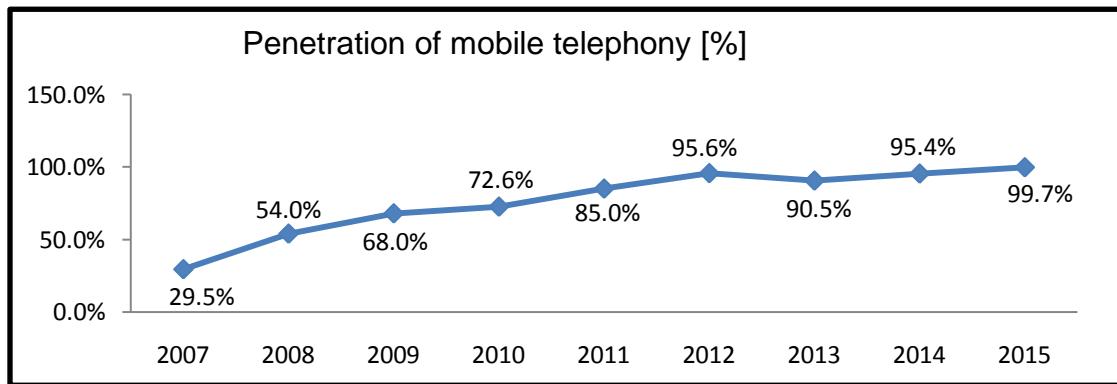
In addition to two authorized mobile network operators mentioned above, two other virtual mobile operators have been licensed (MVNO)⁹:

- Dardafon.net LLC (Z Mobile) licensed on 12/06/2008 (ART Prot. No. 112/08), with a validity period of 15 years, and
- Dukagjini Telecommunications J.S.C. (D3 mobile) licensed on 24/06/2008 (ART Prot. No. 124/08), with a validity period of 15 years.

The total number of mobile phone users at the end of the third quarter (TM3-2016) has reached 1,875,548 respectively for 6.07% higher compared with the same period last year (TM3-2015). As compared with the previous quarter TM2-2016, the number of users has been increased by 6.40% (112 937 users or more).

Similar to the number of users, the penetration of mobile telephony services in the reporting period has increased considerably compared to the previous quarter and the same quarter last year (Q3 2015). For the first time the penetration of mobile services has exceeded 100% of the population.

Mobile telephony penetration2007-2015



Source: Annual Work Report, RAEPC

As per demands of civil society organisations dealing with gender equality, these statistics should be supplemented with data disaggregated by gender.

Penetration rate (users for 100 inhabitants) at the end of 2015 in the segment of mobile telephony was 97.7% compared to 95.36% at the end of 2014, where the number of users with broadband access 3G and 4G in smartphones is 711,648 users from 283,989 users (an increase of 151%) as were at the end of 2014. In the services provided from landline networks, the broadband access to internet marked a significant increase (with 13.1%), whereas the number of landline telephony users, as in the previous years, marked a decrease of 5.43%.

Supply of **internet** for women and men citizens of our country is relatively satisfactory. The access to internet for citizens of the Republic of Kosovo by the end of 2015 is provided by 52 authorized

companies, where 4 of them have direct access to international gateway, which provide access to the internet network of smaller ISPs and operate in different regions of Kosovo.

Number of users (parapapaguesve) internet access broadband mobile and fixed up in Q3 2016 reported by operators is shown in the figure below (from 1,360,006 users), where there is an increase of 257, 007 users or 23% compared with Q2 2016 respectively more pronounced growth of 449.809 users or expressed in percentage 50% compared to the same period last year (Q3 2015).

The number of lines of fixed internet access to wide band in Q3 2016 reported by the operators is given in the following figure and figure marks 237.198 lines of internet. This shows an increase of 12.902 lines or approximately 5.75% compared to Q2 2016, ie a more significant increase of 29,700 lines or 14.31% compared to Q3 2015. While the period, the penetration of internet lines (individual and business lines) broadband internet access for households is 79.8%, respectively, according to residents internet penetration (per 100 inhabitants) turns out to be 13.06%.

The number of users of mobile Internet services (Mobile Broadband) or access the Internet through mobile network 3G and 4G is constantly increasing, this number during Q3 2016 reached 1,122,799 users of marking an increase of 27.8% compared to Q2 2016. the following is the figure that represents the comparison of lines / users with access to fixed and mobile internet access. The figure given the number of users who access the Internet through mobile network technology GPRS / EDGE in Q3 2016 which counts about 648.155 users.

The trend of the number of users with Internet access through mobile network in this period (Q3 2016) continues to grow. Similar to the user, the penetration in Q3 2016 increased compared with previous periods. Penetration in Q3 2016 reached 61.84%.

Regarding the market share of Internet services by revenues to the operator at the end of Q3 2016, Telecom of Kosovo was 20.15%, IPKO 42.44% Memory 23.7%, Artmotion 3.53 % and the remaining others.

Investments made by the operators of telecommunication services in 2015 in the telecommunications sector (fixed telephony, mobile, Internet) are in the amount of 40,700,309.84 of which decreased compared to last year (2014), where investments were EUR 52,265,346. During 2015, the majority of mobile telephony investment represents about 49.92%, 4.98% fixed telephony and internet 45.11%.

Regarding the regulatory framework and policies, the Law on Electronic Communications and other legislation implementing establish a comprehensive legal framework in line with EU directives (the package of Directives 2009, amending the package of Directives 2002 electronic communications sector).

Law on Electronic Communications, inter alia, created the legal basis for the transfer of the license regime in the general authorization regime (ang. General Authorization) for the provision of services and electronic communications networks. This means increased opportunities and improved quality of the environment for new investment and the right of fair competition, which is also one of the objectives (priorities) of the Government.

Vision and strategic objectives of the Government of Kosovo for the information technology sector, and hence for the electronic communication sector are expressed in the document "Policy for Electronic Communications Sector - Digital Agenda for Kosova 2013-2020". Policy Document is in accordance with the objectives set out in the Communication of the European Commission dated 19 May 2010 to the European Parliament, the European Council, the European Economic and Social Committee and the Committee of Regions & # 34; Digital Agenda for Europe & # 34; (COM (2010) 245 final). Medium term priorities based on the policy on electronic communications are: the development of ICT infrastructure,

development of services and contents and promote their use, upgrading the skills of the inhabitants of Kosovo women and men in the use of ICT.

In this document are transposed ideas and strategic objectives set out in the Digital Agenda for Europe but considering and by "adapting to reality and state of the ICT sector in Kosovo.

Sector and enterprises structure

Based on KBRA data, a total of 10,521 enterprises have been registered during 2016. During the same period, 2,365 enterprises have been closed (deregistered). Compared to the data of the previous year, there was an increase for 4.4% of registered enterprises.

Based on the Statistical Repertoire of Enterprises in Kosovo for the third quarter (Q3) 2016, a total of 2,476 enterprises have been registered. A total of 457 enterprises have been closed (deregistered) during the same period. Compared to the same quarter of the previous year (Q3 2015), there was an increase of 8.4% for registered enterprises.

Registration and closure of businesses for the period 2014-2016

	2014	2015	2016
Registered businesses	9,631	10,070	10,521
Closed businesses	1663	2199	2365

With regard to the structure of the Gross Domestic Product by economic activities, data indicate that the services dominate with the contribution to the GDP (approximately the half of total participation of activities in GDP). Only the whole sale and retail sale participates with 12.3% in GDP at the end of 2015. The share of the agriculture in GDP decreased from 14.8% in 2008, in 10.3% in 2015. A service-dominated structure is noticed even in the number of businesses registered by economic sectors. Following the services, sectors with the largest number of businesses are manufacturing and construction.

An active enterprise is defined as enterprises that stated date or employee in the tax for the year reference. It is clear that using the population of active enterprises over a period of two effects can be observed by introducing an element of uncertainty. The first effect would be real change in the number of enterprises of a certain category over time. The second effect is the change in registration, closure and survival in the same category of enterprise. So if there is a relatively large number of openings and closings in a certain period, the number of active enterprises during this period is likely to be higher than that for previous periods. But it may reflect only increased instability, not a real increase in the economic importance of this category.

Economic integration with EU and price competitiveness

Kosovo trade balance is negative and resists this trend, and is continuously expanded by exceeding 2 billion Euros. Recently, Kosovo exports increased, although from a very low base, excluding years when prices of metals and mineral products marked a decrease in the international markets.

Goods imported from 2010 exceed 2 billion Euros. Imports increased with a slower pace around 3 - 5% in the last years. The average ratio of covering imports from exports, as the percentage of goods import, during the three previous years stood at 12%. During 2015, the foreign trade of Kosovo amounted above 2.9 billion Euros, which is a higher indicator than in the same period of the previous year for 3.4%.

The value of exported goods amounts to 325 million Euros; the contribution of exports in the trade volume is almost the same even though there is a slight increase in 2015, calculating an increase of only 0.23% compared to 2014. On the other hand, the imports of goods amount at 2.6 billion Euros, calculating a slower pace of annual average increase. The weight of exports in GDP is very small and not very promising for long time period. Its trends are almost unchanged; its share during the last years is around 5.5% - 5.8%. Basic metals are most exported products of Kosovo. It is worth mentioning that even the

mineral products occupy a significant place in the structure of exports of Kosovo, which also marked a large increase in Kosovo exports. In 2015, there is a change with negative effect in terms of exporting goods. Exporting products that are the basis for exports at the country level are largely impacted from the prices in the international market (metals, minerals); therefore, any change in prices for these products directly reflect the exporting value, which in 2015 deteriorated further the trade balance of Kosovo.

However, the basic metal still remains the main voice in Kosovo exports. During this year, exports of basic raw metals and mineral products covered 61.3% at the overall level of exporting goods. If we analyse the level of exports by more detailed goods in any sector or categorization of goods, we see that the most exported goods remains the ferronickel, followed by electricity, steel, cuprum and aluminium waste, ores, raw fur, etc.

As specific products mostly imported in Kosovo are the following: petroleum oils, cars and other transport means, iron bars and rods (or steel bars), cigarettes, medicaments, electricity, cement, etc. Trade with EU countries and other regional countries participating in CEFTA is the most important part of trade exchanges of Kosovo, with around 71% of the whole foreign trade. Trade exchanges of Kosovo with EU countries during 2015 amounted above 1 billion Euros, thus 41% of trade exchanges of Kosovo were realized with EU countries.

Regarding the exports, a large part of exported goods (after CEFTA) went to EU countries, amounting at 106 million Euro or 32.6% of total exports with an increase above 8% compared to 2014. However, we may consider that the most important country for local export is Belgium, followed by Italy, Austria, Germany, Netherlands, etc.

Main countries for exports in EU

State	Value 2013 (mil EUR)	Value 2014 (mil EUR)	Value 2015 (mil EUR)	Share 2013 (%)	Share 2014 (%)	Share 2015 (%)	Share in EU 2013 (%)	Share in EU 2014 (%)	Share in EU 2015 (%)
Belgium	807	716	24,303	0.3%	0.2%	7.5%	0.7%	0.7%	22.9%
Italia	74,363	49,660	19,568	25.3%	15.3%	6.0%	62.8%	50.6%	18.5%
Austria	6,327	6,416	12,316	2.2%	2.0%	3.8%	5.3%	6.5%	11.6%
Germany	10,985	11,340	11,693	3.7%	3.5%	3.6%	9.3%	11.6%	11.0%
Netherlands	2,382	2,138	8,420	0.8%	0.7%	2.6%	2.0%	2.2%	7.9%
Total	94,864	70,270	76,300	32.3%	21.7%	23.5%	80.1%	71.6%	71.9%

It is worth mentioning, however, that there is a big difference with regard to the export of goods by destination and export markets within EU countries. Exports to the Belgium make up more than 22% of total export, making the most important market of Kosovo export to EU. Thus, the vast majority of exports were oriented to the Italy and Germany, but now the situation is different. Belgium was a very attractive partner for Kosovo exports during 2015, where exports increased from 716 thousands Euros in 2014 for 24.3 million Euros in 2015.

Imports from EU amounted to 1 billion 112 million Euros, an increase of 3% from 2014. Kosovo imports goods mainly from Germany, Italy, Greece, Poland and Croatia. These five countries make up 69% of the total value of EU import and 29% of total imports (2015).

State	Value 2013 (mil EUR)	Value 2014 (mil EUR)	Value 2015 (mil EUR)	Share 2013 (%)	Share 2014 (%)	Share 2015 (%)	EU share 2013 (%)	EU share 2014 (%)	EU share 2015 (%)
Germany	252,594	272,973	290,948	10.3%	10.8%	11.0%	23.3%	25.3%	26.1%

Italy	228,519	203,068	226,476	9.3%	8.0%	8.6%	21.1%	18.8%	20.4%
Greece	145,546	137,544	110,260	5.9%	5.4%	4.2%	13.4%	12.7%	9.9%
Poland	36,595	55,785	71,174	1.5%	2.2%	2.7%	3.4%	5.2%	6.4%
Croatia	73,331	62,945	70,130	3.0%	2.5%	2.7%	6.8%	5.8%	6.3%
Total	736,585	732,315	768,988	30.1%	28.8%	29.2%	68.0%	67.7%	69.1%

Main countries of import from EU

CEFTA is an important trade partner which covers 30% of total trade exchange. Kosovar goods exported to CEFTA countries cover 38% of total exports. Imports from CEFTA countries were around 769 million Euros, an increase of 6.8% and cover 29% of total imports.

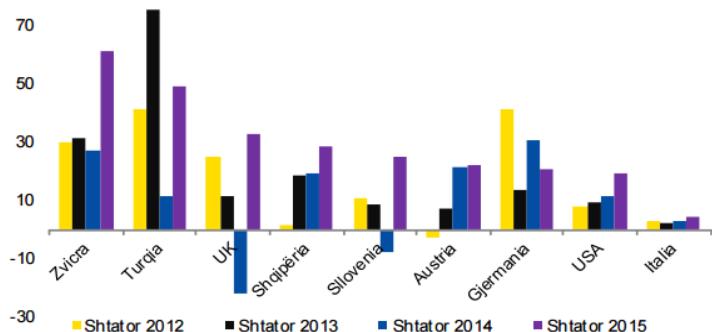
In 2015, the exports to CEFTA countries were around 123 million Euros, a decrease of 2.7% from the previous year. The most attractive countries for Kosovar goods are: Albania, Macedonia and Serbia, followed by Montenegro and Bosnia and Herzegovina.

During 2016, Kosovo external sector was characterized with a decrease of remittances received in the country and a decrease of Foreign Direct Investments (FDIs). Following ongoing increase for three years, the remittances received in the country were characterized with an annual decrease of 2.7 percent and amounted to 329.8 million Euros in June 2016. The value of FDIs received in Kosovo by June 2016 results to be halved to 84.8 million Euros, from 161.7 million Euros in June 2015. With regards to the FDI structure, two forms of FDIs, capital and fund of investments in shares, as well as investments in the debt instruments, were characterized with a reduction in value. The capital and fund of investments in shares, which makes up around 74.1 percent of total FDIs, amounted to 62.8 million Euros, which is 45.6 percent lower compared to the same period of the previous year. Also, FDIs in the form of debt instruments amounted to 22.0 million Euros, which are 52.5 percent lower compared to the same period of the previous year.

The reduction of FDIs in Kosovo was recorded in particular in the sector of immovable properties, sector of construction and sector of financial services. On the other hand, sectors of economy that were characterized with an increase of FDIs were the sector of trade services and agriculture sector. With regard to the FDIs origin, the Switzerland is the country where most of FDIs originated by June 2016 (26.0 million Euros), followed by Turkey with 17.8 million Euros, Albania with 17.4 million Euros, Austria with 11.3 million Euros, etc.

With regard to the origin of FDIs, by the September 2015, the Switzerland presents the country where most of FDIs (61.5 million Euros) originated, followed by Turkey with 49.4 million Euros, United Kingdom with 32.7 million Euros, Albania with 28.8 million Euros, Slovenia with 25.3 million Euros, Germany with 20.8 million Euros, etc., (figure 59). Almost all states increased their investments in Kosovo, whereas investments from Germany were lower for 10.1 million Euros.

FDI by main countries, in million Euros



Source: CBK (2016)

With regard to the investment form, FDIs received in Kosovo in the form of share capital were around 70.7 percent, whereas the other part of 29.3 percent in debt instruments (loans between enterprises).

Short-term measures

- The adoption of the Law on Innovation and Transfer of Knowledge and Technology, (Q4 2017). The budget allocated for the completion of this measure is EUR1,000;
- Drafting 20 new occupational standards and their verification, drafting the core curriculum for VET based on the new curriculum of Kosovo, the review of VET curricula and training curricula, as well as training of trainers and teachers based on the core curriculum, and development of teaching materials for VET for two priority profiles MEST and MLSW, (Q4 2017). The budget allocated for the completion of these measures is EUR225,000 from KCB and EUR112,000 from donors;
- Application of an internal training system of EARK, which includes training courses for better designing, implementing and monitoring of active labour market measures, (Q4 2017). The budget allocated for the completion of this measure is EUR75,000;
- Preparing the transaction report by the advisors for the project "Kosova e Re", (Q4 2017). The budget allocated for the completion of this measure is EUR1,400,000 (EUR 400 million are expected to be invested in PP Kosova e Re during 2017-2019);
- Completing the feasibility study related to the PP Kosova B, (Q4 2017). The budget allocated for the completion of this measure is EUR1,500,000 (cost for rehabilitation of PP Kosova B is expected to be above EUR300 million);
- The adoption of the legislation for custom protection of the intellectual property (Q4 2017). The budget allocated for the completion of this measure is EUR10,000;
- Implementation of the pilot project for the expansion of the broadband infrastructure that will include a rural area (several villages) of Kosovo; the adoption and functionalization of the digital technological park for the needs of businesses of ICT; and concluding the agreement with WB for the loan that includes the investments during the coming years for the expansion of ICT networks, (Q4 2017). The budget allocated for the completion of this measure is EUR2 million;

Medium-term priorities²⁴

- Continue reforms at all levels of education in order to increase the quality of education and ensuring quality mechanisms, including the gender perspective and the development of vocational education to address the requirements of the labour market;
- Improvement of policy and strategic framework and capacity building for research and innovation, ensuring equal gender representation and reflection of gender aspects;

²⁴ Medium-term priorities may be completed following the finalization of the Economic Reform Programme.

- The construction of public pre-school institutions is planned in municipalities that lack these institutions and networking vocational education and training;
- Development of road infrastructure;
- Modernization of rail network;
- Reduction of energy consumption through energy efficiency measures;
- Further development of energy production capacities;
- Continuing the reform of doing business in order to improve and facilitate the development of SMEs;
- Expansion of the relevant infrastructure of ICT networks for socio-economic development;
- In the sector of industry, the increase of internal competitiveness by cluster development and support of clusters development by creating an institutional framework.

Statistics on economic criteria

Revenues and total budgetary expenditures, in million Euros

Description	2015 Current	2016 Prop. Budget	2017 Proj.	2018 Proj.	2019 Proj.
1. TOTAL REVENUES	1,472	1,601.8	1,644	1,702	1,779
1.1 TAX REVENUES	1,269	1,370	1,426	1,482	1,558
Direct Taxes	198	222	237	248	262
Corporate Income Tax	68	71	76	80	85
Personal Income Tax	109	124	130	137	145
Property Tax	20	20	25	25	26
Other Direct Taxes	2	6	6	6	6
Indirect Taxes	1,107	1,173	1,230	1,280	1,345
Value Added Tax (VAT)	611	667	702	740	777
Custom Duty	131	126	112	104	107
Excise	361	374	410	431	455
Other indirect taxes	3	6	6	6	6
One off revenues from tax debt collection	0	10	0	0	0
One off revenues from SOEs debts	0	8	3	0	0
Tax returns	-36	-43	-44	-46	-49
1.2 NON-TAX REVENUES	189	219	205	207	209
Taxes, charges and other from BA of Central Government	85	96	96	97	98
Of which: Non-tax revenues	51	51	51	52	52
Own-source revenues of the central level	35	45	45	46	46
Taxes, charges and others from the Local Government	38	60	54	54	54
Concessionary taxes	7	10	10	11	12
Royalties	30	30	30	30	30
Revenues from the liberalization of mobile telephony market	15	0	0	0	0
Dividend revenues	15	23	15	15	15
1.3 BUDGETARY SUPPORT AND GRANTS	0	1	1	0	0
1.4 DONOR DESIGNATED GRANTS	14	12	12	12	12
2. TOTAL EXPENDITURES	1,570	1,684	1,821	1,903	1,982
Of which: expenditures from the dedicated revenues PAK	6	12	9	9	9
2.1 CURRENT EXPENDITURES	1,154	1,211	1,258	1,292	1,330
Wages and salaries	529	548	560	585	619
Goods and services	206	209	218	220	222
Subsidies and transfers	419	453	478	485	487
Social transfers	439	468	475	475	477
Subsidies for PE	14	10	10	10	10
Reserve	5	6	6	6	6
Of which: for current expenditures	1	2	2	2	2
for capital expenditures	4	4	4	4	4
Lending for PE	-2	-7	-11	-15	-15
Of which: loans for PE	0	0	0	0	0
Of which: returns from PE	-2	-7	-11	-15	-15
2.2 CAPITAL EXPENDITURES	404	463	558	610	650
Of which: Capital expenditures funded by the regular budget		463	340	382	438
Existing capital expenditures funded by IMF			28.4	27.8	12.5
Capital expenditures funded by internal borrowing			100	100	100
Capital expenditures funded by the investment clause			90	100	100
2.3 Expenditures from designated donor grants	14	12	12	12	12
3. PRIMARY BALANCE	-98	-82	-177	-202	-203
Interest payment	-14	-26	-30	-30	-30
4. Overall balance (according to the fiscal rule)	-80	-95	-108	-123	-124
5. TOTAL BALANCE	-112	-107	-207	-232	-233
6. FINANCING	-112	-107	-207	-232	-233
6.1 Net financing from external sources	38	80	79	104	62
Inflows:	66	149	140	128	131
Withdrawals	66	149.0	140	128	131
Of which: IMF	36	100	16	0	0
Under-borrowing	23	23	10	1	0
IFI under the investment clause			90	100	100
Outflows:	-28	-69	-61	-24	-69
Payment of debt principal	-28	-69	-61	-24	-69
6.2 Net funding from internal sources	74	27	128	128	171
Inflows:	465	425	474	469	424
Internal borrowing - new emissions	121	100	100	100	100
Internal borrowing -re-financing	261	281	305	300	285
One-off financing	67	33	60	60	30
Financing from use of stock of OSR (PAK, Municipalities)	17	12	9	9	9
Outflows:	-289	-307	-318	-304	-288
Re-financing the internal debt	-261	-281	-305	-300	-285
Under-borrowing	-23	-23	-10	-1	0

Outflows increasing the stock level of OSR (PAK, Municipalities)	-5	-3	-3	-3	-3
Net change in bank balance	102	92	28	37	-35
7. RESULTING BALANCE OF THE END OF THE YEAR	204	295	323	359	324
Of which: ELA	46	46	46	46	46
Domestic revenues	332.8	370.0	387.4	408.2	429.7
Custom revenues	951.8	1,005	1,055	1,096	1,151
Total annual funding from borrowing	187	249	240	228	231
Deficitas % of GDP	-1.4%	-1.6%	-1.7%	-1.8%	-1.8%

Source: MTEF 2017-2019

Nominal GDP and its components

Description	2014	2015 Vler.	2016 Proj.	2017 Proj.	2018 Proj.	2019 Proj.
In million Euros						
Consumption	5,856	5,977	6,185	6,434	6,718	7,029
Private consumption	4,926	5,060	5,248	5,495	5,797	6,100
Public consumption	910	897	917	919	901	909
General government	724	729	757	767	751	760
Donors sector	187	168	160	152	150	149
NPISH	19	20	20	20	20	21
Investments	1,435	1,566	1,696	1,822	1,988	2,182
Private investments	1,024	1,161	1,256	1,353	1,482	1,644
Public investments	411	404	440	470	505	539
Net exports of goods and services	-1,723	-1,768	-1,842	-1,923	-2,032	-2,146
Exports	1,092	1,099	1,136	1,212	1,305	1,415
Exports of goods	324	323	328	349	378	416
Exports of services	767	777	808	863	927	999
Imports	2,814	2,867	2,978	3,135	3,337	3,561
Imports of goods	2,383	2,432	2,524	2,657	2,825	3,011
Imports of services	431	436	454	478	512	550
GDP	5,568	5,774	6,039	6,333	6,674	7,065
GNIA	6,853	7,001	7,303	7,684	8,108	8,588
Other indicators:						
Private sector available revenues (in millions of Euros)	5,665	5,807	6,057	6,404	6,782	7,194
Private consumption per capita (in Euro)	2,729	2,798	2,896	3,026	3,186	3,346
Private consumption in relation to GDP	88%	88%	87%	87%	87%	86%
Private investments in relation to GDP	18%	20%	21%	21%	22%	23%
Exports in relation to GDP	20%	19%	19%	19%	20%	20%
Imports in relation to GDP	51%	50%	49%	49%	50%	50%

Source: KAS and EPD projections

Main labour market indicators 2012- TM2 2016

Indicators	2012	2013	2014	2015	2016 (Q2)
Rate of non-activity (%)	63.1	59.5	58.4	62.4	62.2
Rate of labour market participation (%)	36.9	40.5	41.6	37.6	37.8
Men	55.4	60.2	61.8	56.7	57.1
Women	17.8	21.1	21.4	18.1	18.1
Rate of employment	25.6	28.4	26.9	25.2	27.9
Men	39.9	44.0	41.3	38.7	42.9
Women	10.7	12.9	12.5	11.5	12.6
Employed temporarily (as % of employed people)	73.0	68.8	71.6	72	71.4
Men	73.2	68.9	71.6	72	71.4
Women	72.5	68.7	71.3	72	71.4
Self-employed (as % of employed people)	19.8	22.9	23.2	21	21.5
Men	22.7	26.0	26.1	1/4	23.3
Women	8.3	12.8	13.6	13.8	15.5
Rate of unemployment (%)	30.9	30.0	35.3	32.9	26.2
Men	28.1	26.9	33.1	31.8	25.0
Women	40.0	38.8	41.6	36.6	30.3
Rate of youth unemployment (% of 15-24 age range)	55.3	55.9	61.0	57.7	51.0
Men	52.0	50.4	56.2	54.2	45.8
Women	63.8	68.4	71.7	67.2	65.1
Long-term unemployment	59.8	68.9	73.8	72.2	65.0
Men	59.1	71.0	73.0	71.1	64.7
Women	61.3	68.9	75.6	75.5	65.9

3. BLOCK 3: EUROPEAN STANDARDS – APPROXIMATION OF KOSOVO’S LEGISLATION WITH THE EU ACQUIS

3.1. Legal Framework on Approximation of Kosovo’s Legislation with the EU Acquis²⁵

Article 74 of the SAA very specifically defines alignment of Kosovo's legislation with the EU Acquis. More in detail, this article defines the priority areas of the Acquis which will be transposed into national legislation in the area of internal market, the area of freedom, security and justice, as well as trade-related areas.

With the adoption and entry into force of the Rules of Procedure of the Government of the Republic of Kosovo no. 09/2011, Government Legal Service Regulation no. 13/2013, as well as the Administrative Standards for Drafting Normative Acts, no. 03/2013, the domestic legal framework for the process of approximation has been completed. Also, documents such as Practical Guide to approximate the legislation of the Republic of Kosovo with the EU legislation and the Practical Manual for Completing the Tables and the Statement of Compliance, have been drafted and they guide the process of legislation approximation.

In general, the responsibility for policy development and approximation of legislation falls to the respective institutions responsible for drafting legislation. The institution which proposes a draft normative act must also make legal alignment with the relevant EU acts, as well as assess the compatibility of the draft normative act with the EU Acqui.

In order to do legal approximation in accordance with the European standards, this process is implemented and evaluated by the relevant institutions through the drafting of the Statement of Compliance (SoC) and the Table of Compliance (ToC). These documents are instruments and serve for assessment and compliance of a draft normative act with the Acquis, which are compiled by the institution proposing the draft normative act. On this basis, the Ministry of European Integration issues Legal Opinion on Compliance (LOC) with the EU law on the draft normative act. The draft normative act, together with the SoC, ToC and LOC, is submitted to the Office of the Prime Minister's Legal Office which examines the compliance of the draft act with the Constitution and the legal system, procedural development of the act and the standards for drafting of normative acts. Consequently, following the adoption of the draft law by the government, it is sent to the Assembly for approval. The package of the draft with all relevant documents is sent to the Committee for Legislation and the Committee for European Integration, as well as, depending on the scope of the bill, it can be sent to other committees, who make the review, analysis, and if necessary amend and supplement the draft law and then sent it for approval.

At the same time, translation of EU legislation is an integral part of the process of harmonizing national legislation with the EU acquis. One of the responsibilities of the Ministry of European Integration, which runs from the decision nr. 6/121 dated 22.04.2010 for the scope of MEI is also "Coordination of translation of EU legislation in the official languages of the Republic of Kosovo". In this context, the process of translating EU legislation is regulated by the "Regulation on the translation process of the European Union Legislation on Official Languages of the Republic of Kosovo, no. 02/2015 ", which defines translation procedures, coordinating the translation process, as well as the unification of terminology of the EU Acquis in the official languages of the Republic of Kosovo.

Thanks to the establishment of professional capacity and cooperation in this field, since 2014, the Ministry of European Integration of the Republic of Kosovo and the Ministry of European Integration of the Republic of Albania have signed a Cooperation Agreement for the establishment of the Technical Commission for Translation of EU Legislation 's in Albanian, as well as cooperation in the field of

²⁵ This chapter does not contain a matrix of short-term measures.

approximation of legislation for the coordination of joint translation agenda of EU acts based on relevant acts for approximation set out by the SAA and exchange of legal documents translated EU from both countries. Also, the Ministry of European Integration and the University of Prishtina "Hasan Prishtina", since 2015 we have signed cooperation agreements in the field of translation of European Union legislation in order professional translation of legal acts in the official languages of the Republic of Kosovo.

Short-term measures

For the purpose of fulfilling the obligations deriving from the SAA and documents and other mechanisms of EU accession, the following short-term measures shall be implemented:

- Holding 8 cycles of training courses for the approximation of national legislation with EU legislation on civil servants; Budget: 5000 EUR (BRK 1500 from KIPA, Donors 3500 EUR) (deadline Q4 2017);
- Continuing the control of approximation of normative acts of the country with EU acquis for the purpose of fulfilling obligations deriving from the SAA; 20.000 EUR (wages and salaries BRK 20.000 EUR) (deadlineQ4 2017);
- Revision of EU legal acts translated in the Albanian language by the Commissions established ad hoc, which who will carry out the professional, legal and linguistic review of translated acts, as well as their certification. These official translated versions will become available for use by the public institutions and stakeholders. Budget 4000 EUR (BRK 4000); (deadlineQ4 2017);
- Drafting the Annual Calendar of translation of acts of EU acquis, which will be translated in the Albanian language; Budget: 1000 EUR (wages and salaries, BRK 1000 EUR); (deadline Q2 2017);
- Creating a joint public website between the Republic of Kosovo and Albania, whereby all certified versions of EU acquis translated into Albanian language would be published; Budget: 4200 EUR (BRK 4200 EUR); (deadline Q3 2017);
- Holding the training for users of SDL Trados software, who are involved in the translation process; Budget: 3000 EUR (Donors 3000 EUR); (deadline Q4 2017);

Medium-term priorities

Kosovo will gradually approximate the national legislation with EU acquis in compliance with the requirements and within the transitional time periods determined in the Stabilization and Association Agreement. At the same time, the national legislation will be gradually approximated and pursuant to the legal requirements deriving from the conventions, treaties and obligations for membership of Kosovo to other organizations deriving from the SAA.

In order to fulfil obligations deriving from the SAA, the following medium-term priorities are foreseen during the period 2018-2020:

- Development of 8 modules Training of Trainers (ToT) for priority chapters of acquis deriving from the SAA; (Q3 2018);
- Updating the 'Practical Guidelines for the Approximation of the Legislation of the Republic of Kosovo with EU Legislation' and 'Practical Manual for Compiling Tables and Statement of Compliance'; (Q3 2018);
- Creating and functionalizing an electronic platform aimed at: storing the ToC and DoC; completing the ToC; and linking the national act with EU acquis, determining the level of approximation, linking to the NPISAA, as well as linking to the EU legal acts translated into the official languages of the country. (Q4 2018);
- In view of realizing the professional translation of EU acquis in Serbian language, we will consider and try to identify opportunities and selection of modalities for the realization of the EU

acquis translation with relevant institutions which may contribute in this process, including the regional cooperation.(Q2 2018);

3.2. Acquis Chapter 1: Free Movement of Goods

This chapter covers the requirements of EU legislation in order to ensure completely free movement of products in the internal market and the respect for implementation of the general principle by all member states. To ensure observance and implementation of this basic principle for the functioning of the internal market, so that products will meet the standards and requirements in order for them to be traded on the internal market of the EU, application of this chapter by the acceding countries requires them to harmonise their entire legal and regulatory framework in accordance with the EU, with the "old approach" (which sets specific requirements for products) and the "new approach" (which defines the essential specifications for products). Harmonization of national legislation is achieved through full transposition of the EU Acquis within the scope of this chapter until the full membership. In addition to this, acceding countries are also required to develop and implement national policies to ensure implementation of legislation is harmonized with the EU, and to establish and fully functionalise the entire institutional system and the institutional capacity needed to implement this legislation and policies, as well as to implement horizontal and procedural measures in specific areas of standardization, conformity assessment, accreditation, metrology and market surveillance.

Free movement of goods is a key element in creation and development of the internal market. Articles 34, 35 and 36 of the Treaty on the Functioning of the European Union (TFEU), prevent Member States to adopt and impose unjustified restrictions on the free trade of goods within the internal market, in addition to trade within the EU. The provisions of the TFEU do not exclude prohibitions justified and applied proportionally, on grounds of public morality, public policy or public security, protection of health and life of humans, animals or plants, or the protection of industrial and commercial property, as well as other mandatory requirements recognized by the Court of Justice (for instance environmental protection). Measures having an effect equivalent to a quantitative restriction, with some exceptions, are also prohibited. This especially means elimination of technical barriers to trade and respect for the principle of mutual recognition, including procedures for exchange of information.

Legislation of the new global approach covers low voltage equipment (LVD), electromagnetic accounting (EMC), toys, machinery, elevators, noise emissions from equipments for use outside facilities, emissions of pollutants from the engines of non-road mobile machineries, personal protective equipment (PPE), equipment and protective systems intended for use in explosive atmospheres (ATEX), medical equipment, gas equipment, vessels under pressure, cableway installations, construction products, handicrafts recreational requirements of eco-design for energy-related products (ErP), and radio equipment and telecommunications terminal (R & TTE). The old approach legislation covers the areas of motor vehicles and chemicals.²⁶

SAA Requirements

The Stabilisation and Association Agreement between the European Union and Kosovo (SAA), "considering the commitment of the Parties to free trade, consistent with the relevant principles of the World Trade Organisation (hereinafter referred to as "WTO") which are to be applied in a transparent and non-discriminatory manner" under title IV "**Free movement of goods**" contains some key provisions relevant to Chapter 1 of the EU Acquis.

Article 20 states that the EU and Kosovo will gradually create a free trade area over a maximum period of 10 years starting from the entry of the SAA into force. Article 22 ("EU concessions for industrial products") states that **quantitative restrictions** on imports into the EU and **measures with equivalent**

²⁶ Pharmaceuticals and cosmetics are covered in Chapter 28.

effect, for products originating in Kosovo shall be abolished on the date of entry of the SAA into force. Kosovo has taken over the same concession towards industrial products originating in the EU (Article 23). In Article 24 ("Obligations and restrictions on exports") both parties declare that the entry of the SAA into force will abolish all **quantitative restrictions** on exports and **equivalent measures**.

Article 35 of the SAA defines the issue of geographical indicators, but this issue is elaborated in chapter 7 of intellectual property. Article 42 gives the parties a right to take protective measures in the event of a finding of dumping actions, these actions must be in accordance with WTO rules, the part which implements article 6 the GATT 1994.

As regards the protection of the market, SAA requires application of Article XIX of GATT 1994 and the WTO rules for market protection. Article 43 requires that measures for market protection must be taken only for the purpose of addressing the problem, and the same article states that these measures must not be taken in a period longer than two years.

Based on the **Country Report 2016**, the inter-institutional cooperation should be improved in order to ensure the implementation of the legislation in the field of free movement of goods. This report also points out the issue of further improving the quality infrastructure.

Specifically, with regard to the standardisation, it is mentioned the fact that the Kosovo Agency of Standardisation should be consolidated as an institution, but lacks capacities and resources in order to expand the electronic sale of standards (e-commerce function). Also, it mentions as a challenge the fact that the agency is not member of CEN CENELEC.

With regard to the conformity assessment, it has been considered the further harmonization of national legislation with EU rules, as well as usage and implementation of the conformity assessment should be further strengthened. Regarding the metrology, it has been stated that the operational capacity of laboratories should be increased in order to fulfil the necessary quality standards, and also the need for approving the directive of measuring instruments.

In the area of metrology, it notes that the operational capacity of laboratories should be increased in order to meet the necessary quality standards. It also deems the adoption of the Measurement Instruments Directive necessary.

Regarding the market surveillance, it is required the improvement of communication and coordination mechanisms between the authorities responsible for the market surveillance in Kosovo, as well as implementation should be further strengthened. The existence of the inspectorate central and local level creates problems of coordination, as well as it has been considered that the inspectorate in general lacks competencies and resources.

State of Play

Legal Framework

Horizontal issues

Legislation in the area of standardization is regulated by the Law No. 03/L-14, which is partly aligned with the Directive 98/34/EC (as amended by the Directive 98/48/EC). So far 8,000 European Standards (EN) and International Standards have been adopted as Kosovo standards. Standards are typically purchased from the recognized Albanian National Standards Body (DPS) and are adopted through the Cover Page method.

The legal framework in the area of accreditation is regulated by the Law No. 03/L-069 on Accreditation. This law regulates the functioning of the accreditation system of the body in charge of conformity assessment. This law partially transposes the Regulation (EC) No. 765/2008 which sets out the requirements for accreditation and market surveillance relating to the placing of products on the market.

The legal framework for Conformity Assessment in Kosovo consists of the Law no. 04/L-039 on Technical Requirements for Products and Conformity Assessment. This law regulates the method of defining the technical requirements for products, conformity assessment procedures with the prescribed requirements and the issuance of regulations by the competent ministries. This law partially transposes Regulation (EC) 768/2008 and Decision no. 768/2008/EC.

In order to implement this law the following bylaws have been approved:

- Regulation no. 08/2014 on the Method of Sharing Information and Notification of Technical Regulations, Procedures for Assessment of Conformity and Standards, which partially transposes Directive 98/34/EC.
- Regulation no. 13/2012 on Notification on the Products that Pose a Risk to Consumers, partially transposes Directive 2001/95/EC.
- Regulation no. 08/2013 on the Modality of Establishment and Functioning of the Rapid Exchange of Information System for Hazardous Products, which partially transposes Directive 2001/95/EC.
- Administrative Instruction No. 04/2016 on the Mode for Authorization of Conformity Assessment Bodies, which transposes provisions of the Decision No. 768/2008/EC.

Regarding Notification Procedures, the Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment has also created the legal basis for transposition of the Directive 98/34/EC and its amended version, 98/48/EC, into the national legislation. Therefore, Kosovo has adopted the Regulation No. 08/2014 on the manner of information exchange and notification of technical regulations, conformity assessment procedures and standards, which refers to the obligation of Member States to notify each-other on regulations they plan to adopt in order to avoid the creation of unnecessary barriers to trade. For the moment this regulation represents a base to notify and inform CEFTA member states on the regulatory work and standards which are under preparation.

Kosovo Metrology System is based on the Law no. 2010/03-L-203 on Metrology. This law regulates the system for measuring units, measuring etalons, procedures for assessment of conformity of measuring tools, metrology requirements for pre-packing products, authorizations in the area of metrology, metrological supervision and responsibilities of the Department of Metrology. To ensure its implementation, the AI no. 15/2011 on Technical Requirements for Metrology and Conformity Assessment Procedures for Non-Automatic Scales has been issued, which partially transposes Directive 2009/23/EC.

As regards market surveillance, Kosovo's legal framework for the enforcement of product safety and compliance is set out by the Law on Technical Requirements for Products and Conformity Assessment, which determines the horizontal framework for market surveillance. It is partially aligned with the Regulation (EC) No. 765/2008.

Other relevant laws related on market surveillance are Law no. 04/L-078 on General Safety of Products and the Law no. 03/L-181 on the Market Inspectorate and the Inspection Supervision.

The legal basis for external border controls is set by the Law No. 04 / L-039 on Technical Requirements for Products and Conformity Assessment, which partially transposes the Regulation 765/2008 (EC) and the Decision 768/2008 (EC). This law provides for direct cooperation and communication between market surveillance authorities and customs authorities, which may inform market surveillance

authorities concerning the imports that are blocked. In case the customs authority is not informed about activities undertaken by market surveillance authorities within three days, the imports blocked will be released given that there are no other restrictions for their release. In cases when market surveillance authorities establish that the product concerned is hazardous, they may prohibit its circulation in the Kosovo market.

New and Global Approach

Framework legislation for areas under the category of New Approach is the Law no. 04/L-039 on Technical Requirements for Products and Conformity Assessment.

Low voltage equipment (LVD)

Law no. 04/L-039 on Technical Requirements for Products and Conformity Assessment is the basis Regulation no.04/2016on Electrical Equipment designed for use within certain limits of voltage, which partially transposes Directive 2014/35/EU.

Kosovo has a small number of producers who place products in the internal market covered by the Directive and low-voltage equipment (2006/95/EC).

Electromagnetic compatibility (EMC)

Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment is the basis for Regulation No. 07/2012 on Electromagnetic Compatibility which partially transposes Directive 2004/108/EC. Kosovo has a small number of producers who place products in the market covered by Directive 2004/108/EC. Draft Technical Regulation No. xx/2016 on Electromagnetic Compatibility has been proceeded for approval to the cabinet of the minister.

Toy safety

The Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment is the basis for Regulation No. 05/2013 on Safety of Toys which partially transposes Directive 2009/48/EC. Draft Regulation No. xx/2016 on Toy Security that transposes the Directive 2009/48/ECand its amendments is under the process of adoption.

Kosovo has a small number of manufacturers who place products on the market that are covered by the Directive 2009/48/EC.

Machineries

Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment is the basis for Regulation No. 04/2013 on the Safety of Machinery which partially transposes Directive 2006/42/EC.

As regards the noise emissions from equipment used outside buildings, Kosovo legislation is not yet aligned with Directive 2000/14/EC.

Noise emissions from equipment used outside buildings

Kosovo legislation is not yet aligned with Directive 2000/14/EC.

Elevators

Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment is the basis for Regulation no. 09/2012 on the lifts and safety components which partially transposes Directive 95/16/EC.

In Kosovo, there is only one manufacturer of equipments covered by Directive 95/16/EC. Obligations for economic operators will be implemented mainly by importers and distributors.

Personal protective equipment (PPE)

Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment is the basis for Regulation no. 08/2012 on Personal Protective Equipment, which partially transposes Directive 89/686/EC.

In Kosovo, there is no manufacturer of equipments covered by the Directive 89/686/EC. Obligations for economic operators apply to importers and distributors.

Equipment and protective systems intended for use in potentially explosive atmospheres (ATEX)

Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment is the basis for Regulation no. 04/2012 on equipment and protective systems intended for use in potentially explosive atmospheres which partially transposes Directive 94/9/EC.

Household gas and hot water boilers

Legislation for household gas derives from the Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment, and is part of the Regulation no. 06/2016 for equipment burning gaseous fuels, which partially transposes Directive 90/396/EC. The areas covered by Directive 92/42/EEC which apply to the hot water boiler are not yet transposed in Kosovo legislation.

In Kosovo, there are very few manufacturers of equipment covered by Directive 2009/142/EC and 92/42/EEC. Obligations for economic operators apply to importers and distributors.

Pressure equipment

This area is regulated by Law no. 2006/02-L-103 on Pressure Equipment partially transposing Directive 97/23/EC and UNMIK Regulation No. 2007/5.

Kosovo has no manufacturers of equipments covered by the Directive 97/23/EC. Obligations for economic operators will be implemented by importers and distributors.

Simple pressure vessels (SPVD)

The legal framework is based on the Law No. 02-L-103 on Pressure Equipment. AI on simple pressure vessels as a measure which implements the law partially transposes Directive 2009/105/EC.

In Kosovo, there is no manufacturer of equipments covered by the Directive 2009/105/EC. Obligations for economic operators apply to importers and distributors.

Dispensive aerosols

Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment is the basis for the Regulation no. 13/2014 on dispersive aerosols, which partially transposes Directive 75/324/EEC.

In Kosovo, there is no manufacturer of equipments covered by the Directive 75/324/EEC and its amendments. Obligations for economic operators apply to importers and distributors.

Cable cars

Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment is the basis for the Regulation No. 05/2012 on cable cars for transport of persons, which partially transposes Directive 2000/9/EC.

In Kosovo, there is no manufacturer of equipments covered by the Directive 2009/9/ EC. Obligations for economic operators apply to importers and distributors.

Construction products

Law No. 04/L-181 on Construction Products and its bylaws partially transpose Regulation 305/2011.

The construction sector in Kosovo market compared to markets in other European countries is quite small. However there are some manufacturers of construction products.

Recreational boats

The legal basis for this area refers to the Law No. 04/L-039 on Technical Requirements for Products and Conformity Assessment. However, Kosovo has not yet approved secondary legislation which will transpose the Directive 94/25/EC.

Eco-design requirements for energy-related products (ErP) and energy labelling of products

The horizontal Directive 2009/125/ECon eco-design has not been transposed yet (nor relevant vertical legal acts).

Kosovo has a small number of producers of equipment covered in the Directive 2009/125/EC (eco-design) and related legal acts for implementation. The same applies to the horizontal Directive 2010/30/EU on Labelling Energy-related Products and its supporting bylaws. Obligations for economic operators will be applied mainly by importers and distributors.

Radio Equipment and Telecommunications Terminal Equipment (R & TTE)

Kosovo primary legislation, namely the Law on Electronic Communications No. 04/L-109 partially transposes Regulation 136/2009/EC. As regards the conformity of radio equipment and telecommunications equipment, Regulation no. 025 / B / 13 partially transposes Directive 1999/5/EC which need further to be amended in accordance with the Directive 2014/53/EC.

Explosives for civil uses and items pyrotechnics

Law No. 2011/04-L-022 on Civil Use of Explosives and its subsidiary legal acts partially transpose Directive 93/15/EC for explosives and Directive 2013/29/EC for Pyrotechnics.

Products and medical devices

So far, products and medical devices are regulated by Law no. 04-L-190 on Medical Products and Devices. This law currently does not transpose all necessary EU legislation on equipments such as:

- Directive 93/42/EEC of medical devices,
- Directive 90/385/EC on active implantable medical devices,
- Directive 98/79/EEC for *in vitro* diagnostic medical devices.

This law has not transposed EU legislation on medicinal products with the exception of the basic Directive 2001/83 which is partly aligned with AI no. 01/2015 for Marketing Authorization for Medical Products.

In Kosovo, there is one domestic manufacturer of medical equipments (class I) for domestic market. There are 147 licensed wholesalers for medical equipments.

Old Approach

As regards the old approach, in addition to the relevant products manufacturers, the state is also responsible for product safety and therefore it must create and strengthen relevant state authorities for the implementing conformity assessment (i.e. registration, evaluation and approval).

Motor vehicles

Based on the Law No. 02-L-70 on Road Traffic Safety, in order to establish procedures and set the conditions for provision of homologation for vehicles that will enter the road traffic, the Administrative

Instruction no. 2008/8 for the Homologation of Vehicles has been adopted. This act partially transposes Directive 2007/46 on motor vehicles and Directive 2002/24 on motor vehicles with two or three wheels.

Kosovo has no manufacturers of products (vehicles) covered by the aforementioned Directive. Obligations for economic operators will be implemented by importers and distributors.

Emissions of pollutants from the engines of non-road mobile machineries

In Kosovo, there are no manufacturers of products (vehicles) that are covered by Directive 97/68 on non-road mobile machineries. Obligations for economic operators will be applied for importers and distributors.

Chemicals - Registration, evaluation, authorisation and restriction of chemicals (REARC)

Kosovo's legislation is still in the initial stage of transposing the EU legislation concerning the registration, evaluation, authorization and restriction of chemicals (REARC). As regards the definition of the technical requirements and conformity assessment procedures for products covered by Regulation (EC) 1907/2006, it is worth mentioning that the Law No. 04/L-197 on Chemicals partially transposes the regulation in question.

In Kosovo, there are some manufacturers of products that are covered by the Regulation (EC) 1907/2006. Obligations for economic operators apply mostly for importers and distributors.

Chemicals - Classification, labelling and packaging (CLP)

Law No. 04/L-197 on Chemicals and the AI no. 17/2014 on classification, labeling and packaging of hazardous chemicals partially transpose Regulation (EC) 1272/2008 on classification, labelling and packaging of substances and mixtures.

Good laboratory practice (GLP)

Directive 2004/9/EC establish an obligation for Member States to designate the authorities responsible for GLP inspections on their territory. It also includes reporting requirements and internal market (mutual acceptance of data). The Directive requires that the Revised OECD Guidelines for Compliance Monitoring Procedures for GLP and OECD Guidance for Exercising Plant Inspection Test and Study Audits must be followed during laboratory inspections and study audits.

Directive 2004/10/EC require Member States to take all measures necessary to ensure that laboratories performing safety studies in chemical products will comply with the OECD Principles of Good Laboratory Practice.

Detergents

The legal framework for defining the technical requirements and conformity assessment procedures consists of the Law on Chemicals No. 04/L-197 and Regulation no. 02/2015 for detergents that partially transpose Regulation (EC) 648/2004.

Fertilizers

The legal framework consists of the Law No. 2003/10 on Artificial Fertilizers, AI no. 10/2006 on Quality of artificial fertilizers, AI no. 17/2007 on the establishment and functioning of Regulatory Service and Artificial Fertilizers Advisory Board, and AI no. 04/2009 on Setting Fees for licensing of dealing in the import of artificial fertilizers and Trade which partially transpose Regulation (EC) 2003/2003.

In Kosovo, there are no manufacturers of products that are covered by the Regulation (EC) 2003/2003. Obligations for economic operators apply mostly for importers and distributors.

Precursors of drugs

Law no. 02/L-128 on Narcotic Drugs, Psychotropic Substances and Precursors partially transposes Regulation (EC) 273/2004.

In Kosovo, there are no manufacturers of products that are covered by the Regulation (EC) 273/2004. Obligations for economic operators apply mostly for importers and distributors.

Procedural Measures

Transparency regarding the pricing and reimbursement of medicinal products

Kosovo has not yet aligned its legislation with the EU *Acquis* in this field. On the other hand, the EU has created a common framework procedure by adopting the so-called Transparency Directive (Council Directive 89/105/EEC) to ensure that the national decisions on price and reimbursement are made in a transparent manner and will not damage functioning of the Internal Market.

Crystal glass

Regulation no. 04/2012 on Crystal Glass products partially transposes Directive 69/493/EC.

In Kosovo, there are no manufacturers of products that are covered by the Directive 69/493/EC. Obligations for economic operators apply mostly for importers and distributors.

Textiles

There are three legal acts regulating the labelling of textiles, Regulation no. 11/2012 on the content of raw materials and textile labelling, Regulation no. 1/2012 on quantitative analysis methods for dilution of the triple textile fibers and Regulation no. 12/2012 on quantitative analysis methods for dilution of dual textile fibers which partially transpose Directive 73/44/EEC and Directive 96/73/EC and 2008/121/EC.

The above legal acts have preceded Regulation (EU) 1007/2011 which is now part of the current *Acquis*.

In Kosovo, there are some manufacturers of products that are covered by the Regulation (EU) 1007/2011. Obligations for economic operators apply mostly for importers and distributors.

Shoes

Law no. 04/L-039 on Technical Requirements for Products and Conformity Assessment is the basis for Regulation No. 10/2012 on the labelling of materials used in the main components of footwear for sale to the consumer, which partially transposes Directive 94/11/EC.

In Kosovo, there are some manufacturers of shoes and/or other components at the micro level that are covered by the Directive 94/11/EC. Obligations for economic operators apply mostly for importers and distributors.

Institutional and Policy Framework

Horizontal issues

As regards quality infrastructure, the Division for Quality Infrastructure in the Department of Industry in MTI is responsible for drafting legislation and policies on quality infrastructure and conformity issues in general. This unit also monitors functioning of these departments.

The competent body for *standardization* is Kosovo Standardization Agency (KSA), which operates under the Ministry of Trade and Industry and is the only body in charge of national standards. It is worth mentioning that Kosovo is not a member of the ISO (International Organization for Standardization and the International Electrotechnical Commission) and the CEN / CENELEC (European Committees for Standardisation and for Electrotechnical Standardization).

Regarding the area of *accreditation*, Kosovo Accreditation Directorate (KAD) is the only accreditation body in the country, stipulated by the Law No. 03/L-069 on Accreditation and the Law No. 04/L-007 amending the Law No. 03/L-069 on Accreditation. KAD is in the process of completing the evaluation done by evaluators from the European Co-operation for Accreditation (EA).

In the area of *metrology*, Kosovo Metrology Agency (KMA) is the basic unit of the metrology system in Kosovo. Metrology Agency has improved its capacity to fulfil its supervisory functions. The agency is divided in two departments, the industrial and the legal part, and currently there are five operational laboratories.

Market inspectorate is the body responsible for overseeing the implementation of legislation on industrial non-food products. Currently we have the central office of the Inspectorate of the market while the same offices exist in the municipalities. The current Law on Market Surveillance Inspection recognizes only one body but we have not yet managed to apply the law, due to the inability to transfer the budget.

There is a database that contains information about hazardous products in the market but currently it lacks some elements that prevent it to be fully in line with the RAPEX database.

As regards *consumer protection*, the Department for Consumer Protection, which operates under the MTI is responsible for drafting legislation and policies regulating consumer protection. The department also accept the complaints which are then addressed to the relevant institutions (for more details, see chapter 28).

New and global approach

As regards institutional framework, the category of new and global approach has a number of institutions that are responsible for policy making and implementation of legislation.

The Ministry of Trade and Industry is responsible for transposition and implementation of legislation in the following areas: *electromagnetic compatibility, safety of toys, machinery, emissions and noise from equipment used outside facilities, elevators, personal protective equipments (PPE), equipment and protective systems intended for use in potentially explosive atmospheres (ATEX), gas equipment and hot water boilers, dispensing aerosols and cable cars*.

As regards *construction products*, responsible for legal approximation is the Ministry of Trade and Industry, which also provides an overview of the market for construction products through the Market Inspectorate (placement in the market). Inspectorate of construction, which is part of the Ministry of Environment and Spatial Planning, monitors the use of construction products. Currently, in Kosovo there are 10 accredited laboratories in the area of construction products.

Further, the Ministry of Economic Development (MED) is responsible for *pressure equipment and simple pressure vessels (SPVD)*, and market surveillance is carried out by inspectors for pressure equipment (part of the Energy Inspectorate). MED is also responsible for the eco-design requirements for energy-related products and energy labelling of products and market surveillance is implemented through the Energy Inspectorate.

The Ministry of Infrastructure is responsible for *recreational boats* which also ensure supervision of the market through its inspectors.

Regulatory Authority for Electronic Communications and Postal Authority (RAECP) is responsible for legal approximation as well as for market surveillance in the area of *Radio Equipment and Telecommunications Terminal Equipment (R & TTE)*.

The area of *explosives for civil use and pyrotechnical products* is regulated by the Ministry of Interior both in terms of legislative approximation and market surveillance.

As regards *medical products and devices*, responsible are the Ministry of Health and the Kosovo Agency for Medicinal Products and Equipment. Implementation and market surveillance is carried out by the Health Inspectorate.

Old approach

Below are presented specific responsibilities of the institutions. The competent authority to issue legal framework including the transposition of EU legislation into national legislation for *motor vehicles* is the Ministry of Infrastructure (MI). The powers for "approving authority" are conducted by the Ministry of Infrastructure, while the powers for "technical services" are performed by private bodies authorized by the Ministry of Infrastructure. The Department of Vehicles within MI is responsible to conduct market surveillance of motor vehicles (cars, buses, trucks, tractors) in Kosovo.

As regards *emissions of pollutants from engines of non-road mobile machineries*, MTI is responsible for transposition of EU legislation into national legislation.

As regards *chemicals and detergents*, Ministry of Environment and Spatial Planning is responsible for the transposition of Regulation (EC) 1907/2006. Market surveillance is carried out by the Inspectorate for Environmental Protection and the Phytosanitary Inspectorate.

The Ministry of Agriculture, Forestry and Rural Development exercises authority as regards the legislation on fertilizers, while market surveillance is carried out by the Phytosanitary Inspectorate.

In the area of drug precursors, responsibility lies to the Ministry of Health, while the application is executed by the Kosovo Agency for Medical Products and Equipment (KAMPE). Market surveillance is carried out by KAMPE and the Health Inspectorate.

Procedural measures

Kosovo Agency for Medical Products and Equipment (KAMPE) is responsible for *transparency regarding pricing and reimbursement of medicinal products*.

The Ministry of Trade and Industry is responsible for the transposition and implementation of legislation on *crystallized glass, textiles and footwear* and the market surveillance is implemented out by the Market Inspectorate.

Donor Support

Currently, there is an IPA project that supports the free movement of goods. The implementation of this project commenced in October 2014 and will continue until January 2017. The last concluding activity will be held on 15 December 2016. The project was focused on three pillars: approximation of legislation, raising awareness and building institutional capacities. In addition, a request for a similar project has been presented in the sector planning document for IPA 2 (2016-2017), whose implementation is planned to begin in the second half of 2017. Its focus will be the same with the current project. This chapter is indirectly supported by the German organization GIZ and regional project SIDA in the quality infrastructure, where MTI is part of the Steering Committee.

Medium-term Priorities

In midterm period, the following activities will be taken:

Horizontal measures

- Full membership of metrological institutions in BIPM, EURAMET, WELMEC having, and OIML;
- Full membership of Kosovo in ISO, CEN and CENELEC-being;
- 80% of the industrial sectors in Kosovo to be covered by the conformity assessment bodies;
- Fully functioning Market Inspectorate with expanded capacities by 2017;
- Number of staff increased by 40%, with focus on Metrology;
- Laboratories for time and frequency to be established by 2017;
- KSA to adapt to 15,000 standards as Kosovo standards.

The new global approach

- Transposition of the EU *Acquis* into national legislation on access to new products and market surveillance (with a focus on the Regulation on Consumer Product Safety and Regulation for Surveillance of Market Products);
- Systematic approximation with the horizontal directive for setting eco-design and eco-design requirements for energy-related products and its implementing measures (approximately 20 legal acts) on the basis of the revised Law on Energy Efficiency,
- Systematic approximation with the horizontal directive on energy labelling, for indication by labelling and standard information of energy products consumption and other resources of the products related to energy and its implementing measures (approximately 15 legal acts) on the basis of the new Law on Energy Efficiency;
- Approximation of the legislation of Kosovo on construction products with Regulation (EU) 305/2011 through the new Law on Construction Products and its bylaws.

Old approach

- Approximation of the approval system of vehicle types in Kosovo with the legal framework of the EU;
- Transposition of Directive 2007/46 on the framework for approval of motor vehicles, and relevant EU legal sectorial acts (approximately 60);
- Transposition of Directive 2002/24 on type approval of motor vehicles with two or three wheels and relevant EU legal sectorial acts (approximately 15); and
- Transposition of Directive 2003/37/EC on the type approval of agricultural and forestry tractors, and relevant EU legal sectorial acts (approximately 25).

Procedural measures

- Analysis of the legislative gaps in terms of Kosovo's approximation of legislation with general principles of free movement of goods regulated in Articles 34-36 of TFEU.

As per demands of civil society organisations dealing with gender equality, gender mainstreaming in all planning, in accordance with the Law on Gender Equality, needs to be ensured.

3.3. Acquis Chapter 2: Free Movement of Workers

Acquis in this chapter requires that women and men citizens of an EU member state have the right to work in another member state. EU migrant workers must be treated in the same way as national workers in relation to working conditions, social conditions and tax advantages. The Acquis also includes a mechanism to coordinate national social security provisions for insured persons and their family members who move to another member state.

SAA Requirements

The Stabilization and Association Agreement (SAA), Article 55 provides that a company of the EU established in Kosovo or a Kosovo company established in the EU, in accordance with the legislation in force in the country of establishment, has the right to hire at its branch workers who are nationals of EU or Kosovo, respectively, if such personnel is key personnel - specified in paragraph 2 of this article.

Moreover, when it comes to Article 79, paragraph 9, regulating employment and labor movement for implementation of public contracts, the EU acquis in respect of nationals of third countries will be implemented for Kosovo citizens in the EU. With regard to EU nationals in Kosovo, Kosovo shall grant reciprocal rights to workers who are nationals of a Member State similar to those of Kosovo citizens in the EU, with regard to employment and movement of workers linked to the fulfilment of public contracts.

Within the framework of the meeting of the SAPD for Innovation, Human Capital, Social Policy and the Information Society, Kosovo is encouraged to continue negotiations and reach bilateral agreements on social insurance with the EU member states and other regional countries. Also it recommended the finalization of the Sector Strategy 2014-2016 and its Action Plan.

State of Play

Legal Framework

The existing legislation in this field is at the initial phase. In most cases there is no security system or no system suitable for coordination. Therefore, negotiation of the bilateral agreement on social security proves to be difficult and several branches of social security in Kosovo do not yet exist.

Key elements of the institutional and legal framework concerning equal treatment of workers are located. Employment of foreign nationals is regulated by the Law on Foreigners no. 04 / -L-219, and the institution in charge is Ministry of Internal Affairs, and the Ministry of Labour and Social Welfare is a supporting institution, which, based on the AI No.01 / 2014 on the Procedure for the Issuance of a Residence Permit for Foreigners and Certification for Notification of Employment, issues certificates for notification of registration of foreign nationals working in Kosovo.

Within the Law on Foreigners the following regulations and directives have been transposed:

- Regulation 810 / 2009 of the European Parliament and the Council dated June 13, 2009 on the establishment of the Community Code on visas;
- Directive 2009/52/EEC of the European Parliament and the Council dated 18 June 2008 on minimum standards forecasting sanctions and measures against employers for employees from third countries staying illegally;
- Directive 2009/50/EEC of the European Council dated 25 May 2009 on the conditions of entry and residence of highly qualified third-country nationals for employment purposes;
- Directive 2008/115/EEC of the European Parliament and the Council of Europe dated 16 December 2008 on common standards and procedures in member countries for returning of illegally staying third-country nationals
- Directive 2005/71/EEC of the European Council dated 12 October 2005 on specific procedures for admission of third-country nationals for purposes of scientific research;
- Directive 2004/81 /EEC of the European Council dated 29 April 2004 on the residence permit issued to third-country nationals who are victims of trafficking in human beings or who have been the subject of an action to facilitate illegal immigration, who cooperate with the competent authorities
- Directive 2004/114/EEC European Council dated 13 December 2004 on the conditions of admission of third-country nationals for the purposes of studies, pupil exchange, unremunerated training or voluntary service
- Directive 2003/109/EEC of the European Council dated 25 November 2003 concerning the status of third-country nationals who are long-term residents
- Directive 2003/86/EEC of the European Council dated 22 September 2003 on the right to family reunification;

- Directive 96/71/EEC of the European Parliament and the Council dated 16 December 1996 concerning the posting of workers in the framework of the provision of services;
- Directive 2011/98 / EU of the European Parliament and the Council dated 13 December 2011 on a single application procedure for a single permit for third-country nationals to reside and work in the territory of a Member State and on a common set of rights for third-country workers legally residing in a Member State;
- Regulation 562/2006 of the European Parliament and the Council dated 15 March 2006 establishing a Community Code on the rules governing the movement of persons across borders.

Monitoring and implementation of the provisions of the legal framework for free movement of workers is done by MIA and MLSW through the Department of Labour and Employment, which is authorized to issue certificates of work permits and the Labour Inspectorate, who supervises the implementation of legislation and controls work permits.

MLSW as a supporting institution, the Ministry of Internal Affairs has initiated the transposition of directives:

- Directive 2009/52/EC of the European Parliament and the Council dated 18 June 2009 providing minimum standards on sanctions and measures against employers of illegally staying third country;
- Directive 2009/50/EC of the European Council dated 25 May 2009 on the conditions of entry and residence of third-country nationals for the purposes of highly qualified employment;
- Directive 79/7/EEC of the European Council dated 19 December 1978 on the progressive implementation of the principle of equal treatment for men and women in matters of social security

Law No. 04/L-131 on Pension Schemes Financed by the State adopted in 2014, opens the path for interstate agreements on social security. Agreements on social security must be coordinated with the following regulations:

- Regulation 883/2004 of the European Parliament and the Council of 29 April 2004 on the coordination of social security systems;
- Regulation 987/2009 of the European Parliament and the Council dated 16 September 2009 which defines the procedure for implementing Regulation 883/2004 on the coordination of social security systems.

The Ministry of Trade and Industry has drafted the Law No.04/L-220 on Foreign Investment, which gives the right to foreign citizens to hire or otherwise to contract natural persons who are nationals of a foreign country for the purpose of involvement of such persons to provide or implement on the Republic of Kosovo, professional, management, administrative, supervisory, or consulting or technical functions. These natural persons will also be allowed to enter and stay in the Republic of Kosovo for the period required by their contract with the foreign investor in accordance with applicable law.

The scope of the Draft Law on Foreign Investment is not regulated by EU legislation. However, the Commission notes that the EU policy of investment is focused on providing legal certainty and stable, predictable, and a regulated environment to investors and their investments in order to conduct their business in accordance with the most important existing international rules, such as the General Agreement on Trade in Services of the WTO (GATS), the Guidelines for Multinational Enterprises within the OECD, as well as other instruments of the OECD. Currently, the focus is on the negotiation of investment rules in the context of preferential trade agreements that the EU negotiates with third countries.

Institutional and Policy Framework

Kosovo also has taken measures to assist foreign nationals in certain areas. For example, in the construction sector Kosovo recognizes foreign licenses, and has made facilitations for foreign companies for bringing workers to work in Kosovo. Advocates, who are permanent residents, are also allowed to provide services in Kosovo.

Lack of reliable statistics on the labour market makes it difficult to assess short and long term needs for foreign workforce. An assessment of the labour market will help Kosovo to define its needs for recruitment of workers from third countries. As per demands of civil society organisations dealing with gender equality, disaggregated data, by nationality, gender, ethnicity and disability where possible, needs to be ensured.

So far, Kosovo has signed two agreements for social security with the former republics of Yugoslavia, although agreements insurance refers to periods up to 1999:

- Agreement between the Government of the Republic of Kosovo and the Government of the Republic of Macedonia for confirmation of periods of insurance for implementation of the right to pension, No. Decree: DMN-003-2013 in March 2013, implementation of this agreement began in November 2013, and
- Agreement between the Government of the Republic of Kosovo and the Government of Montenegro, for confirmation of periods of insurance for implementation of the right to pension, Decree: No. 147-1287 / 2013, implementation of this agreement began in May 2014.

As regards implementation of measures, MLSW has drafted Strategy of Employment 2014-2020 and Action Plan for 2014-2016.

Medium-term Priorities

Kosovo Government has focused its efforts in negotiating and reaching agreements on social security for its women and men citizens living and working abroad as well as for workers of the EU Member States employed in Kosovo, pursuant the recommendations of the European Commission. This includes signing agreements on social security with more countries. MLSW in the midterm will review all pension schemes which are funded by the state. For this, MLSW will draft a new law on pensions, which are financed by the state adapting to circumstances in Kosovo, budget possibilities and international standards for pensions.

3.4. Acquis Chapter 3: Right of Establishment and Freedom to Provide Services

EU legislation for the freedom of establishment and freedom to provide services requires member states to ensure that the right of establishment of EU nationals and legal entities in each Member State and the freedom to provide cross-border services defined in Articles 49 and 56 TFEU, will not be hampered by national legislation, apart from the exceptions set in the EU treaty. The basic legislation in this area consists of EC Directive 2006/123 on services in the internal market ("Services Directive"). Also the case law of the European Court of Justice is part of the *Acquis* and should be respected.

In connection with **the freedom of establishment and freedom to provide services**, the Services Directive aims to facilitate the establishment and provision of services in other Member States and to provide cross-border services between Member States. Since the directive is a horizontal instrument which covers a wide range of services, its implementation requires a combination of legislative, organizational and practical measures. The provisions of the directive at a considerable extent are based on case law of the European Court of Justice in the areas of freedom of establishment and provision of services and compliment existing EU instruments. The Directive obliges Member States to create a 'single

point of contact' and participate in an electronic information system²⁷ for the information exchange and cooperation in the supervision of services between Member States.

As regards **mutual recognition of professional qualifications**, Directive 2005/36/EC amended by Directive 2013/55 / EC establish rules on the recognition of diplomas and other qualifications between Member States. This facilitates the work of EU citizens in other countries for regulated professions. The Directive also regulates the temporary provision of services by professionals (Title II of the Directive) and a common training curriculum minimum for certain regulated professions (Chapter III of Title III of the Directive). There is also legislation regulating the jobs for judges, commercial agents and recognition of professional qualifications relating to the use, trade and distribution of toxic products. As regards the administrative capacity, there is a requirement for a national contact for receipt of requests for recognition of professional qualifications and administrative cooperation with the authorities of member countries.

In the area of **postal services**, basic legislation consists of Directive First Postal 97/67/EC (Framework Directive) amended by the Second Postal and Third Postal Directive 2008/6/EC aiming to create the internal market for postal services by gradually opening the market to competition, and providing a universal postal service of high quality for users. As regards administrative capacity, there is a requirement for creating an independent national regulatory authority to ensure proper implementation of EU legislation.

SAA Requirements

The main provisions of the SAA regulating this field are contained in Articles 51, 56, 57, 58, 59 and 74. According to Article 51, Kosovo is obliged, after the entry into force of the SAA, to ensure equal treatment of EU companies with domestic ones in terms of working conditions, payment and treatment of workers and legal entities who are legally established in the territory of Kosovo. Article 57 of the SAA stipulates that after 6 years from the entry into force of this Agreement, the Stabilisation and Association Council (SAC) will need to establish the modalities for extending provisions of the chapter on providing of services to EU citizens and citizens of Kosovo. Article 58 of the SAA states that, five years after the entry into force of this Agreement, SAC shall take the necessary measures to gradually allow provision of services by companies of the EU from Kosovo companies or EU nationals and citizens of Kosovo which are located in the territory of one Party, to persons other than those for whom the services are intended.

According to Article 74 of the SAA, with the signing of this agreement, Kosovo is obliged to harmonize its legislation with the existing and future *Acquis* in the EU, and to ensure the entry into force and appropriate implementation. Initially, approximation will focus on fundamental elements of the EU *Acquis* in the area of the Internal Market as well as in areas related to trade.

As regards *regulated professions*, under Article 56 of the SAA, the Stabilisation and Association Council (SAC) is obliged, within two years from the entry into force of the Agreement, to examine what steps are necessary for the mutual recognition of qualifications, in order to facilitate this process for EU nationals and citizens of Kosovo and to begin and pursue regulated professional activities respectively in Kosovo and the EU.

Country Report 2016, with regard to the Freedom to Provide Services, highlights that Kosovo commenced the approximation of its legislation with the Service Directive, but it is still at an early stage. Database of the Ministry of Trade and Industry regarding the trade in services has been improved.

Regarding the Postal Services, Country Report 2016 highlights that postal services, the legal framework is being gradually approximated with EU acquis. In 2016, the Kosovo reduced the weight limits for the

²⁷ Internal Market Information System.

reserved services market, but this had a limited impact on the market so far. There is still a need for reduction in less than 20 gram as 80% of the postal volume is under this threshold. International postal services are provided in all postal offices, excluding Serbia.

In the field of mutual recognition of professional qualifications, the Country Report highlights that only four professions (accountants, architects, engineers and jurists) are currently regulated by law. The harmonization with acquis in the field of recognizing the professional qualifications and vocational training programmes is at an early stage. The minimal training requirements based on the Directive 200/36/EC for regulated professions that aim the automatic recognition and the roadmap for the harmonization of the legislation of professional qualifications with that of EU acquis still lack.

State of Play

Legal Framework

Freedom of establishment and freedom for provision of services

In Kosovo there is a comprehensive legislative framework regulating specific aspects of the services. A single legislative framework will be decided by the transposition of the services directive.

The freedom of establishment of business organizations in Kosovo is regulated by the Law No. 04/L-006 amending and the Law No. 02/L-123 on Business Organizations of 2011. This legal framework establishes conditions for registration of local and foreign businesses in the Kosovo Business Registration Agency. In order to implement the Law No. 04/L-006, the AI No. 18/2011 has been issued which entered into force in July 2015. These legal acts partially transpose the Directive 77/91/EEC on the coordination of protective measures, Directive 78/855/EEC concerning mergers of limited liability companies (shareholder company), Directive 82/891/EEC concerning the division of public companies limited liability company (joint stock companies), Directive 89/667/EEC on private companies with one-member limited liability (limited liability companies) Directive 2005/56/EEC, on companies with limited liability for cross-border mergers, Directive 89/666/EEC concerning requirements for disclosure of information related to branches open in a Member State by certain types of company governed by the law of another state. More detailed information on business companies is found in Chapter 6 of the NPISAA.

This area is also regulated by Law No. 04/L-202 on Permit and License System of 2013. This law regulates the permits and licenses for the provision of cross-border services, which currently applies to all sectors that need professional licensure. In order to implement this law, the Regulation no. 06/2015 on the Central Registry of Types of Permits and Licenses has been approved. This Regulation aims to determine the procedures for the establishment, management and operation of a central registry of permits and licenses in the central level of the Republic of Kosovo.

Law no. 04/L-219 for Foreigners, regulates the conditions of entry, residence, employment, rights and obligations of foreigners in the Republic of Kosovo. To implement the law, the AI no. 01/2014 on the Procedure of Issuance of Residence Permit for Foreigners and the Certificate for Notification of Work, which regulates the procedural aspects pursued by the administrative body (the Department for Citizenship, Asylum and Migration together with the Department of Labour and Employment in MLSW) when they issue a staying permit (especially for work purposes in Kosovo) has been adopted.

The law and the above mentioned AI transpose partially the following legislation in the area of migration:

- Regulation 810 / 2009 of the European Parliament and the Council dated June 13, 2009 on the establishment of the Community Code on visas;

- Directive 2009/52/EEC of the European Parliament and the Council dated 18 June 2008 on minimum standards forecasting sanctions and measures against employers for employees from third countries staying illegally;
- Directive 2009/50/EEC of the European Council dated 25 May 2009 on the conditions of entry and residence of highly qualified third-country nationals for employment purposes;
- Directive 2008/115/EEC of the European Parliament and the Council of Europe dated 16 December 2008 on common standards and procedures in member countries for returning of illegally staying third-country nationals
- Directive 2005/71/EEC of the European Council dated 12 October 2005 on specific procedures for admission of third-country nationals for purposes of scientific research;
- Directive 2004/81 /EEC of the European Council dated 29 April 2004 on the residence permit issued to third-country nationals who are victims of trafficking in human beings or who have been the subject of an action to facilitate illegal immigration, who cooperate with the competent authorities
- Directive 2004/114/EEC European Council dated 13 December 2004 on the conditions of admission of third-country nationals for the purposes of studies, pupil exchange, unremunerated training or voluntary service
- Directive 2003/109/EEC of the European Council dated 25 November 2003 concerning the status of third-country nationals who are long-term residents
- Directive 2003/86/EEC of the European Council dated 22 September 2003 on the right to family reunification;
- Directive 96/71/EEC of the European Parliament and the Council dated 16 December 1996 concerning the posting of workers in the framework of the provision of services;
- Directive 2011/98 / EU of the European Parliament and the Council dated 13 December 2011 on a single application procedure for a single permit for third-country nationals to reside and work in the territory of a Member State and on a common set of rights for third-country workers legally residing in a Member State.

As regards foreign investment, the Law No.04/L-220 on Foreign Investment regulates any activity involving the offer, delivery or production of goods, services, property and/or work for somebody in return to any type of payment or compensation, encouraging investment by private sector suppliers of goods and services.

Provision of legal services is regulated by the Law on the Bar, Law on Notary and the Law on Execution Procedure. *The Law on the Bar* allows practice of law in the territory of Kosovo under conditions of reciprocity. Alien barrister who has obtained the right to exercise the profession in the country of origin can practice law in the Republic of Kosovo in accordance with the conditions set by the Law on the Bar and other acts of the Chamber of Advocates. *Law on Notary* stipulates that in order to exercise the function of notary, the person must be a permanent resident of Kosovo. *Law on Execution Procedure* stipulates that a person can become a private enforcer if he meets the conditions set by law and one of them is to be a citizen of the Republic of Kosovo.

Tourism is regulated by the Law No. 04/L-176 on Tourism, which regulates tourism and catering services. This law fully transposes Directive 90/314/EC on package travel, package holidays and package tours.

Postal services

Postal services in the Republic of Kosovo are regulated by the Law No. 03/L-173 on Postal Services which regulates provision of postal services, modality for implementation of postal services, the role of government and the regulator in the postal sector, the rights and obligations of the postal operators and users. This law partially transposes Directive 97/67/EC, Directive 2002/39/EC and Directive

2008/06/EC with regard to the full accomplishment of the internal market of Community postal services. To implement this law, the AI no. 2012/05 Licensing Private Operators, which establishes criteria and rules of Postal Operators Licensing, has been issued

Postal market in the Republic of Kosovo is liberalized and open to competition since May 2006, and in addition to the public postal operator "Post of Kosovo" JSC, postal services are also offered by 10 private operators, who provide courier and express services. But universal services are partially liberalized and have different prices which are reserved for the public postal operator franchise respectively Post of Kosovo JSC (PK). The law provides reserved services with restrictions on prizes (PK) in weight up to 1 kg. This weight can be reduced by the decision of the Regulatory Authority for Electronic and Postal Communications (RAEPC), which is in accordance with paragraph 1.4 of Article 6 of Law No. 03/L-173. This article is contrary to the conditions laid down by the laws in the EU and we should fix it by the Law which will be amended in 2017. RAEPC has changed the weight limit (Decision No. 432, which calls for reducing the weight limit for reserved services: from 1 January 2014 to 500 gr. and from 1 January 2016 will be 100 gr. ref. Decision no. 432, no. Prot. 046 / B / 13 of December 2013. Therefore, other postal operators are obliged to set the price for mail items weighing 0-100 g. not less than three times the price that the public operator does for the same items. Moreover, upon amending the law some competencies currently retained by ARKEP shall be changed by transferring them to MED.

Implementation of Directive 2008/06/EC which aims to remove the reserved area had to be implemented by Member States by 31 December 2012, while the Republic of Kosovo has not yet begun its implementation; however, based on three mentioned directives, the reserved area is gradually dropping until its removal, i.e. weight 0. Planned measures in the document ""Strategic Policies of the Postal Service in the Republic of Kosovo 2013-2017" and in its action plan define a timetable for the harmonization of national legislation with EU directives, by 2017.

Mutual recognition of professional qualifications

Harmonization with the *Acquis* as regards recognition of professional qualifications and vocational training programmes is at an early stage. However, in Kosovo, this area is regulated by the Law on National Qualifications, based on which a National Qualifications Framework (NQF) is developed, a mechanism that allows transparency, mobility and quality of the qualifications system. NQF is implemented through verification of the professional standards, validation of qualifications and accreditation of providers of education and training and higher education. The qualifications system is regulated by the National Qualifications Framework, a framework that is based on the European Qualifications Framework. National Qualifications Framework (NQF) as a mechanism of national qualifications classification provides a basis for cooperation and mutual recognition between NQF and the European Qualifications Framework.

Continuous improvement of the National Qualifications Framework means that the National Qualifications Framework is updated with new qualifications depending on the demand of the local market and the European Qualifications Framework.

In this area, we have the Law on Higher Education in the Republic of Kosovo, whose goal is to create the legal basis for the regulation, functioning, financing, quality assurance in higher education in accordance with European standards including private educational institutions. Furthermore, by-laws for its implementation regulate and define the licensing of private providers of higher education, criteria and procedures for the validation of qualifications and accreditation of VET providers, the criteria and procedures for the verification of the standard of the profession, recognition of prior learning, and the criteria and procedures for quality assurance in institutions of education and vocational training - internal processes.

In order to ensure quality, in accordance with the requirements of the European Framework for Quality Assurance, the National Framework for Quality Assurance has been approved, based on AI no. 32/2014 on Criteria and Procedures for Quality Assurance in Institutions of Education and Vocational Training - internal processes, which is part of the self-evaluation report to meet VET providers. National Framework for Quality Assurance is implemented by the National Qualifications Authority.

EU policies regarding the qualifications system in Kosovo are followed also when deciding the points / credits of professional qualifications under the European Credit ECVET- in Vocational Education and Training (where 10 hours is equal to a credit ECVET).

Currently, a series of bylaws exist that regulate the development and verification of professional standards, the use of professional standards in the development of teaching modules, modification and adaptation necessary for the development of access to programmes and qualifications of vocational education and training for students with disabilities or other special needs, support for the assessment and certification of modular qualifications, the development of modular qualifications, assessment and certification in NF, the package of tools, recognition of prior learning, monitoring, etc.

In this regard, in terms of mutual recognition of professional qualifications, only four professions (accountants, architects, engineers and lawyers) are currently regulated by legal basis in Kosovo. Foreign professional qualifications are recognized if they are certified by an accredited authority in the country of origin.

Institutional and Policy Framework

Freedom of establishment and freedom for provision of services

The area of services is regulated at a horizontal level, because there are a number of ministries and regulators charged with responsibility within the broader context of the services, where women and men should have equal access in establishment and provision of services. The Ministry of Trade and Industry is the responsible institution for commercial services. Department of Commerce under the MTI, which deals exclusively with the issue of services, has 10 employees. The Department also provides support and promotes the free movement of goods, services and capital in accordance with the legislation in force. All activities, negotiations, bilateral and multilateral, including the revision of legislation and the transposition of the EU Services Directive are being made in partnership with a working group established with other relevant institutions.

Other institutions that have specific powers for services include: Kosovo Central Bank, which is the leading institution in regulation and supervision of financial services.

Ministry of Economic Development is the authority on information technology services and telecommunications while the Telecommunications Regulatory Authority is responsible for Telecommunication Services. Also, a coordination body for services legislation has been formed as a body for horizontal coordination of issues related to this field.

Kosovo Investment and Enterprise Support Agency (KIESA) is responsible for implementing government policies concerning attraction of foreign investment, support for exports, support of small and medium enterprises and the development of economic zones. KIESA operates under the Law No. 04/L-220 on Foreign Investment, under the Ministry of Trade and Industry. Currently KIESA has 18 officials who conduct their work divided into two directorates: the Directorate for Development of Enterprises and Economic Zones, and the Directorate for Promotion of Investments and Exports.

The Ministry of Justice is the main institution that regulates and prepares legislation in the area of legal services. Implementing institutions include the Chamber of Advocates, which is a professional

organization of independent barristers, a legal entity established in accordance with the Law No. 04/L-193 for the Ombudsperson and the Statute of the Chamber, and is responsible for exercising public authority and works of general interest; the Chamber of Private Enforcers which was established based on Law No. 04/L-139 for the Execution Procedure, as a non-profit professional organization which brings together all private enforcers. Further, the Chamber of Notaries in the Republic of Kosovo, which is a legal person, acting in accordance with Law No. 03/L-010 on Notaries. The latter is independent. All notaries are necessary members of the Chamber since the day when they are appointed to the position of the notary and their membership ends on the day of their discharge.

At the central level, the Division of Tourism under the Ministry of Trade and Industry is responsible for tourism. At the local level we have Directorates of Tourism or Directorates of Economic Development, depending on municipal organization.

The Ministry of Health is competent for health services. According to the Law No. 04/L-150 on Chambers of Health Professionals, one part of the health services will be provided by Chambers after the transfer of competencies from the ministry. Chambers of health professionals are independent organizations that defend and represent professional interests of health professionals, provide standard code of ethics and medical deontology, continuous professional education, registration of health professionals and issuance of licenses, relicensing, and revocation of licenses, specialist and sub-specialist education.

As regards implementation, the database located at MTI for trade services is improved. The database contains a detailed list of legislation, is organized by sectors and specifies the governmental agencies responsible for different measures. The database also contains brief comments on potential issues for certain measures, such as restrictions on market access or discriminatory provisions. The database is a very useful mechanism. As per demands of civil society organisations dealing with gender equality, this database needs to, to the extent possible, contain data disaggregated by gender, ethnic background and special needs. However, the database should be completed and updated and does not constitute a checklist for each measure included in the requirements of the Services Directive.

It is worth mentioning that negotiations for services between the countries of CEFTA (Albania, Bosnia and Herzegovina, Macedonia, Moldova, Serbia, Montenegro and Kosovo) are divided into 6 groups and started in 2014 with a main focus on professional services, tourism, environment, recreational services, communications, construction services and distribution, education and health services.

Postal services

The Ministry of Economic Development is responsible for enacting laws and policy in the postal sector. Regulatory Authority of Electronic and Postal Communications (RAEPC) is a regulatory body which implements and oversees the regulatory framework based on the Law No. 04/L-109 for Electronic Communications and Law No 03/L-173 on Postal Services, as well as development policies in the area of electronic communications and postal services.

The policy framework in the sector of postal service consist of the strategic document "Strategic Policies of postal service in the Republic of Kosovo" 2013-2017. Through this document, the Government of Kosovo aims to promote postal service, raise efficiency and effectiveness in the implementation of universal postal services, so that these services meet needs of consumers and users of postal services, create stability and financial stability for the postal sector, easy access for social groups with special needs in universal postal services, and economic development of the postal sector and the economy.

The main objectives of this document are:

- Provision of the universal postal service and expansion of the network in the entire territory of Kosovo;
- Change of the postal code and application of the system of electronic addresses;

- Creating an appropriate legal environment and regulatory framework for provision of postal services;
- Computerization of the postal network and postal services;
- Membership in international organizations and regional cooperation in the postal sector.

Furthermore, the postal market in the Republic of Kosovo is liberalized and open to competition since May 2006, where in addition to the public postal operator "Post of Kosovo" JSC, postal services are also offered by 10 private operators who offer courier and express services.

Mutual recognition of professional qualifications

The main institution for the development of legislation and policies is the Ministry of Education, Ministry of Education, Science and Technology (MEST). MEST has established the National Qualifications Authority, which is an independent public body, in accordance with the Law on National Qualifications in Kosovo. NQA is responsible for overseeing the national qualifications along with MEST, Kosovo Accreditation Agency and other professional bodies, approved for this purpose by a government decision. In particular, it is responsible for professional qualifications. All qualifications in the NQA, have clear results, subject to evaluation to ensure quality. Different institutions/providers can submit their qualifications for inclusion in the framework, while the National Qualifications Authority, decides which professional qualifications can be fed into the National Qualifications Framework. ACA accredits institutions for assessment of students and issuance of certificates for qualifications in the NAQ. ACA has 6 employees.

The National Centre for Recognition of Diplomas has been established by the MEST decision no. 331/01-B in November 2008. This institution operates within MEST and makes recognition of university degrees and higher vocational schools, which are regulated by the AI no. 08/2010 on Principles and Procedures for the Recognition of Diplomas of Higher Vocational Schools and University Degrees Earned Outside of Kosovo. Titles acquired under level 5 are not subject to the procedure in the NARIC centre.

Donor Support

The project for EU Service Directive as assistance for the implementation of Stabilization and Association Agreement commenced in August 2016. The purpose of this project is to build capacities within MTI for the purpose of transposing and implementing the EU Service Directive in the Kosovo internal market. The project will also analyse the further harmonization with Service Directive. This project is funded by European Commission. The budget for this project is EUR 968,000.00.

Medium-term Priorities

In the midterm period, priority will be given to the following activities:

Freedom of establishment and freedom for provision of services

- Law on Trade Services is expected to be fully implemented within a period of 5 years and then all horizontal Kosovo laws related to trade services will be reviewed/changed, and to the relevant directives and other regulations of the EU will be transposed. This will contribute to ensure that sectoral laws do not conflict with the EU Acquis;
- The EU project will continue to implement the Services Directive, it will further harmonize the legislation on services; and a Single Point of Contact (Point of Single Contact) within the Ministry of Trade and Industry is planned to be established which will simplify all administrative procedures and offer easy access, exercise of the activity to provide services electronically. Through this project we will work to build capacity in the services sector in MTI;
- As regards legal services, plans exists for other legal acts for transposition of regulations and other directives of the EU related to the exercise of the activity of barristers in other Member States of the EU than those in which they got the qualifications, and on activities commercial

agents and recognition of professional qualifications for the activities related to the use, trade and distribution of toxic products. In this category, the following directives will be considered: Directive 74/557/EC on the attainment of freedom of establishment and freedom to provide services in respect of activities of self-employed persons and of intermediaries engaging in the trade and distribution of toxic products; Directive 74/556/EC on transitional measures relating to activities, trade in and distribution of toxic products and activities entailing the professional use of such product; Directive 86/653/EC on the coordination of the laws of the Member States relating to self-employed commercial agents. Directive 92/2002/EC for insurance agents and brokers; Directive 96/26/EC on admission to the occupation of road haulage operator and road passenger transport operator and Regulation no. 1071/2009 establishing common rules concerning the conditions to be complied with to pursue the occupation of road transport operator;

- On foreign investment, it is expected that by 2018, Kosovo for Investment and Enterprise Support Agency will be transferred to the Office of the Prime Minister.
- MTEF 2016-2018 foresees growth of staff up to nine officials from current four in the Division of Tourism within the MTI;
- In the area of health services, the Ministry of Health during the period 2017-2020 plans further strengthening of the Office for Treatment Abroad by reorganizing and strengthening the professional capacity through training inside and outside of the country, while providing equal opportunities and treatment for women and men. In order to implement the Law on Chambers of Health Professionals, competencies will be transferred from the Ministry of Health to the Chambers of Health Professionals and this will include continuation of professional training, licensing and re-licensing of health professionals, specialist and sub-specialist education;
- The Ministry of Health during this period will do harmonization of national legislation with the EU legal acts regulating training of nurses, midwives, doctors and other health professionals and recognition of professional qualifications in accordance with Directive 2005/36 on the recognition of professional qualifications.

Postal services

- Adoption of subsidiary legislation in order to implement the Law on Postal Services;
- Implementation of activities under the action plan of the strategic document "Strategic Policies of the Postal Service in the Republic of Kosovo 2013-2017".

Mutual recognition of professional qualifications

- Adoption of subsidiary legislation in order to implement the Law on Regulated Professions, including the gender perspective;
- In the sector of professional qualifications, the National Qualifications Authority plans to create a special program that will enable operation of the electronic monitoring system for accredited institutions for vocational education and training. It plans to train those responsible institutions accredited for the use of the program in question.

3.5. Acquis Chapter 4: Free Movement of Capital

Member States must remove all restrictions on the movement of capital and payments, with some exceptions, both within the EU, as well as between Member States and third countries. *Acquis* in this chapter is based on the Treaty on the Functioning of the European Union, in particular Articles 63-66. Definition of different types of capital is done in the Annex I to Directive 88/361/EEC. Case law of the European Court of Justice and the Commission Communications provide additional interpretations of the articles above.

EU legislation includes rules for cross-border payments and execution of transfer orders concerning securities. Directive on combating money laundering and financing of terrorism, requires that entities that are subject to this directive must identify customers and report suspicious transactions, especially

when it comes to items of high value and cash transactions of high value. This directive also requires entities to take additional steps such as keeping record, training and establish internal procedures in this area. A key requirement in the fight against financial crime is the creation of effective administrative and enforcement capacity, including cooperation between the authorities dealing with supervision, enforcement and prosecution. The new directive is aligned but goes beyond recommendations on money laundering and terrorist financing of the Financial Action Task Force (FATF).

Acquis in this field also consists of Conventions No. 141 and No. 198²⁸ of the Council of Europe and EU legislation on cooperation in the area of justice and police (including the Joint Action 98/699 / JHA, Council Framework Decision 2001/500 / JHA and the 2000 Protocol extending the powers of Europol in the area of money laundering). Similarly, the Council Decision 2000/642 / JHA of 2000 establish a framework of cooperation between the Financial Intelligence Units of EU countries.

SAA Requirements

Kosovo's obligations in the SAA stem from the Articles 51, 63, 64, 65 and 89.

Article 51 of the SAA, obliges Kosovo to offer the possibility that subsidiaries and branches of the EU companies within five years of entry into force of the SAA, will enjoy the right of acquisition and property rights over immobile property same as Kosovo companies.

Article 64 of the SAA, provides obligations arising in relation to any payment or transfer in the current account of balance of payments between the EU and Kosovo, in accordance with Article VIII of the Articles of Agreement of the International Monetary Fund. In regard to transactions on capital and financial account of the balance of payments, since the entry into force of the Agreement, the Parties shall ensure the free movement of capital related to commercial transactions or provision of services including financial loans and credits, in which a resident of a Party takes part.

Article 65 of the SAA obliges Kosovo within five years from the entry into force of this Agreement, to provide national treatment to EU citizens who buy real estate on its territory.

Article 89 of the SAA envisages cooperation of the parties in relation to money laundering and terrorist financing.

Regarding the requirements deriving from the EC 2016 Kosovo Report, it has been highlighted that with regards to the Liberalization of Movement of Capital related to the purchase of immovable properties from foreign citizens, the provisions in the relevant laws, implementing acts and administrative practices are still an obstacle for equal treatment.

Regarding payment services, it has been cited that there is need for further attempts to continue the approximation with *acquis*.

Regarding the prevention of money laundering and financing of terrorism, Country Report highlights that more attempts are necessary in order to achieve tangible results in the fight against economic and financial crime.

State of Play

Legal Framework

Liberalisation of capital movement

²⁸ This complements convention 141 and is also ratified by the EU.

In Kosovo, this area is based firstly on the Constitution of the Republic of Kosovo, specifically in Article 119 paragraph 2, which guarantees equal rights for all investors and all domestic and foreign enterprises. Article 121 paragraph 2 and 3 of the Constitution define general principles that "natural foreign persons and foreign organizations may acquire ownership rights over immobile property in accordance with such reasonable conditions prescribed by law or by international agreement, and natural persons and foreign organizations in accordance with reasonable conditions prescribed by law, may ensure the rights of concession and other rights to use and/or exploit publicly owned resources, including natural resources, and infrastructure in public ownership."

Furthermore, the Law No. 02/L-33 on Foreign Investment provides foreign investors and their investments equal treatment and equality with any local investor and local investment.

The Law on Property and Other Real Rights No. DL-016-2009, as a basic law on ownership, does not specify the possibility of winning the right to immobile property from natural or legal persons. On the other hand, the EU *Acquis* contains the possibility for natural and legal persons to gain entitlement to the property in any member state of the EU. EU legislation offers different treatment for non-EU nationals.

Payment system

As regards the legal framework, the payment system in the Republic of Kosovo is regulated by the Law No. 03/L-209 on the Central Bank of the Republic of Kosovo, which defines the Central Bank as the sole authority responsible for the regulation and supervision of the payment system of the Republic of Kosovo, in order to guarantee security, reliability and efficiency. Law No. 04/L-155 on the Payment System partially transposes Directive 2007/64/EC of the European Parliament. The latter define the rules under according to which authorized institutions for payments provide payment services and operators of payment systems are licensed, clearing and settlement of securities by the Central Bank, conditions and standards by according to which such services are offered and may operate payment systems, clearing and settlement of payments and the means and procedures by which the Central Bank exercises its supervisory powers.

In accordance with these laws, subsidiary legislation has been adopted which includes seven regulations and four AIs which partly transpose Directive 2007/64/EC on Payment Services in the Internal Market, Regulation No. 1409/2013 of the European Central Bank of Payments statistics (ECB / 2013/43) and Regulation No. 260/2012 on Establishment of the Business and Technical Criteria for Credit Transfer and Direct Debit.

Prevention of money laundering and financing of terrorism

This field is regulated by the Law no. 05/L-096 on Prevention of Money Laundering and Financing of Terrorism, which was issued in June 2016. This law stipulates measures, competent authorities and procedures for detecting and preventing money laundering and terrorist financing in Kosovo in an effective manner. This law also established the Financial Intelligence Unit, as a central national independent institution responsible for obtaining, analyzing and distributing information regarding the money laundering and financing of terrorism. One of the purposes of this law is to implement the EU Directive 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing and harmonization with international standards of the Financial Action TKAS Force (FATF).

Prior to the entry into force of the relevant law, there was the legal basis for the prevention of money laundering and financing of terrorism, namely Law 03/L-196, which was amended and supplemented in 2013 with the Law 04/L-178, which has been approximated with international standards of the Financial Action TKAS Force (FATF) and Directive 2005/60/EC of the European Parliament and of the European Council on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing.

Institutional and Policy Framework

Liberalisation of capital movement

As regards institutional capacity, the Ministry of Justice is the main institution for approval of legislation and development of policies for property issues. In the ministry, the Department for European Integration and Policy Coordination does coordination of key stakeholders for the drafting of the National Strategy for Property Rights. Other institutions divided in different departments or as independent agencies dealing with property issues are: Kosovo Property Agency (KPA), Ministry of Environment and Spatial Planning (Department of Expropriation, Department of Spatial Planning, Construction and Housing, etc.), Kosovo Cadastral Agency (KCA), Kosovo Privatization Agency (KPA), Ministry of Finance (Department of Property Tax), etc.

As regards the policy framework, so far there has been no relevant strategy which regulates coordination of property. National Strategy for Property Rights, which is expected to be approved during 2016 will play exactly this role: harmonization of policies and institutional responsibilities in order to improve legislation and enforcement institutions, improving the definition of property rights and their exercise.

Simultaneously, the Ministry of Justice has created a Commission for drafting the first Civil Code of the Republic of Kosovo. Civil Code will focus on three pillars: law on family and inheritance, law on obligations, and the law on property rights.

Payment system

When it comes to the institutional and administrative capacity, the Kosovo Central Bank of (KCB) is exclusively responsible for the regulation, licensing, registration and supervision of payment systems. KCB's primary objective is "to promote and maintain a stable financial system, including a safe, sound and efficient payment system." For this reason, one of the main tasks of the Central Bank of the Republic of Kosovo is promotion and supervision systems secure, stable and efficient payment, clearing and settlement of securities. The role of the KCB as regards encouragement and the normal functioning of the payment system consists of three main areas: role of operators in providing the necessary systems and infrastructure for clearing and settlement of payments and securities; role of supervisors in the design and implementation of the principles and standards for safe and efficient payment systems and settlements, as well as ensuring compliance with the principles and standards set for the systems administered by the KCB and also those administered by other operators; and the role of catalyst in promoting changes for a safe and efficient payment system, influencing the development and integration of payment systems in different ways.

Department for Payment Systems (DSP) as part of the organizational structure of the KCB, which is responsible for the operation of interbank payment systems owned by KCB and surveillance and analysis in the area of payment systems in general. The work of the Department for Payments Systems is divided into two separate divisions: Division of Operating Systems and Division for Supervision and Analysis of Systems. The Department for Payment Systems has 7 employees.

As regards the policy framework, Kosovo Central Bank has its 2015-2019 Strategic Plan, aiming to achieve the following:

- Implement a modern system of individual settlement of payments in real time (Real Time Gross Settlement - RTGS) and automatic clearing system (ACH);
- Revision and completion of regulations on the supervision of payment systems in accordance with international standards and best international practices;
- General improvement of the oversight of the payment system in Kosovo;
- Support for further modernization of payment services and promotion of cooperation between actors in the national payment system;

- Enhancing the role of the KCB as a catalyst for progress in the area of payments in the Republic of Kosovo;
- Local payment implementation in the format of the international bank account number.

In Kosovo, clearing and settlement of payments between banks in foreign currency is realized only through the Euro and the only payment system in place - the Electronic Interbank Clearing System (EICS), in accordance with the rules and operating procedures of the system.

Electronic Interbank Clearing System (EICS), operates with high efficiency, safety and durability for the last 15 years.

The infrastructure of SWIFT for international payments has continued to grow and improve and since 1 February 2015 recording in the IBAN format to bank accounts in Kosovo related to international transactions has officially started.

Prevention of money laundering and financing of terrorism

The Financial Intelligence Unit (FIU), has the following units: the Office of the Director of the FIU and the Department of Operations and Analysis; the Compliance and Inspection Department, Department for Legal and International Cooperation, Department for Management of Information Technology System and Department of Administration and General Services. A total of 18 officials are employed in the Financial Intelligence Unit. Kosovo Central Bank is responsible for supervision of cooperation in prevention of money laundering and financing of terrorism as regards the financial sector. KCB has signed a memorandum of cooperation with the Financial Intelligence Unit within the Ministry of Finance to increase cooperation and financial sector supervisory powers.

As regards the policy framework, the Government of the Republic of Kosovo adopted on 28 January 2014 the National Strategy and Action Plan of the Republic of Kosovo for Prevention and Combating of Informal Economy, Money Laundering, Financing of Terrorism and Financial Crimes 2014-2018. These policy documents constitute a mechanism for national risk management from harmful phenomena addressed by this strategy.

Alongside this Strategy, the Government of the Republic of Kosovo has created a mechanism for design, review, approval, implementation and supervision of the National Strategy and Action Plan 2014-2018.

Kosovo Rating system in combating money laundering and combating financing of terrorism is based on the FATF Recommendations of 2003 and the special recommendations on Financing of Terrorism of 2001 Financial Action Task Force (FATF) and it was prepared using the methodology of assessing LCP/LFT 2004 and separate questionnaires, also based on the FATF methodology.

Medium-term Priorities

Liberalisation of capital movement

In the medium term, National Strategy for Property Rights is foreseen to be implemented which will clarify ownership, identify areas of intervention, including substantive and procedural laws of Kosovo, but will also propose measures to improve the effectiveness of institutional mechanisms responsible for property rights. Furthermore, foreigners' rights in immobile property, including gender perspective, will be regulated.

Payment system

In mid-term period, within the Strategic Plan 2015-2019, KCB has planned the following for the payment system:

- Implementation of Directive 2007/64/EC on Payment System (2019);

- Regulation of the operating activity of electronic money institutions through the development of the Regulation on the activities and supervision of the activities of electronic money institutions based on Directive 2009/110/EC of the European Parliament and the Council on the taking up, pursuit and prudential supervision of the business of electronic money (2019).

Prevention of money laundering and financing of terrorism

The following activities will be implemented in midterm period:

- Approximation of national legislation with the Directive 2015/849 of the European Parliament and the Council on prevention of the use of the financial system for money laundering or terrorist financing;
- Amendment of the Criminal Code concerning criminal offense of terrorist financing in order to harmonise with international standards and Directive 2015/849 of the European Parliament and the Council;
- Amendment of the Law for International Sanctions in order to harmonise with international standards;
- Update, modify and amend secondary legal instruments in cooperation with relevant institutions to ensure full and correct implementation of the Law on Prevention of Money Laundering and Financing of Terrorism;
- Update, modify and amend the Standard Operating Procedures to ensure full and correct implementation of the Law on Prevention of Money Laundering and Financing of Terrorism and efficient working processes in FIU;
- Assessment II of National Risk of Money Laundering and Terrorist Financing
- Risk assessment and implementation of sectoral sectors most susceptible to money laundering and terrorist financing;
- Participation of FIU's professional staff in specialized training combating terrorism financing, operational analysis, strategic analysis and compliance inspections;
- Training of reporting entities regarding the legislation on preventing money laundering and financing of terrorism;
- Training of professionals and law enforcement officials in the fight against money laundering, terrorism financing and economic and financial crimes on investigation techniques of the criminal offences of money laundering and financing of terrorism;
- Conduction of strategic analysis implementin Standard Operating Procedure for Strategic Analysis;
- Kosovo's membership in Moneyval;
- Increase staff for 3 people in the FIU;
- Financial Intelligence Unit will be strengthend further information technology, develop special software which will contain updated lists of countries that are more vulnerable and may pose a potential risk of money laundering and financing terrorism;
- FIU's membership in the Egmont Group.
- Updating, amending and supplementing and drafting the secondary legislation in cooperation with the relevant institutions in order to ensure the complete and correct implementation of the Law on Prevention of Money Laundering and Financing of Terrorism;
- Updating, amending and supplementing the Standard Operating Procedures in order to ensure the complete and correct implementation of the Law on Prevention of Money Laundering and Financing of Terrorism and efficient work processes in FIU-K;
- Approval of the decision by the Government with regard to the Consolidated List of Individuals and Entities that belong or are associated to the Taliban and Al-Qaida Organization, as compiled and maintained by the UN Security Council (Resolution 1267 of the United Nations of the Security Council);
- Raising awareness and communication for the prevention and combating money laundering and financing of terrorism;

- Increasing cooperation and exchange of information between FIU-K and international counterpart institutions for the purpose of prevention and detection of money laundering, financing of terrorism and similar criminal offences.

Donor support

Liberalisation of capital movement

Currently, the Ministry of Justice and other relevant institutions are beneficiaries of the project entitled "Support to the drafting of the Civil Code and Regulation of Property Issues" funded by the European Union, which is being implemented by GIZ. The overall goal of this project is to strengthen the rule of law in Kosovo. The specific purpose is to support Kosovo in the drafting of a comprehensive and modern Civil Code in compliance with the EU *Acquis* and improve the coherence of the overall regulatory framework on property rights, which will increase security of the property rights in Kosovo, and to ensure equal access of girls and women to property rights.

The Ministry of Justice and other relevant institutions also benefit from the Property Rights Programme funded by USAID. The purpose of this project is better coordinate and prioritize policies; improve judicial procedures on ownership; emphasize women's rights to use the property in practice; better communication, access to information and understanding of property rights. The project also supports the Ministry in drafting of the National Strategy for Property Rights.

3.6. Acquis Chapter 5: Public Procurement

EU *acquis* on public procurement is based on the general principles of transparency, equal treatment, free competition and non-discrimination deriving from the Treaty on the Functioning of the EU, Part III, Title IV and Title VII and, from the jurisprudence of the European Court of Justice. These general principles are applicable to all procurement procedures including procedures that are outside the scope of EU directives on procurement, such as procurement procedures below the EU minimum.

Granting of **public contracts** for works, supplies and service delivery is coordinated by two specific directives: Directive 2004/18/EC, replaced by Directive 2014/24 / EU on public procurement, and Directive 2004/17/EC and replaced by Directive 2014/25/EU on coordinating the procurement procedures of entities operating in the water, energy, transport and postal services. These directives provide a framework for e-procurement application. Directive 2009/81/EC regulate award of some contracts in the area of defense and security. Implementation of these directives requires adequate administrative capacity to ensure that all areas related to public procurement operate efficiently including key aspects of policy-making, drafting of legislation, monitoring, control, operational aspects and adequate statistics.

EU legislation also consists of three directives for **dealing with complaints** and the availability of legal remedies. These directives provide provisions for the establishment of independent and effective procedures to review certain values against decisions taken by contracting authorities. Institutions for review should be independent and have adequate capacity to guarantee the effectiveness and efficiency of operation of the procurement system. In accordance with the principle of legal protection deriving from the EU legal order, review mechanisms are required to operate outside the scope of the relevant implementing directives.

SAA Requirements

Article 79 contains provisions for public procurement. According to this article, the entry into force of the SAA, Kosovo companies whether they are established in the EU or not, are allowed access to application for public contracts under the EU procurement rules and have equal treatment with companies from EU countries. The same approach is offered to EU companies established in Kosovo under Chapter I, Title V

of this Agreement. Meanwhile, for companies established in the EU, their access to public contracts in Kosovo applies to the exceptions set out in paragraph 5 of Article 79.

Opening the award of public contracts deemed to be desirable on grounds of non-discrimination and reciprocity, following in particular the WTO rules. These rules are based on the Agreement on Government Procurement (AGP) signed also by the EU and which are negotiated during the negotiations for WTO membership. Under Article V of the Agreement, developing countries may negotiate preferential treatment for public procurement within a transitional period.

Paragraph 9 of Article 79 defines that public procurement in the area of services between Kosovo and the EU will be in line with Articles 56-60 of the SAA, which provides provisions for mutual progressive treatment services, regulated professions, self-employment and transportation. Transitional modalities and periods for these fields will be in line with the respective conventions (for instance, in transport) and will be reviewed by the SAA Council. Paragraph 5 defines the transitional period for the removal of any existing preferences for Kosovo companies or companies of the EU established in Kosovo and for contracts awarded under the criteria of the tender most economically advantageous and lowest price, with a preference price. The transitional period is 5 years and the reduction of the price preferences will start gradually since the entry into force of the agreement.

The **EC 2016 Kosovo Report** requires the further approximation of public procurement with Acquis, improve transparency at all stages of public procurement, in particular by systematically monitoring the implementation of public procurement tenders, strengthening the remedy system and ensuring e-procurement functions properly; address the capacity limitations of the Central Procurement Agency; increase the professionalism and accountability of public procurement institutions and ensure adequate training and certification for procurement officers. Kosovo has a level of preparation in the field of public procurement. Partial progress has been achieved in this field by further approximation with EU acquis and elimination of preferential treatment for domestic bidders, approval of first steps for an electronic platform of procurement and further expanding the centralized procurement. Strategy (2016-2021) and Action Plan (2016-2018) for strengthening the public procurement system should be adopted.

State of Play

Legal Framework

The basic legislation for public procurement system in Kosovo is regulated by the Law on Public Procurement in Kosovo No. 04/L-042, which entered into force after the last amendment which was made in the first half of 2014. This change has highlighted that the domestic bidders will have advantage, which until now has not created any effect for local businesses since it is not implemented.

Regulation of concessions was removed from the law to prevent confusion and inconsistency with the specific law on the procedure for concessions which was approved in 2005. A significant number of subsidiary legislation to enable implementation of the law has been prepared, including standard forms for each type of notice, code of ethics, a form for reporting on signed contracts, the standard form of tender files, a form for filing complaints to the Procurement Review Body and instructions for procedures with minimal value.

The secondary legislation for the implementation of the basic law of the public procurement consists of a total of 81 bylaws, including a joint document titled Rules and Operative Guide for Public Procurement which entered into force on 1 November 2016 for the public procurement, as well as standard documents for their use for carrying out public procurement activities.

Basic law of procurement is currently being changed. Among others, the main changes consists in the elimination of the preference in the price included in the amendment of 2014, it will provide basic provisions for the field of security and will create the legal basis for electronic procurement. Relevant directives from the field of public procurement that will be transposed partially through the amendment of the law are the following:

- Directive 2014/24/EC of the European Parliament and of the Council, dated 26 February 2014, on public procurement for the coordination of procedures for determining the winners in works, service and supply public contracts, repealing Directive 2004/18/EC, which the Member States must comply with within 24 months as of the date of its entry into force.
- Directive 2014/25/EC of the European Parliament and Council, dated 26 February 2014, on procurement by entities operating in the water, energy, transport and postal services, repealing Directive 2004/17/EC;
- European Parliament Directive 2007/66/EC on Remedies, dated 11 December 2007.

The legal framework is generally harmonized in compliance with EU standards and is not discriminatory. Supplementing and amending of the LPP has lead to the elimination of the preferential treatment for domestic bidders.

Institutional and Policy Framework

The central structure of public procurement in Kosovo consists of public Procurement Regulatory Commission, Procurement Review Body, established by the Assembly and the government agency for centralized procurement. This structure is in line with the requirements and standards of EU procurement.

Public Procurement Regulatory Commission (PPRC) acts in the capacity of an independent regulatory agency and is responsible for the development, operation and oversight of the Public Procurement System. According to the Law on Public Procurement, the Commission is responsible for the design and distribution of subsidiary legislation, including manuals on rules of procurement, guidelines, standard forms, and model contracts and to prepare recommendations for improvement of the LPP and the general system public procurement for the Government and the Assembly.

Procurement Review Body (PRB) is responsible for carrying out the functions assigned to the Public Procurement Law and the Law on the Procedure for Concessions, concerning complaints related to these laws. This body is a quasi-judicial body responsible for the review of administrative decisions issued by central procurement institutions for carrying out procurement procedures and to review appeals from bidders under the review procedure.

While reviewing the complaints, PRB is guided by the principles of legality, equality and non-discrimination, transparency and public information, protection of personal data, state or commercial secret, prevention of the conflicts of interest, prevention of corruption, preservation of value for money and protecting the public interest.

In accordance with the Public Procurement Law No. 04 L / 042, Procurement Review Body consists of a Chairman and four (4) members of the Board and the Board of PRB is supported by civil servants chaired by the head of the secretariat of the PRB.

The **Central Procurement Agency (CPA)** operates as an agency under the Ministry of Finance with broad responsibilities concerning procurement procedures of the central level. CPA implements and carries out functions and responsibilities specified in the Law on Public Procurement Agency and the main function is central procurement.

CPA decides if any procurement procedure which otherwise should be led by a contracting authority in Kosovo, instead will be led by the CPA in the country of the contracting authority, for reasons of professional expertise, cost-effectiveness, efficiency or other legitimate concerns, as defined in Law on Public Procurement. This body is responsible for compiling the list of goods or items of common use as it is defined in the AI on Centralized Procurement and CPA already developed procurement activities for items that are placed on this list.

Government of Republic of Kosovo, starting from the year 2000 has initiated a number of reforms in the public procurement system in order to make public procurement more efficient and transparent and in accordance with the requirements, basic guidelines to procurement and best practices of the EU. There is already a sufficient structure of the system of public procurement for works, services and goods. The system has resulted in the adoption of EU Guidelines on public procurement built during the last decade.

Regarding **policies** on procurement, currently a National Strategy on Public Procurement has been drafted, which sets out objectives for development of procurement for the next five years (2015-2020). Also, a strategy for the management of public finance has started to be drafted, and one of its pillars will be public procurement. Public Finance Strategy is expected to be approved by the Government in the first half of 2016. In this context, the Government in the coming months will review if it is necessary to adopt a draft strategy for public procurement. However, the main objectives of the procurement area will be part of the strategic planning, at least with the strategy for the management of public finances.

Part of the Government Reform Programme 2015-2018 is the application of electronic public procurement spending of public money. This procurement reform will enable increased efficiencies, transparency and simplification of procurement procedures. Electronic procurement is estimated to reduce tender and administrative costs (see program of the Government, page 16).

As regards policies, a training strategy 2014-2018 is in force which aims to increase the quality and quantity of public procurement training in Kosovo, thus contributing to the development of skills and competencies of women and men who make up its staff.

The priority objectives of the training strategy is continued growth in the number of procurement officials, and the formation of a team of procurement officials with knowledgeable and comprehensive theoretical and practical knowledge, who can support other staff. This will result in greater efficiency for the contracting authorities, which implement effective procurement procedures of high quality and contribute to transparency, accountability and good governance in Kosovo.

Moreover, the Strategic Plan of PRB 2014-2017 defines the main development objectives of this institution. The plan contains five strategic objectives that include: i) professionalism, efficiency and decision-making directly in the service of economic operators, ii) enhanced transparency of economic operators, iii) development of further communication with the public, iv) strengthening cooperation with stakeholders procurement including other institutions, economic operators, public, and international cooperation, and, v) professional capacity building, equitably for women and men.

Donor Support

The reform of the public procurement system in Kosovo is widely supported by relevant projects funded by the European Union and the World Bank.

A technical assistance project supported by the European Union, "Improving administrative capacity in the area of Public Procurement in Kosovo", which is the fourth project funded by the European Union, started in December 2013, and is expected to last until June 2015. During 2014 the project has helped the PPRC, as well as public procurement system in Kosovo in general on the following activities:

- Preparation of Draft National Strategy for Development of Public Procurement and its Action Plan,
- Preparation of the National Training Strategy in the area of Public Procurement,
- Support proposals for the amendment of the LPP No. 04/L-042;
- Preparation of the draft Administrative Guidelines for technical specifications and availability of funds,
- Report on public procurement activities in 2014
- Guidelines for application of economic and financial criteria for selection
- Guidelines for application of the criterion of lowest price, in case of multiple services and unit-price contracts;
- Guidelines for application of the criterion of the most economically advantageous price in the award of the contract;
- Rules dealing with framework agreements and
- Updating the Internal Regulations of the PPRC and the CPA.

The World Bank in 2014, has helped the PPRC, as well as the public procurement system in Kosovo with several projects including a project for development of e-procurement system (2014-2015), a project for measuring performance in the public procurement system in Kosovo (2013-2015) and a project for the preparation of the manual of the average unit price for labour, goods and services (2013-2015).

Medium-term Priorities

In the midterm period, the focus will be on fulfilment of obligations deriving from the SAA and other documents and mechanisms of EU accession within the scope of Chapter 5, priority will be given to implementation of strategic plans on public procurement, training strategy and drafting of secondary legislation. Moreover, during the period 2017-2020, the focus will be on the following midterm priorities:

- Implementation of the Strategic Plan of the PRB (2014-2017),
- Implementation of the Training Strategy of Public Procurement (2014-2018),
- Implementation of the National Public Procurement Strategy (2016-2020),
- Increase of the quality of training for Public Procurement.

As per demands of civil society organisations dealing with gender equality, these strategies would need to reflect the gender perspective, in line with the Law on Gender Equality.

3.7. Acquis Chapter 6: Company Law

Legislation for companies includes rules on the formation, registration, merger and division of companies and financial reporting requirements aimed at to support the freedom of establishment.

In the area of company law, the Directive 2009/101/EC on coordination of safeguards which, for the protection of the interests of members and third parties (formerly known as Directive First Law of Companies) contains requirements for mandatory disclosures. Second Directive on the right of Companies 2012/30 / EU consists in the establishment of the rules for public companies with limited responses and their capital. Directive Eleven of the Company Law (89/666 / EEEC) regulates the disclosure requirements for branches open in a Member State and governed by another country. Twelve directives of the Companies Law (2009/102/EC) require Member States to recognize in their laws limited liability companies with a member. Directive 2004/109/EC (Transparency Directive) requires the harmonization of transparency requirements for listed companies.

The third Directive (78/855/EEC) and the sixth (82/891/EEC) of the Company Law harmonize national rules for protection of shareholders and creditors in the context of mergers and divisions of companies

with local public limited liability. Acquis in this area also contains several other directives governing the cross-border aspects of the functioning of companies.

EU legislation also contains a number of regulations governing certain European legal forms such as for example the European Economic Interest Grouping and European Company - Societas Europaea leaving in the competence of Member States to regulate the operations and internal structure. Four Recommendations of the Commission (2004/913/EC, 2005/162/EC, 2009/385/EC and 2009/384/EC) address the principles of corporate governance for the payment of directors and payment to financial institutions, the independence of the Committees of the Board and Non-executive directors.

In the area of **financial reporting and auditing** rules of the *Acquis* request filing of annual accounts and consolidated accounts of public and private limited liability (Directive Seven of the Law of Companies), statement of revenue and profit (Directive Fourth the Company Law) including simplified rules for small and medium enterprises. Application of International Accounting Standards is mandatory for some public interest entities. These guidelines also set requirements for audit, and obligations for disclosure and publication of data. In addition, the *Acquis* specifies rules for the approval, professional integrity and independence of statutory audits.

There are regulations which oblige companies which are listed on a regulated market, in order that their accounts would comply with the international standards adopted by the European Commission. Finally, the Eighth Directive of the Law of Companies (2006/43/EC) for the Statutory Audit harmonises rules including inter alia the approval and registration of statutory auditors, external security, public oversight, auditor independence and the possible application of international auditing standards.

SAA Requirements

The SAA Obligations for the gradual transposition of EU legislation and effective implementation derive from the Article 74 of the agreement. These obligations include the area of company law and paragraph 3 of Article 74 gives priority to the transposition of internal market legislation and trade in the first phase of the transitional period.

According to Article 51, Kosovo is obliged, with the entry into force of the SAA to provide equal treatment for EU companies same as for domestic ones in terms of working conditions, payment and treatment of workers and legal entities that are established legally in the territory of Kosovo.

As regards the requirements of the **2016 Country Report 2016**, it is pointed out that in the area of company law, Kosovo needs to adopt the law which defines the role and responsibilities for the Agency on Business Registration in Kosovo and the online business registration should be functionalized.

In the area of financial reporting and auditing, it is required to adopt new amendments to the Draft law on Accounting, Financial Reporting and Audit. As regards the audit structures capacity, it needs to be considerably strengthened. The implementation is still weak, and further efforts are needed to ensure the development of a credible and effective financial reporting in line with best EU practice. Also, there is the issue of harmonization of Kosovo legislation with the international standards in accounting and financial reporting.

State of Play

Legal Framework

The legal basis consists of the Law No. 04/L-006 Amending the Law no. 02/L-123 on Business Organizations. In 2015 the Administrative Directive no. 18/2011, has been drafted, and it entered into force on 21.07.2015. The applicable Law on Business Organizations defines the types of businesses which

can develop commercial activities in Kosovo, establishes the applicable conditions of registration for each type of business organization, defines the legal provisions on capacity and legal structure for each type of business organization, and the rights and obligations of owners, managers, directors, legal representatives and third parties, and establishes the legal provisions that promote and facilitate the establishment, operation and the regular and effective dissolution of business organizations.

The directives which are partly transposed of this law are: The directives which are partly transposed of this law are: Directive 77/91/EEC of 13 December 1976 on coordination of safeguards, Directive 78/855/EEC of 9 October 1978 based on Article 54 (3) (g) of the Treaty concerning mergers of public limited liability companies (joint stock companies), Directive 82/891/EEC of 17 December 1982 based on Article 54 (3) (g) of the Treaty, concerning the division of public limited liability companies (joint stock companies), Directive 89/667/EEC of 21 December 1989 on single-member private limited liability companies (limited liability companies), Directive 2005/56/EC of the European Parliament and of the Council of 26 October 2005 on cross-border mergers of limited liability companies, Directive 89/666/EEC of 21 December 1989 concerning disclosure requirements in respect of branches opened in a Member State by certain types of company governed by the law of another State.

Meanwhile, as regards **accounting and auditing**, the Law on Accounting, Financial Reporting and Auditing Law No.04/L-014 entered into force in August of 2011. This law replaced the UNMIK Regulation 2001/30 on the Establishment of the Board Reporting Financial Kosovo, and Regime for Financial Reporting of Business Organizations.

This law regulates the accounting system and financial reporting of companies, powers and responsibilities of the Kosovo Council for Financial Reporting, audit requirements, qualifications for professional accountants, auditors and licensing of local and foreign firms to audit.

This law contains provisions that partially transpose the following acts of the European Union: the Fourth Council Directive 78/660/EEC of 25 July 1978, the Seventh Council Directive 83/349/EEC of 13 June 1983, Council Directive 90/605/EEC of 8 November 1990, Directive 2001/65/EC of the European Parliament and of the Council of 27 September 2001, Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006, Directive 2006/46/EEC of the European Parliament and of the Council of 14 June 2006 and Directive 2009/49/EC of the European Parliament and of the Council of 18 June 2009.

According to the law, 12 AIs for implementation of the law have been issued. AIs fully transpose Directive 4 (on the annual accounts of certain types of companies), Directive 7 (on consolidated accounts) and Directive 8 (on the approval of responsible persons to carry out statutory audits) of the European Council.

Institutional and Policy Framework

In the area of **company law**, Kosovo Business Registration Agency (KBRA) under the Ministry of Trade and Industry is the only institution responsible for the registration of businesses in Kosovo. KBRA has a total of 16 formal and open 28 municipal business centres (one stop shops). KBRA has 1 directorate and 3 sectors, the Directorate for Administrative Affairs of Business Registration, Sector of Approval, Sector for Data Processing, Sector of Collateral.

Kosovo Financial Reporting Council (KFRC) is an independent professional body and consists of seven (7) members. The Chairman and other members of KFRC, are appointed by the Government after the proposal of the institution and represent the institution as follows: one member from the Central Bank of the Republic of Kosovo, a member of the universities providing higher education modules in accounting

and auditing, a member of the Ministry of Finance, a member of professional associations licensed by KCFR and three (3) members from the business community.

KCFR functions are: to draft and approve Kosovo Accounting Standards in accordance with international accounting standards IAS / IFRS and the relevant directives of the EU, supervise and implement auditing standards in accordance with ISA and relevant EU directives of licensing and maintaining the register of auditors and audit firms and professional associations of accounting and auditing, adoption of standards of professional ethics, internal quality audit firms, supervise continuous education, quality assurance and disciplinary system and verifies international certificates of auditors and accountants.

KCFR verifies international certificates of auditors and accountants.

The policy framework consists of the Government Programme 2015-2018, the Strategy for the Development of the Private Sector 2013-2017, and Strategy for Eastern Europe 2020.

One of the objectives of the Programme 2015-2018, as part of the pillar for sustainable economic development, employment and welfare policy, is competitive business and improvement of the business environment. In this context, the main priorities are related to the functioning of the free zones, combating the informal economy, fulfilment and inclusion of legislation for the establishment, operation and closure of businesses and reducing bureaucracy, support of small and medium enterprises especially manufacturing activities and value-added services, and investment facilitation and promotion of investment including strategic partnerships. Currently, the government is developing a National Development Strategy as a comprehensive document for strategic orientation. The development of SMEs and private sector will be an essential component of the strategy.

The Strategy for Development of the Private Sector 2013-2017 presents related sector activities which are covered by this Ministry, including the Kosovo Business Registration Agency, which are part of the guidance and vision of the Government of the Republic of Kosovo on development sustainable economic development. The aim of this strategy is to address the challenges and adopt amendments concerning the development of industry and the private sector, such as the changes in the legal framework, institutional and policy.

In the framework of cooperation and integration²⁹, the Republic of Kosovo is committed to incorporate the Southeast Europe Strategy as part of its policy priorities. Kosovo also participates actively in regional dialogue within the Council for Regional Cooperation. Kosovo is actively involved in the evaluation of the European Commission within the policy framework for SMEs through the Small Business Act.

Donor Support

Business Registration Agency will be supported by IFC with the engagement of an expert in the analysis of business processes and analysis on how the business number is unified. The IFC investment climate project in Kosovo and the advisory project for reform based on indicators provide advisory services to help the strengthening of private sector development in Kosovo and are managed by the Department of IFC for Europe and Central Asia.

Medium-term Priorities

In order to fulfil the obligations deriving from the SAA and other documents mechanisms of accession in the EU within the scope of Chapter 6, the focus during the period 2017-2020 will be in the following midterm priorities:

²⁹ For further details, see chapter 20 on policies of enterprise and industrial policy.

- Full functioning of the one stop shops (including opening and functioning of the one-stop shop services in the north), while undertaking affirmative measures to encourage the underrepresented gender, in line with the Law on Gender Equality.
- Upon approval of the basic Law on Accounting, Financial Reporting and Audit, the transposition of the EU directives relating to financial reporting is foreseen.

3.8. Acquis Chapter 7: Intellectual Property Law

The *acquis* on intellectual property rights specifies the harmonised rules for the legal protection of copyright and related rights.

In the area of industrial property rights, the *Acquis* sets out harmonised rules for the legal protection of trademarks (Directive 2008/95/EC) and designs and partially harmonized rules for patents (conditions for obligatory licensing of trade patents). Regarding the patent system in the EU is important the membership in the European Patent Convention and the European Patent Organisation.

The *acquis* also contains the Regulation (EC) No. 40/94 and Regulation (EC) No 06/2002 which regulate industrial design and trademarks in the EU. Participation in the Madrid Protocol and the Hague Agreement are important not only for the system of trademarks and design in the EU but also for the international registration of industrial design and trademarks. There are also provisions (within both Regulations) on supplementary protection certificates³⁰ offering the invention authors additional protection in the events the patent is covered by an administrative marketing authorization that does not allow for full benefits from the use of patent (particularly in the area of pharmaceutics, plant products, etc.).

In the area of **copyright and related rights**, the main objective is the harmonization of certain aspects of information society in line with technological developments. This involves the EU legislation deriving from the international treaties obligations on copyright and related rights adopted in the framework of the World Intellectual Property Organization (WIPO). The Directive No. 2006/115/ EC regulates the copyright and related rights. This Directive regulates a number of related rights, including the right of reproduction, transmission, and distribution. Directive 2006/116/EC as amended by Directive 2011/77/EC sets the period of protection for different types of work and other related matters for EU Member States. There are several other directives regulating audio-visual cross-border broadcasting (satellite), the right to resell the benefits of copyright, protection of computer programmes, databases, digitization, and online presentation of the work for which the authors are either unknown or cannot be located (contacted).

Regarding the **enforcement** of the rights of intellectual and industrial property, EU legislation requires Member States to apply effective and proportional measures and penalties for counterfeiting and piracy of goods. It aims to establish equal treatment for holders of rights throughout the EU. Regulation (EC) no. 1383/2003 gives customs administrations the role in preventing and stopping the flow of products that infringe industrial or copyright. Implementation of the *acquis* in this field requires effective and adequate capacities and structures. There should be an institution that admits the applications for protection in all areas of intellectual property. EU is the member of the World Trade Organization, which administers the Agreement on Trade-Related Aspects of Intellectual Property Rights³¹.

SAA Requirements

The provisions of the SAA require that Kosovo institutions responsible for intellectual property provide first of all the legal framework harmonized with the directives and regulation of the EU, and secondly,

³⁰ Supplementary protection certificates (SPCs)

³¹ Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

provide equal protection of these rights in Kosovo at the same level with those of the EU. Article 77 and Article 78 of the SAA obliges Kosovo to take all the necessary measures in order to guarantee protection of the intellectual property rights, including effective means of enforcing such rights.

More specifically, based on the SAA articles, Kosovo shall:

- Establish a system of intellectual property in Kosovo in conformity with international standards in the area of intellectual property;
- Pay attention to regional and international cooperation, because Kosovo is not a signatory to any international or regional agreements, likewise, is not a member of any international and regional organizations in the area of intellectual property;
- Kosovo is obliged to draft legislation and policies in a way that will conform with National Treatment Principle whereby Kosovo and the EU will give companies of each other a treatment no less favourable than what they give to any third country under bilateral agreements;
- In line with Article 109 of the SAA, Kosovo shall cooperate to promote the audio-visual industry in Europe and encourage co-productions in the sectors of cinema and audio-visual media, whereby such cooperation could include programmes and facilities for the training of journalists and professionals of the audio-visual media industry, as well as technical assistance to Kosovo public and private media, so as to reinforce their independence, professionalism and ties with European media;
- To approximate its policies on the regulation of content aspects of cross-border broadcasting to that of the EU;
- To harmonize its legislation with the EU *acquis* in the area of the acquisition of intellectual property rights for programmes and broadcasts as well as to ensure and strengthen the independence of the relevant regulatory authorities;
- To engage in protecting the Geographical Indications and Designations of Origin in line with Articles 2, 6, 7, 8 on Reciprocal preferential concessions for certain wines, the reciprocal recognition, protection and control of wine, spirit wine and aromatized wine names;
- Encourage cooperation in civil scientific research and technological development, in line with Article 118, on the basis of mutual benefit and, taking into account the availability of resources, adequate access to their respective programmes, subject to appropriate levels of effective protection of intellectual, industrial and commercial property rights.

The **2016 Country Report** highlights that Kosovo has made progress in approximating its legislation with the EU *acquis*, but there should be a greater effort to ensure the implementation of legislation, including effective means of enforcement of intellectual property rights, in accordance with SAA obligations. The provisions for the implementation of private copying schemes and digital piracy, which are essential for implementation, are yet to be developed. Mechanisms for determining the fees for the usage of the material with copyright between collective organizations of management and broadcasters should be determined without further delay.

Regarding the Intellectual Property Rights, the subsidiary legislation still needs to be amended in accordance with the amendments of 2015 of the Law on Patents, Trademarks, Industrial Designs, and the Law on Geographical Indications and Designations of Origin. Despite the progress in addressing delays of requirements for intellectual property rights, the agency continues to face many challenges, such as the insufficient capacity and tools. Cooperation between institutions and agencies on law enforcement remains weak. The awareness among providers and users of intellectual property rights, including of women and men, shall be raised.

State of Play

Legal Framework

The basic legislation on intellectual property rights has been completed with the laws that regulate certain fields and the corresponding subsidiary legislation dealing with the registration of industrial property objects. Patent Law No. 04/L-029 establishes the conditions and procedures for the registration of patent rights deriving from the registration and enforcement of these rights including punitive provisions. This law is fully harmonized with:

- Regulation (EC) no. 1610/96 of the European Parliament and of the Council of 23 July 1996 on the creation of a supplementary protection certificate for plant protection products,
- Regulation EC No 816/2006 on compulsory licensing of patents relating to the manufacture of pharmaceuticals for export to countries with public health problems.
- Directive 98/44/EC of the Parliament and the Council dated 06 July 1998 on the legal protection of biotechnological inventions,
- Directive 2004/48/EC of the European Parliament and of the Council dated April 2007 on the implementation of intellectual property rights,
- Regulation EC No 469/2009 of the European Parliament and of the Council of 6 May 2009 concerning the supplementary protection certificate for medicinal products.

Law No. 04/L - 026 on Trade Marks establishes the conditions and procedures for the registration of trademarks, the rights deriving from the registration and enforcement of these rights. This law applies to entities subject to the registration procedure for acquiring the trademark at the Agency for Industrial Property, including community trademarks and international trademark registrations that are valid in the Republic of Kosovo. This law is fully harmonized with:

- Directive 2008/95 EC of the European Parliament and of the Council dated 22 October 2008 to approximate the laws of the Member States relating to trademarks.
- Directive 2004/48/EC of the European Parliament and of the Council dated April 2004 on the enforcement of intellectual property rights.

Industrial Design Law No. 04/L-028 establishes the conditions and procedures for registration of industrial design rights deriving from the registration and enforcement of these rights and the community design. This law is fully harmonized with:

- Directive 98/71/EC of the European Parliament and of the Council dated 13 October on industrial design protection.
- Directive 2004/48/EC of the European Parliament and of the Council dated April 2004 on the enforcement of intellectual property rights.

Law on Geographical Indications and Designations of of Origin sets the rules for the acquisition and protection of designations of origin and geographical indications of products. This Law applies to all products for which the protection of designations of origin originates from a region, specific place or state. This law if fully harmonized with:

- EU Regulation No. 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and food;
- Council Regulation (EC) No 510/2006 of 20 March 2006 on protection of geographical indications and designations of origin of agricultural products and foodstuffs;
- Directive 2004/48/EC of the European Parliament and of the Council dated April 2004 on the enforcement of intellectual property rights.

Law no. 04/L - 065 on Copyrights and Related Rights regulates copyrights that are based on intellectual property which belong to authors with respect to their works in the literary, scientific and artistic domain, the rights, that based on intellectual property, are related to the copyrights; administration of copyrights and the related rights; protection of copyrights and the related rights; the enforcement of this law towards foreign persons. This law is fully harmonized with:

- Directive 93/83/EC of 27 September 1993 on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission;
- Directive 2001/29/EC of 22 May 2001 on the harmonization of certain aspects of copyright and related rights in the information society;
- Directive 2001/84/EC of 27 September 2001 on the resale right for the benefit of copyright in an original work of art;
- Directive 96/9/EC of 11 March 1996 on the legal protection of databases (OJ L 077, 27.03.1996);
- Directive 2006/115/EC of 12 December 2006 on rental right and lending right and on certain rights related to copyright in the area of intellectual property;
- Directive 2009/24 / EU on 23 April 2009 on the legal protection of computer programmes;
- Directive 2011/77/EC of 27 September 2011, harmonizing the term of protection of copyright and certain related rights (OJ L 265, 11/10/2011) amending Directive 2006/116/EC of 12 December 2006;
- Directive 2012/28/EC of 25 October 2012 (OJ L 299, 27.10.2012) on certain permitted uses of orphan works;
- Directive 2014/26 / EU of the European Parliament and of the Council (OJ L 84, 26/02/2014), collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the domestic market;
- Directive 2004/48/EC of the European Parliament and of the Council of April 2004 on the enforcement of intellectual property rights.

Law on Customs Measures regulates the Customs action procedures for goods which are suspected of infringing intellectual property rights. The law also sets out measures for the protection of intellectual property rights taken by the Customs where goods are found to infringe intellectual property rights. This law is fully harmonized with:

- Council Regulation (EC) No 1383/2003 of 22 July, 2003 in connection with customs measures against goods suspected of infringing certain rights of intellectual property and measures to be taken against goods found to have infringed such rights;
- Regulation (EU) No 608/2013 of the European Parliament and Council of 12 June 2013 concerning customs enforcement of intellectual property rights and repealing Council Regulation (EC); .
- Directive 2004/48/EC of the European Parliament and of the Council dated April 2004 on the enforcement of intellectual property rights.

Law on Market Inspection defines the principles, organization, powers and procedures of inspection market in the Republic of Kosovo. The part that has to do with the intellectual property of this law is fully harmonized with Directive 2004/48/EC of the European Parliament and of the Council dated April 2004 on the enforcement of intellectual property rights.

Kosovo Criminal Code qualifies the infringement of intellectual property rights as a criminal offense. The part of the Code which addresses the intellectual property is harmonized with Directive 2004/48/EC of the European Parliament and of the Council dated April 2004 on the enforcement of intellectual property rights.

Subsidiary legislation consists of 12 AIs for the implementation of the abovementioned legal basis framework.

Institutional and Policy Framework

Kosovo has established the institutions which are responsible for the registration, administration and enforcement of intellectual property rights. Each institution has a defined mandate which is regulated by legislation. The institutional structure in the area of intellectual property in Kosovo is as the following.

Industrial Property Agency operates within the Ministry of Trade and Industry, and is responsible for examining the applications of industrial property objects, drafting legislation, proposing and ratifying international agreements in the area of intellectual property and promotion of industrial property rights. IPA carries out registration of all industrial property requirements through IPAS's database. Moreover IPA conducts its activities through the work of 6 workers having permanent contracts, 2 workers temporarily transferred and 6 local experts with temporary contracts. The Appeals Commission works under IPA, which deals with appeals of parties against the IPA's decisions.

Office for Copyright and the Related Rights is an administrative body that operates within the Ministry of Culture, Youth and Sports and it operates under the law for Copyright and Related Rights.

The basic activity of the office is drafting the legislation; issuing/withdrawing permission to associations for collective rights management; supervision of the associations for collective rights management; promotion of copyrights and related rights. The office has a staff composed of 5 officials with permanent contracts.

Kosovo Customs - Intellectual Property Sector functions within Customs and its main duty is to protect the intellectual property rights for goods entering / or leaving the territory of Kosovo at the request of right holders/ representatives or "ex-officio", as well as the administration of requests for action in the protection of intellectual property. The customs authorities may take measures in all customs procedures; import, export, transit, re-export, customs warehousing, inward processing, etc.

Market Inspectorate in the Republic of Kosovo operates within the Ministry of Trade and Industry, which is responsible for overseeing the implementation of legislation in the area of consumer protection, in the area of intellectual property, security on products and services, trading of petroleum and petroleum derivatives, prevention of unfair trade practices, combating the informal economy, hotel and tourism services, etc.

Kosovo Police is engaged in the protection of intellectual property rights in Kosovo by the Investigation and Economic Crimes Section (OECS) and the Sector for cyber crimes that deals with the prevention, investigation and combating piracy and counterfeiting, namely infringement of industrial property rights and copyrights.

State Council for Intellectual Property, established on 16 September 2011, is the coordinating and advisory body, the overall goal of which is to strengthen cooperation and coordination between all institutions involved in the administration and enforcement of the rights of intellectual property, with focus on the promotion, coordination and monitoring of these rights.

Task Force against Piracy was established on 30 January 2013 and its main task is to combat piracy, the prohibition of illegal vendors in the market and seizure of pirated materials in the market. Task Force implements the strategy against piracy and counterfeiting and its action plan, through actions coordinated among the competent participating institutions.

Strategy for development of Private Sector 2013 -2017 with particular emphasis on protection of intellectual property aims to develop a system for the protection of Intellectual Property in the Republic of Kosovo in accordance with international and European standards and best practices. Given that the system for protecting the Intellectual Property (IT) is an important factor for economic growth and is a precondition for creating a modern economy market and attract foreign investment, the establishment of

an effective system for the protection and registration of intellectual property in Kosovo presents a priority action of the Government of Kosovo in the consolidation of domestic market as well as in international trade and economic cooperation

Strategy against piracy and counterfeiting 2012-2016 has the main objective of reducing the level of piracy and counterfeiting and increase productivity in the creative industry; Identifying problems and causes that affect the growth of piracy and counterfeiting; Combating the informal economy and creating the conditions for foreign investment; Inter-institutional cooperation in national and international level and reaching the EU standards.

Donor Support

The project of IPA II for Competition, which is planned to commence by the middle of next year, also provides the support to the Industrial Property Agency, in particular in strengthening the enforcement of industrial property rights including geographical indications, capacity building industrial of the Industrial Property Agency and the awareness of businesses and citizens in using the IPR system. The project will be financed and managed by the EU Office in Kosovo.

Medium-term Priorities

In order to fulfil the SAA obligations and other EU accessin related documents and mechanisms within the areas of Chapter 7, the focus during 2018-2020 will be in the following midterm priorities:

- Capacity-building of women and men staff members on intellectual property institutions and implementing institutions of intellectual property rights;
- Education and awareness on the importance of Intellectual Property (education starting at younger ages - elementary school pupils);
- Development of the new strategy against Counterfeiting and Piracy 2017 - 2020 (ACO and the Task Force);
- The adoption of the Law on Innovation Activities;
- Improvement of legislation in the area of cybercrime. In the action plan for implementing the strategy of the Kosovo Police it is foreseen to improve the legislation in order to be in line with digital piracy;
- Membership in International and Regional Organizations in the area of Intellectual Property. This activity depends on the membership of the Republic of Kosovo in the World Trade Organization and the specialized agencies of the United Nations. Institutions aim to engage the medium term in order to prepare for membership;
- Signing of agreements, treaties, and international conventions in the area of Intellectual Property. It depends on membership in international institutions, but institutions will work in this direction in the medium term;
- Increasing international cooperation through a twinning project;

3.9. Acquis Chapter 8: Competition Policy

Competition is one the key principles of the EU internal market. The competition *acquis* covers both anti-trust and state aid control policies. The chapter contains legislation, rules and procedures to fight anti-competitive behaviour by companies, such as restrictive agreements between undertakings and abuse of dominant position, to scrutinise mergers between undertakings, and to prevent governments from granting state aid which distorts competition in the market. The EU's competition legislation derives from the Treaty on the Functioning of the European Union (TFEU). More precisely, article 37 of the TFEU regulates State monopolies of a commercial character, while the articles 101-105 are related to the rules applicable for undertakings. Article 106 deals in the case of public undertakings and undertakings with special or exclusive rights, and the articles 107-109 deal with rules applicable for State aid.

SAA Requirements

In relation to the **competition policy**, provisions of the SAA require from the Republic of Kosovo to enforce competition rules and to **gradually approximate** its legislation with EU legislation, starting from the entry into force of the agreement (articles 74, 75, MSA). Article 75 “Competition and other provisions” defines the responsibilities of the Competition Authority and provides the framework for functioning of the Agreement related to the trade between the EU and Kosovo in all Agreements between undertakings, decisions by associations of undertakings and concerted practices between undertakings which have as their object or effect the prevention, restriction or distortion of competition.

The Agreement aims to gradually approximate the legislation of Kosovo with the *acquis*, its effective implementation, and ensure appropriate monitoring and transparency mechanisms compatible with the EU rules. In essence, this is related to:

- Cartels and Agreements between undertakings,
- Abuse with a dominant position, and
- Mergers, purchases (of one undertaking from another) in the relevant Kosovo market.

The SAA provisions related to the **state aid** (articles 75.1 – 75.7), require from Kosovo to not provide any state aid which distorts or threatens to distort competition by favouring certain undertakings or certain products insofar as they may affect trade between the EU and Kosovo. Kosovo shall gradually approximate its legislation with the EU’s legislation, and shall establish an operationally independent authority entrusted with legal powers necessary to control the state aid.

More specifically, based on the SAA articles, Kosovo shall:

- Adopt the legislation for state aid and ensure that an operationally independent authority is entrusted with the powers necessary for the state aid grants and recoveries;
- Apply the EU rules on the state aids, including exemptions in the block, “de minimis” aid, services of the general economic interest, and the transparency rules for public undertakings;
- To establish an inventory of state aid schemes that exist prior to the entry into force of the law (existing aid schemes) within a period of three years from the entry into force of the Agreement;
- To ensure harmonization of state aid schemes within three year from the entry into force of the Agreement;
- To draw up a “regional state aid map” which is related to the GDP per capita figures harmonised at NUTS II level within four years from the entry into force of the Agreement and to jointly discuss with the European Commission for the needs of harmonization with the EU’s rules for regional state aid. In the meantime, for the purposes of the limits of regional aids, the entire territory of Kosovo shall be treated as the less developed regions; and
- To report to the European Commission on yearly basis related to the state aids in Kosovo through an annual report after entry into force of the SAA.

Provisions of the SAA on state aid emphasize the importance of the development of legislation compatible with the EU rules and the establishment of monitoring and transparency mechanisms.

The **2016 Kosovo Report** states that some progress have been made in this area. Members of the Kosovo Competition Commission as a decision making body were appointed. However, the Competition Authority still faces challenges in the investigation and decision-making capacity. This document states that the operating budget of the ACA is reduced and there is a lack of internal regulations and capacities to carry out investigations.

Judges and court staff members dealing with cases of Competition and control of concentrations do not have sufficient knowledge in this field. The effective implementation of the Law on Competition and the significant strengthening of the advocacy activities are required in the report.

As regards **State Aid**, it is pointed out that the Law on State Aid is in process of amending and supplementing and it should be in accordance with European standards to ensure the independence and impartiality of the Commission for State Aid. The capacities of the Office for State Aid are insufficient and it is required to increase advocacy for aid providers. The report tells that no decision has been issued regarding the State Aid in the last three years.

State of Play

Legal Framework

The basic legislation in the area of competition consists of the Law no. 03/L-229 on Protection of Competition, amended in 2014. This law defines the rules and measures for the protection of free and effective competition in the market, then competencies and organization of the Competition Protection Authority, as well as the procedures for implementation of this law.

The law provides a definition of the relevant competition aspects, such as "agreements", "undertakings", "relevant market", "dominant position". The law also contains provisions for prohibited agreements, cartel agreements, as well as abuse of dominant position, prohibited practices, concentrations and mergers of undertakings, initiation of investigation procedures, punishment measures and their implementation, and the cooperation with other institutions.

The law has embedded the EU's competition principles, rules and basic provisions deriving from the Treaty for the Functioning of the EU (TFEU). The law has also partially transposed the Council Regulation 1/2003/EC, the Commission Regulation (EC) Nr. 773/2004, and the Council Regulation 139/2004/EC (the so-called "Principal Competition Regulations").

However, there is yet neither the Regulation for implementation of the exemption in the block, nor the regulation for specific industry – vertical agreements. Moreover, the guidelines and instructions to implement the legal framework have not been yet developed. Subsidiary legislation for implementation of the basic Law on Competition consists of 8 subsidiary legislation acts.

The subsidiary legislation, which partially transposes the EU's legislation, includes:

- AI no. 02/2011 related to the mode and criteria for concluding the relevant market, which partially transposes the Commission notice on the definition of the relevant market for the purposes of Community competition law (OJ/C 372 e 9 Dhjetorit 1997),
- AI no. 05/2012 related to the criteria and conditions for setting the low value agreements, which partially transposes the Commission notice on agreements of minor importance (de minimis) which do not restrict competition under article 81 point 1 (now, article 101) of the Treaty on the functioning of the European Union (OJ/C 368/13, dated 22 December 2001),
- AI no. 06/2012 related to the manner of submitting the request, and the criteria for concluding of the undertakings' concentration, which briefly touches some of the elements of the request and criteria for merging/ concentration between undertakings as defined by the Commission Regulation No. 802/2004, which implement the Council Regulation No. 139/2004 on the control of concentrations between undertakings. However, this regulation, along with annexes, has been amended from the Commission Implementing Regulation no. 1269/2013. Consequently, the Kosovo's subsidiary legislation shall be reviewed in the midterm perspective in order to further approximate with this quite voluminous subsidiary legislation for concentration.

State Aid

The basic legislation governing this area consists of the Law No. 04/L-024 for the State Aid. The law provides the basis for the development of state aid, principles and procedures for granting state aid. The law contains basic definitions including state aid, establishes the mechanism and framework for state aid control. It also creates the basis for the establishment of a comprehensive state aid inventory and reporting system.

The implementing legislation, detailed procedures and the content of notification forms, including procedures for non-legal aids, as well as the monitoring and reporting procedures, are all regulated by the Regulation 1/2012 of the Ministry of Finance on Procedures and Format of Notification for State Aids, which partially transposes the Commission Regulation (EC) No 794/2004 of 21 April 2004, on implementation of the Council Regulation (EC) Nr. 659/1999 which defines detailed rules on application of the Article 93 of the EC Treaty.

On the other hand, the rules regulating the functioning and organization of the State Aid Commission, including duties and responsibilities, and the way of implementation, are set by the Regulation No. 01/2013 of the Ministry of Finance on Organization and Functioning of the State Aid Commission.

Institutional and Policy Framework

Competition

Pursuant to the Law on Protection of Competition, the Kosovo Competition Authority (ACA) is the main institution for the prevention and prohibition of anti-competitive practices including prohibited agreements, abuse of dominant position, mergers or the sale and purchase of shares in the enterprise, and aspects of advocacy in the area of competition.

Kosovo Competition Authority consists of the **Competition Commission** as a collegial decision-making body and the **Secretariat** consisting of professional civil servants, investigators and support staff. By law, the Competition Commission is part of the Authority, and manages with its work. It consists of five (5) members. There are rules to ensure the independence of the Commission against businesses. Commission reports to and is supervised by the Kosovo Parliament.

ACA Secretariat is the administrative body authorized by law to investigate, prepare investigation reports and forward them to the Commission for decision. It also carries out a monitoring process to ensure fair and effective competition on the market. The Secretariat consists of 2 departments, Legal and Administration Department, the Department for Market Supervision and the Office for State Aid. The first develops the personnel management policies and coordinates the process of drafting legislation, while the second department investigates allegations of market competition in accordance with the legislation in force. By law, the market supervision department conducts investigative procedures, supervises the market and proposes measures for the establishment of competition in the events of obstruction, restriction or distortion of competition in the market.

Currently, the Competition Authority currently has a very limited budget, and carries out its activities through the work of 13 civil servants. New offices that are being renovated have been allocated to the Competition Authority in order to create the necessary conditions to place the staff there. The authority has a very limited number of staff and in particular, the investigation sector lacks it since it does not have any staff members for analysis which are useful for the addressing of cases of violations of competition investigation.

State Aid

The institutional framework consists of the State Aid Commission and the State Aid Office. Based on current law, the State Aid Commission is the decision making body for state aid. Commission acts on the

"ad hoc" basis and is independent in decision making and in exercising its functions. The Commission consists of five members, three ministers, a civil society representative and chairman of the Association of Kosovo Municipalities.

State Aid Office is responsible for receiving, analyzing and monitoring of notifications and other data on aid schemes. Since its establishment, the Office operates with limited capacities. Out of six officers permitted by the Law on State Aid, salaries by the budget are available for only five officers, while currently there is only one official with contractual relationship. One of the main causes of four remaining vacancies is the lack of workspace. Filling the organizational structure of this office, and having the appropriate workspaces are the priority issues in order to ensure its functionality.

Donor Support

Currently, institutions in charge of competition and state aid are not supported by any particular project. However, an EU project within the IPA "Technical Assistance for the further development of Kosovo Trading Policies" through one of its components has provided support to the Competition Authority with the gap analysis in terms of legislation and administration. Similarly, this project through international experts supported competition and state aid, respectively, to help in identifying needs and key measures in the context of drafting the NPISAA for the chapter on competition policy.

Medium-term Priorities

Competition

From the legislation point of view, priority in the midterm plan shall be given to the development and drafting of legal and procedural acts that would approximate competition with EU's standards on "fair", "open" and "predictable" law enforcement procedures. In general terms, that implies a transposition of the EU legislation in the following fields:

- Further approximation of national primary legislation with relevant EU's legislation, including transposition of more detailed rules;
- Amendment and supplementation of the Law on Protection of Competition;
- Transposition of the "Merger Directive" and the implementing regulations into the national legislation;
- AI on certain categories of research and development agreements - transposition of EU Commission Regulation No. 1217/2010;
- AI on certain categories of specialisation agreements - transposition of EU Commission Regulation No. 1218/2010;
- Commission Regulation No. 772/2004/EU of 27 April 2004 on the application of Article 81(3) of the Treaty to categories of technology transfer agreements.

Similarly, in terms of development of administrative capacity, the focus will be on the professional development of staff through training programmes and the development of guidelines, procedures and institutional memory as essential elements for the implementation of regulations and the effective functioning of competition. So, the main objectives in the medium term are:

- Development of human resources including vocational training programmes to the staff of the Competition Authority, equally for women and men;
- The creation of institutional memory including judicial practices, issues of competition policy, guidelines, procedures, documentation storage through the information system, etc.;
- Development of awareness activities with relevant stakeholders including enterprises, business associations, civil society, etc.;
- Cooperation development between the competition institutions both, at regional and EU level.

State aid

In the medium term, the main objectives of the system aim at the development of state aid, including legislative and institutional side for effective implementation of the SAA, and increase of awareness and information on the state aid rules. It will also address specific issues of rules for the energy sector based on the requirements of the Energy Community Treaty. More specifically, the institutions will be involved in the approximation and implementation of legislation in accordance with the provisions of the SAA. This includes legislation and procedural guidelines for sector and regional state aid, services of general economic interest, exemption from the obligation to notify certain state aids, approximation of aid schemes with the criteria in paragraph 2, Article 75 of the SAA.

In addition, work shall continue to complete the aid inventory and data collection as two important steps for notification and monitoring of new aid schemes, and for reporting needs. Importance will also be paid to the development of human capacities, including training for aid providers, local institutions and other relevant stakeholders, as well as awareness activities. Hence, main objectives in the period 2017-2020 are the following:

- Development and further approximation of legislation with that of the EU, and effective implementation;
- Development of the state aid monitoring mechanisms;
- Development of the informative system for monitoring of state aid;
- Strengthening administrative capacity including human resource development and public awareness activities;
- Increase of international cooperation in the area of state aid.

3.10. Acquis Chapter 9: Financial Services

The *acquis* in the area of financial services includes rules for the authorisation, operation and supervision of financial institutions in the areas of banking, insurance, supplementary pensions, investment services and securities markets, and in relation with infrastructure of financial market. The new European System of Financial Supervision (ESFS) has entered into force in January 2011. This system consists of a network of national competent financial authorities working together with three European Supervisory Authorities (ESAs), the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), and the European Securities and Markets Authority (ESMA). Besides this, the European Systemic Risk Board (ESRB) has been established to monitor and assess potential threats towards financial stability that may arise due to macro-economic developments and from general developments in the financial system.

In the area of **banks and financial conglomerates**, the *acquis* sets out the requirements for the authorization, operation and prudential supervision of credit institutions and the requirements concerning the calculation of the capital of credit institutions and investment firms. Current directives related to the capital requirements, which translate international standards of Basel II into the EU's law, was superseded 2014 by a package based on Basel III accords. *Acquis* in this sector also lays down rules relating to supervision of financial conglomerates, as well as dealing, monitoring and prudential supervision of the business of electronic money institutions. *Acquis* establishes rules relating to the annual consolidated accounts of banks and other financial institutions.

In the area of **insurances and occupational pensions**, some guidelines establish rules concerning the authorization, operation and supervision of life and non-life insurances, and reinsurance of undertakings. *Acquis* establishes rules for the supervision of supplementary group insurances. Special provisions exist in the non-life sector for co-insurance, tourist assistance, credit insurance and legal expenses insurance. This includes a cautious regulatory framework for reinsurance activities in the EU aimed at removing obstacles to achieve reinsurance business.

In the area of **securities and investment services**, Directive 2004/39/EC on the market in financial instruments (MiFID) along with its changes and implementing measures determine a full regulatory regime, which covers authorization, function and supervision of investment firms and market objects. As regards the **market financial infrastructure**, the *Acquis* aims to remove obstacles in the trade area, increasing the resilience of market infrastructure and promoting financial stability.

Finally, the *Acquis* has a comprehensive regulatory and supervisory framework for alternative investments, capital and social funds, increasing transparency towards investors and public authorities.

SAA Requirements

In terms of SAA the obligations deriving out of Chapter 9 Financial Services are related to the Central Bank of Kosovo (CBK) in the field of financial services, respectively, in relation to the establishment and freedom of providing banking, insurance and financial services sectors, and the approximation and implementation of legal and regulatory framework (respectively, articles 50, 96 and annex 6 of the SAA), with the EU's legislation, the Statute of European Central Bank and the European System of Central Banks.

Based on the EC 2016 Kosovo Report, on issues related to financial services, the national legislation needs to further be aligned with *acquis*. The report highlights that Kosovo is still not part of the "green card" system. Moreover, the report points out that the market of financial services is still at an early phase of development.

State of Play

Legal Framework

In relation to the **Banking sector**, legal and regulatory framework on licencing, regulation and supervision of banks in the Republic of Kosovo includes:

- Law No. 03/L-209 on the Central Bank of the Republic of Kosovo (Official Gazette of the Republic of Kosovo, No.77/16 August 2010) (hereinafter referred to as the Law on KCB);
- Law No. 04/L-093 on Banks, Micro financial Institutions and Non-Bank Financial Institutions, (Official Gazette of the Republic of Kosovo, No.11/11 May 2012) (hereinafter referred to as the Law on Banks);
- Law No. 04/L-155 for Payment Systems (hereinafter referred to as the Law on Payment Systems).

Within the framework of existing legislation, the subsidiary legislation is presented below (rules, regulations and guidelines) issued by the KCB pursuant and under implementing the abovementioned laws (Law on KCB, Law on Banks and Law on Payment Systems), which addresses licencing, operation, requirement for risk management and requirements for prudential supervision of banks, micro financial institutions and non-bank financial institutions. This regulatory framework on regulation and supervision of banks is based on Basic Principles of Basel Committee and the Basel II Standards, particularly in terms of enacting the Law on Banks in 2012 and respective regulations for its implementation, which were adopted mainly in 2013:

- Regulation on Bank Capital Adequacy;
- Regulation on Bank Capital Adequacy (supplemented as of 27.02.2015);
- Regulation on Bank External Audit;
- Regulation on Mergers and Acquisitions of Banks;
- Regulation on Capital Equivalency Deposit for Branches of Foreign Banks;
- Regulation on Bank Directors and Senior Managers;
- Regulation on Large Exposures;

- Regulation on Opening and Closing Inside and Outside the Republic of Kosovo of Branch Offices and Subsidiaries of Banks;
- Regulation on Opening of a Representative Office inside and outside the Republic of Kosovo;
- Regulation on Internal Control and Internal Audit of Banks;
- Regulation on Limits to Holdings of Real Estate and Movable Property;
- Regulation on Licencing of Banks and Branches of Foreign Banks;
- Regulation on Consolidated Supervision of Banking Groups;
- Regulation on Credit Risk Management for Banks;
- Regulation on Operational Risk Management;
- Regulation on Liquidity Risk Management for Banks;
- Regulation on Minimum Reserve Requirements for Banks;
- Regulation on Changes in Capital Accounts;
- Regulation on Effective Interest Rate and Bank Disclosure Requirements;
- Regulation on Publication of Information by the Banks;
- Regulation on Bank Reporting to CBK;
- Regulation on Foreign Exchange Risk;
- Regulation on Transaction to Related Persons and Exposures to Employees;
- Regulation on Safe Deposit;
- Regulation on Mortgage Lending;
- Regulation on Appraisal of Immovable Properties;
- Regulation on Minimum Security Requirements;
- Regulation on ESIC Direct Debit;
- Regulation on Emergent Liquidity Assistance;
- Regulation on International Payments;
- Regulation on Clearing and opening of Settlement Accounts;
- Regulation on Bank Account Standard Numbering System;
- Regulation on Procedures for Imposing Administrative Penalties;
- Regulation on Internal Complaints Handling Process;
- Regulation on Credit Registry;
- Regulation on Register of Bank Account Holders;
- Regulation on External Audit of Microfinance Institutions;
- Regulation on Internal Control and Internal Audit of Microfinance Institutions;
- Regulation on Limits to Holding of Real Estate and Movable Property for Microfinance Institutions;
- Regulation on Liquidity Risk Management for Microfinance Institutions;
- Regulation on Credit Risk Management for Microfinance Institutions;
- Regulation on Effective Interest Rate and Microfinance Institutions Disclosure Requirements;
- Regulation on Microfinance Institutions Reporting to CBK;
- Regulation on Registration, Supervision and Activities of non-bank financial institutions (NBFI);
- Regulation on External Audit and External Auditor of financial Institutions;
- Regulation on Direct and Indirect Disbursement of Loans in Cash;
- Regulation on Prevention of Money Laundering and Financing of Terrorism;

Law on Banks and regulations mentioned above have established the legal basis for adopting the requirements of Directive 2006/48/EC of the European Parliament and the Council, dated 14 June 2006 for the start-up and continuation of activity of credit institutions and Directive 2006/49/EC of the European Parliament and the Council of 14 June 2006 for Capital Adequacy of investment companies and credit institutions, which were superseded in 2013 by the adoption of Directive 2013/36 / EU on access to the activity of credit institutions, and prudential supervision of credit institutions and Investment Firms

(CRD IV) and Regulation (EU) Nr.575 / 2013 on prudential requirements for credit institutions and Investment Companies (CRR).

Regarding the **Deposit Insurance Fund**, was established in 2011 under the Law No. 03/L-216 on the Establishment of Deposit Insurance System for Financial Institutions in Kosovo as amended and supplemented by Law No. 04/L-133 on Amending the Law No. 03/L-216 on the Establishment of Deposit Insurance System for Financial Institutions in Kosovo. This law regulates deposit insurance of natural and legal persons, their establishment, governance, and authority of the Deposit Insurance Fund in Kosovo.

The Deposit Insurance System ("DIS") was established as a development project through the bilateral agreement between Germany and Kosovo, whereby in 2011 a tripartite Financing and Project Agreement was signed between the Government of Kosovo (through MF), German Government (through KfW) and the DIFK (as Project Execution Agency) which established the deposit insurance system in Kosovo. The initial funding for DIF is provided by paid-in capital contributions by the Government of Republic of Kosovo, through Ministry of Finance (MoF) and the German Federal Government (through KfW). The initial capital is provided to support the establishment of the deposit insurance system in Kosovo by capitalizing the DIF with EUR 15.5 million, where EUR 11 million are provided by the Government of Kosovo (through MoF) whereas the German Government (through KfW) has provided EUR 4.5 million. Part of financial commitment of the Government of Kosovo in amount of EUR 2.9 million was financed by IDA loan (through World Bank). To support the increase of deposit insurance limit the German Government in 2013 (through KfW) has increased capital contribution in amount of EUR 2 million. This three-year project was completed in July of 2015.

Main features of the DIS in Kosovo are: independence of the deposit insurance agency, mandatory membership of all institutions receiving deposits, "upfront" financing ("ex-ante"), differential premiums system, insurance coverage of natural and legal persons, limited amount of deposit insurance, deposite insurance rule: for a depositor, for every bank, the targeted DIF level, conversative investment policy.

Regarding the Deposit Insurance System, the legal framework includes:

- Law No. 03/L-216 on the Establishment of a Deposit Insurance System for Financial Institutions in Kosovo as amended and supplemented by Law No. 04/L-133 on Amending the Law No. 03/L-216 on the Establishment of Deposit Insurance System for Financial Institutions in Kosovo. This law regulates deposit insurance of natural and legal persons, their establishment, governance, and authority of the Deposit Insurance Fund in Kosovo.
- Law No. 03/L-216 on the Establishment of a Deposit Insurance System for Financial Institutions in Kosovo.
- Law No. 04/L-133 on Amending the Law No. 03/L-216 on the Establishment of Deposit Insurance System for Financial Institutions in Kosovo

Within the framework of existing legislation, the subsidiary legislation is presented below (rules, regulations and guidelines) issued by the DIFK pursuant and under implementing the abovementioned laws which address laws mentioned above that address the obligations of member banks related to deposit insurance of natural and legal persons, the requirements for the structure and format of data to be submitted by member banks for determining the accurate and rapid insured deposits, calculation and collection of ongoing and initial premiums, client and member etc. This regulatory framework was supplemented in 2013-2016:

- Regulation on the participation of member banks in DCS testing and submission of data in required format and specification to determine insured deposits.

The purpose of this Rule is to define the structure and format of data to be submitted by member banks in order to determine accurately and quickly insured deposits and regular participation in testing of

software, depositor compensation system (hereinafter: DCS). This Rule is authorized under Article 24 of Law No. 03/L-216 on the Establishment of a Deposit Insurance System for Financial Institutions in Kosovo (hereinafter LDI), as amended by Article 19, paragraph 1 of Law No. 04/L-133 Amending and Supplementing Law No. 03/L-216 on the Establishment of a Deposit Insurance System for Financial Institutions in Kosovo" (hereinafter amended LDI).

- Rule on the quarterly reporting by members on deposits and depositors' overdue liabilities to the deposit insurance fund of Kosovo.

The rule on quarterly reporting serves the purpose to determine the total amount of the insured deposits of the banks which amount is the basis for calculating the ongoing premiums that the banks have to pay to DIFK.

The Rule is authorized under Article 24 paragraph 1 of LDI, Law No. 03/L-216 (Article 19 of the amended LDI, Law No. 04/L-133), Article 14 paragraph 1.1 (Article 11, paragraph 1, subparagraph 1.1 of the amended LDI) and Article 19 paragraph 1.4 of the LDI, and Article 23 of the LDI (Article 18 of the amended LDI) and this applies to all deposit-taking financial institutions that are members of the Deposit Insurance Fund of Kosovo.

- Rule on the Calculation and Collection of Ongoing and Initial Premiums.

The rule determines the calculation method and schedule of payment of ongoing and initial premiums of deposits insurance from member banks. This rule is authorized under Articles 9, 10, 11, 14, 16, 19, 22 and 31 of LDI, Law No. 03/L-216 and applies to all deposit-taking Financial Institutions of Kosovo.

- Rule on Administrative Sanctions for members of the Deposit Insurance Fund.

The Rule determines a transparent range of applicable administrative sanctions consistent with the powers of the DIFK under the LDI, under the Law No. 03/L-216 in case that member banks do not comply with the LDI and the amended LDI and the rules promulgated hereunder. The Rule is authorized under Article 23 of the LDI, Law No. 03/L-216, and Article 18 of the amended LDI, Law No. 04/L-133.

- Rule on informing clients of members of DIFK – amended.

The Rule shall prescribe the manner of informing and the contents of information on deposit insurance, which members of DIFK are obliged to provide to their current and prospective clients. The Rule is authorized under Article 19, paragraph 1, sub-paragraph 1.4 of LDI, Law Nr. 03/L-216, and Article 19, of the amended LDI, Law No. 04/L-133.

- Rule on selection process and selection criteria for pay-out agent bank.

The Rule describes the process and criteria for the selection of the pay-out agent bank First Phase of the selection process to Compensate the insured deposits, respectively the natural and legal persons before the occurrence of the insured event. The Rule is authorized under Article 19, paragraph 1, point 1.4, Article 12 and Article 13, paragraph 3 of LDI, Law Nr. 03/L-216, and the amended LDI, Law No. 04/L-133.

- Rule on Emergency Funding

The Rule determines the financing agreements to assure that the DIFK is capable of compensating the depositors in accordance with its mandate. The Rule is authorized under Article 14 of the LDI, (Law Nr. 03/L-216), and Article 11 paragraph 1.8 of the Amended LDI, (Law No. 04/L-133), Article 17 of the LDI and Article 14, paragraph 1.2, 1.3 of the amended LDI and Article 19, paragraph 1.13 of the LDI; and Article 19 of the Law on Public Debt.

- Regulation on compensation procedures of insured deposits

This regulation shall establish the general rules for the compensation of insured deposits and shall regulate the following areas: phases, compensation method, technology, human resources, payout agent bank, outsourced partners, communication to the public, relationship with the receiver, relationship with CBK and MF during compensation process. The Rule is authorized under LDI, Law Nr. 03/L-216, Article 19, paragraph 1, sub-paragraph 1.4, Article 12 and Article 24 of the amended LDI, Law No. 04/L-133, Article 9 and Article 19.

- Rule for the general procedure for consultation of stakeholders

The purpose of the Rule is to set a transparent procedure for stakeholder's consultation, in line with the powers of the Fund under the LDI for elaborating and adopting new or amended, rules/regulations and policy proposals including proposals for amending LDI. The Rule is authorized under Article 19, paragraph 1, point 1.4 of the Law No. 03/L-216 on the Establishment of a Deposit Insurance System for Financial Institutions in Kosovo and Article 11, paragraph 1, point 1.10 of the Law No. 04/L-133 amending the Law No. 03/L-216 on the Establishment of Deposit Insurance System for Financial Institutions in Kosovo.

- Investment guidelines of the deposit insurance fund of Kosovo

The investment guidelines represent the general policy framework for DIFK's investment activities, in particular for deciding on the investments which DIFK is to pursue in a business year. The guidelines refer to the investment of available financial resources accumulated in the Deposit Insurance Fund in line with article 15 and 16 (as amended in Article 12 and 13) of the laws for LDI (No. 03/L-216 and No. 04/L-133). Investment guidelines of DIFK are authorized under Article 25, Article 19 and 22 of LDI, Law No. 03/L-216, and Article 20 of the amended LDI, Law No. 04/L-133).

- Public awareness policy

Public awareness policy aims the public awareness on the deposit insurance system and its public policies that are: To protect small depositors from loss in case of an insured event i.e. revocation of the license of a member bank by CBK and to support CBK in meeting its objective to foster the soundness, solvency and efficient functioning of a stable, market-based financial system. Public awareness is essential in ensuring effectiveness of the deposit insurance system.

- Guide for Depositors on compensation process of insured deposits

Guide for Depositors on compensation process of insured deposits aims to explain the compensation process and conditions for compensation of insured depositors in the insured event in compliance with the Law No. 03/L-216 on the Establishment of a Deposit Insurance System for Financial Institutions in Kosovo, (hereinafter LDI) and Law No. 04/L-133 on Amending the Law No. 03/L-216 on the Establishment of Deposit Insurance System for Financial Institutions in Kosovo (hereinafter ALDI); and in compliance with the Regulation on Compensation Procedures of Insured Deposits.

Law on Banks and regulations mentioned above have established the legal basis for adopting the requirements of Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions and Directive 2006/49/EC of the European Parliament and of the Council of 14 June 2006 on the capital adequacy of investment firms and credit institutions, which in 2013 were repealed by the adoption of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV) and Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and Investment firms (CRR).

DIFK after the implementation of the Strategic Plan 2015-2017, with the aim of harmonization and approximation of legislation on deposit insurance will begin to align with the revised European Directive on Deposit Guarantee Schemes - European DGSD, "DIRECTIVE 2014/49/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 16 April 2014 on deposit guarantee schemes", and European

Banking Authority (EBA) guidelines on methods for calculating contributions to deposit guarantee schemes" EBA/GL/2015/10 22.09.2015 Guidelines on methods for calculating contributions to deposit guarantee schemes.

In relation to **insurances**, the legal and regulatory framework for licencing, regulation and supervision of insurances in the Republic of Kosovo includes:

- Law No. 03/L-209 on Central Bank of the Republic of Kosovo
- Law No. 04/L-018 on Compulsory Motor Liability Insurance (hereinafter referred to as Law on Motor Liability Insurance)
- Regulation No. 2001/25 on Licencing, Supervision and Regulation of Insurance Companies and Insurance Intermediaries (hereinafter referred to as Regulation No. 2001/25) (which will be superseded with new Law on General Insurances, being now in the final phase of approval by the Assembly of the Republic of Kosovo);

Law No. 04/L-018 on Compulsory Motor Liability Insurance and related regulations for its implementation are partially in compliance with the European Directive 2009/103/EC of the European Parliament and the Council, dated 16 September 2009, relating to insurance against civil liability in respect of the use of motor vehicles, and implementation of obligation for insurance against such liability.

In order to harmonize and approximate the legislation in the area of insurances with that of the European directives, at the beginning of 2016 the Law No. 05/L-045 on Insurance has entered into force, after being adopted by the Assembly of the Republic of Kosovo and it has repealed the Regulation No. 2001/25 on the Licensing, Supervision and Regulation of Insurance Companies and Insurance Intermediaries (hereinafter Regulation No. 2001/25) which was in force. This draft law is partially harmonized with the European Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) and the European Directive 2002/92/EC of the European Parliament and of the Council of 9 December 2002 on insurance mediation. The Law sets the basis for further approximation with the EU acquis. The abovementioned law regulates principles and basic regulations for licensing, regulation and supervision of insurers, reinsurers, insurance intermediaries and other relevant subjects, so that the insurance industry in the Republic of Kosovo would operate in a safe, stable and transparent manner in order to protect the rights and interests of women and men policyholders. All legal acts (regulations) issued pursuant to Regulation 2001/25 remain in force as long as they are not in contradiction with the Law on Insurance. The reviewing process of all the regulations has started aiming the full harmonization of regulations with the requirements of the Law on Insurance, where several regulations have been issued so far.

After the entry into force of the Law on Insurance several regulations on Insurance were issued regulating new fields such as:

- Regulation on the mergers and acquisitions of banks;
- Regulation on insurance actuaries;
- Regulation on defining the criteria for appraisal of intangible damages from motor liability insurance;
- Regulation on the opening of representative offices by foreign insurers in the Republic of Kosovo.

Regulations adopted based and pursuant to the Law on CBK, the Motor Liability Insurance Law and Regulation No. 2001 / 25, which are discussed above, are as follows:

- Regulation on Determination of Premium's Structure for Compulsory Motor Liability Insurance;
- Regulation on Deposit of Assets as a guarantee, Capital Adequacy, Financial Reporting, etc;
- Regulation on Compensation Fund of Kosovo Insurance Bureau;
- Regulation on Implementation of BONUS-MALUS System;
- Regulation on General Conditions of Motor Liability Insurance Policy;

- Regulation on Licencing of Insurance Intermediaries;
- Regulation on Procedures on Handling Complaints for Motor Liability Insurance Damage Compensation;
- Regulation on Standards on Reporting and Oversight of Kosovo Insurance Bureau;
- Regulation on Licensing of the insurance companies and branches of foreign insurance companies;
- Rules on Activities related to Insurance;
- Rules on Membership and External Contracts;
- Rules on Financial Product Source;
- Rules on Internal Control;
- Rule on the Establishment of an Arbitration Forum for Dispute Resolution relating to Damages;
- Rule on licensing of regulators/supervisors of insurance damages;
- Rule on Changing the Rule on Accounting Standards and the data storage requirements for Insurance Companies and Insurance Intermediaries;
- Rule on description of requirements for the insurance company reserves;
- Rule on Description of Additional Requirements to be included in the Letter of Engagement of External Auditors;
- Rule on Joint Governance of Insurance Companies and Insurance Intermediaries;
- Rule on Sale of Insurances via Internet;
- Rule on Related Party Transactions;
- Rule on Validity and Amount of Shareholders and Claims of Creditors in Liquidation;
- Rule on Amending the Rule on General Insurance Classes recognized by the BPK.

Following the entry into force of the Law on Insurance, the following regulations governing new areas of insurance were issued

- Regulation on mergers and acquisitions;
- Regulation on insurance actuaries;
- Regulation on the criteria for appraisal of intangible motor liability claims;
- Regulation for the opening of representative offices in Kosovo by foreign insurance providers.

Some other regulations have also been issued, replacing or amending the existing regulations, such as:

- Regulation on Premium's Structure for Insurance
- Regulation on investment of assets covering technical and mathematical provisions and investment of charter capital for insurers;
- Regulation on risk retention and reinsurance coverage requirements
Regulation on internal controls and internal audit of the insurance
Regulation on calculation and retention of technical and mathematical provisions for non-life and life insurers
- Regulation on the external audit of insurers, insurance intermediaries, claim handlers and the Kosovo Insurance Bureau;
- Regulation on publication of information by insurers;
- Regulation on delegation of insurers functions;
- Regulation on reporting of insurers to the CBK.

The abovementioned rules and regulations are partly harmonized with the EU Directives in the area of insurance, particularly in regulating issues such as non-life insurance, life insurance, insurance intermediation, compulsory motor liability insurance, prudential risk management requirements, minimum capital requirements, and other issues of importance in the area of insurance. In ongoing efforts to harmonize legislation in the area of insurance with the *Acquis* of the EU, as was mentioned above, the new draft law on insurance is in the final stage of approval and the CBK has started preparations for issuing and amending bylaws in order to implement the Draft Law.

In relation to the field of **pensions**, the law on KCB has defined pension funds as financial institutions. Therefore, this law establishes the exclusive competence of the CBK to license, regulate and supervise Kosovo Pension Funds.

Legal and regulatory framework for the licensing, regulation and supervision of pension funds in the Republic of Kosovo includes:

- Law No. 04/L-101 on Pension Funds in Kosovo (Law on Pension Funds) and the KCB Regulations on Pension Funds.

Law No. 04/L-101 on Pension Funds and relevant regulations for its implementation are partially in compliance with the EU Directive 2003/41/EC of the European Parliament and the Council dated 3 June 2003 on activities and supervision of employment pension funds, which is the basis for a full harmonization with requirements of mentioned directive.

At the end of 2015, the revision of the Law no. 04/L-101 on Kosovo Pension Funds (Law on Pension Funds) has began, and in September 2016 it was first read in the Assembly of the Republic of Kosovo. Adoption of the amendment and supplementation of Law in question is due by the end of 2016.

Adopted regulations based on Law on CBK and the Law on Pension Funds: the regulatory framework for the regulation and supervision of pensions after the entry into force of the Law on Pension Funds is as follows:

- Regulation on defining the conditions and criteria for withdrawal of funds from KPST;
- Regulation on Reports and Information requested by the Kosovo Pension Savings;
- Regulation on Licensing asset managers for the pension funds;
- Regulation on Pension Payment Individual Savings;
- Regulation on Additional Funds for the Licensing of Pension Employers;
- Regulation on Licensing of Supplementary Individual pension providers;
- Regulation on individual participant accounts;

During 2016, these regulations have been revised:

- Regulation on Investment of Pension Assets;
- Regulation on reporting of Kosovo Pension Funds (Regulation on Reports and Information requested by the Kosovo Pension Savings);
- Rule on the Custodian of Pension Assets (Rules on amending the Rule for the Custodian of Pension Assets);
- Regulation on reporting the Supplementary Individual Pensions (Reports and Other Information Required to be Submitted by Pension Funds and Pension Providers);
- Rule on Amount of Pension Contribution (in process);

These regulations implement the requirements specified by the Law on Pension Funds which contribute to further approximation with the requirements of Directive. In addition to these regulations, in terms of the pension regulation and supervision the following additional rules exist:

- Rule on the Pension Benefits Applicable Programmes individual supplementary pensions;
- Rule on Funding and Actuarial Valuation of Defined Benefit Pension Arrangements;
- Rule on Investment of Pension Assets;
- Rule describing requirement in the Engagement Letter of External Auditors of Pension Funds and Pension Providers;
- Rule on Record-Keeping by Pension Funds and Pension Providers;
- Rule on Pension Assets and Valuation of Pension Assets;
- Rule on Amending the Rule on Designating Pensions Beneficiaries;

- Rule on Amending the Rule on Transfers and Transfer Payments of Pension Assets;
- Rule on Amending the Rule on the Custody of Pension Assets;
- Rule on Amending the Rule on Asset Managers of Pension Assets;
- Rule on the termination of Supplementary Individual Pension;
- Rule on the participation in a Pension Fund and Professional Categories of Employees;
- Rule on the Reports and Other Information Required to be Submitted by Pension Funds and Pension Providers;
- Rule on the establishment of Pension Fund;
- Rule on the establishment of Supplementary Individual Pensions from Pension Providers;
- Rule on Value of Pension Benefits Applicable to the Employer Supplementary Pension Fund;
- Rule on the Amount of Pension Contribution (under revision).

In the area of *financial market*, the domestic debt market is the only area which has been developed by now through issuance of securities by the Government of Kosovo, which functions with electronic platform of securities trading. This activity is realized in auctions of securities and is based on the system of primary dealers (commercial banks), where the natural and legal persons may participate in the market through the primary dealers mentioned above.

The first issuance in the primary market of securities of the Government of Kosovo was conducted on January 17, 2012, with issuing one instrument with 3 months maturity, and the process continued by issuing 6 and 12 months maturity instruments. Apart from treasury bills the bonds with maturity period of 2 and 3 years are also issued. The 24th of May 2014 marked a first transaction of trading with securities in the secondary trading whereby a transaction was carried out between the Primary Stakeholder and the Client. Up to now a considerable number of these transactions were conducted, mainly between the Primary Dealers and their clients, as well as transactions among the Primary Dealers themselves.

It was revealed that there was an expansion of the base of investors participating in the securities market of the Government of Kosovo, where apart from natural persons the Pension Funds and Insurance Companies took part as well. In addition, in August 2015 were conducted transactions of purchasing securities through the secondary market by the Central Bank of the Republic of Kosovo in relation to Article 11 of Law No. 03 / L-209.

The market of securities of the Republic of Kosovo is regulated by the Law 04 / L-175 on Public Debt, applicable since November 2009, as well as by the bylaws, MoF-CBK Regulation no. 01/2014 for the primary and secondary securities of the Republic of Kosovo Government Securities market adopted in 2012 (amended in 2014).

Among the strategic goals is also the **provision of efficient and quality interbank systems for transferring funds and securities**, which implies further advance of the central securities depository system (Central Securities Depository - CSD), electronic trading platform (Electronic Trading Platform – ETP), and the engagement in establishing a modern interbank money trading system, which will serve as an important element for commercial banks to manage the liquidity.

Institutional and Policy Framework

The Central Bank of the Republic of Kosovo (KCB) is a public legal entity pursuant to the Articles 11 and 140 of the Constitution and according to the provisions of the related law. CBK is the key participating and regulatory institutions in the financial system of the Republic of Kosovo nad has the administrative, financial and management independence and autonomy. The CBK primary objective is to promote and maintain a sound financial system, including an efficient and sustainable payment system. In view of this objective, and relating to the field of financial services, the relevant departments have been set up to

ensure a supervision of financial institutions, including supervision of banks, insurance companies, pension funds and other non-banking institutions.

The KCB activity is ensured by its decision-making bodies and its personnel. The KCB decision-making bodies are: KCB Board, Executive Board and the Governor. The Central Bank Board consists of the Chairman and three (3) other non-executive members and of the Governor and shall be charged with the supervision of the implementation of the policies, and the supervision of the administration and the operations of the Central Bank. KCB is also a supervisor of the activities of Kosovo Pension Savings Trust and the Koosvo Insurance Bureau.

Kosovo Pension Savings Trust (KPST) is an independent public institution established by the Parliament of the Republic of Kosovo, and supervised by the KCB. KPST has been created based on the model of defined pension contribution, which means that each contributor saves for pension in a personal account. KPSF is an institution established in December 2001 and its activity was launched in August 2002 with a primary task to administer and manage mandatory pension contributions (and voluntary) of the employed persons in Kosovo.

The powers and responsibilities of the KPST over administering the pension funds are vested pursuant to Law No. 04/L-101 on Kosovo Pension Funds (Article 5.1), through its Board of Directors, including the rights relating to pension funds (Article 5.2). KPST has its main and sole office in Prishtina, while other services relating to contributors and beneficiaries are also carried out in six other centres of the Tax Administration of Kosovo (TAK), such as: Mitrovicë, Pejë, Gjakovë, Prizren, Ferizaj and Gjilan. KPST is led by the Board of Directors consisting of five professional members with at least 10 years of working experience in the area of pensions; one member representing the Employers; one member representing the Employees; one member representing the Government of Kosovo. All members of the Board are appointed by the Kosovo Assembly with a term of 3 years, with the possibility of reappointment. If a Board Members term has expired and no new member has been appointed, then the existing Board Member will continue their mandate for ninety days.

The Kosovo Insurance Bureau was established on 07 August 2011 by ten insurance companies licensed to operate in the Republic of Kosovo, based on Law No. 04/L-018 on Compulsory Motor Liability Insurance.

The Kosovo Insurance Bureau is a professional organization with legal entity capacity, established for non-profit purposes. The Government of the Republic of Kosovo recognizes our institutional status of the National Insurance Bureau with unrestricted rights, in the capacity of a payment and treatment bureau, guaranteeing the implementation of all obligations stipulated under the international insurance card system. The Bureau is funded by its members and its activity is supervised by the Central Bank of Kosovo. Within the Kosovo Insurance Bureau operate the Compensation Fund, Border Insurance, Insurance Information Centre and the Green Card.

Besides the implementation of a prudential, constant and independent supervision over all financial institutions licensed by KCB, the relevant departments of supervision of financial institutions also aim at developing secure financial activities, such as those of banking, insurance and pensions, and creating conditions for the realization of a healthy process of financial intermediation in the Republic of Kosovo, for the development of the financial sector and thus the development of the economy.

Medium-term Priorities

In order to implement the Strategic Plan 2015-2019, CBK, among others, aims the following:

- Development of supervisory functions in accordance with modern standards and practices;
- Development of contemporary inter-bank systems in the Republic of Kosovo;

- Promoting healthy development of the financial system in the Republic of Kosovo; and
- Contributing to integration in the European Union and cooperation with other international institutions.

Other legislative priorities:

Regarding the banking sector the following are planned:

- Amendment of capital adequacy in order to adopt requirement for capital definition as per Basel III, to fully harmonize a weighting risk against risk credit according to the standardized approach, to adopt capital requirements against the market risk, and to recognize mitigating factors of risk credit in accordance with a standardized approach;
- Adoption of standards from Pillar II and Pillar III of Basel Framework relating to Capital;
- Adoption of the risk liquidity management requirements and the leverage report based on new standard recognized as Basel III.

These standards are part of the Directive 2013/36/EU and the Regulation (EU) no. 575/2013 of the EU, recognized as CRD IV and CRR, hence, part of the EU *Acquis* and are foreseen to be adopted for the purposes of a full approximation of the legislation concerning the field of bank supervision within the framework of full fulfilment of requirements deriving out of the SAA, respectively, the Article 96 and its Annex 6 relating to the financial services.

Regarding the insurance sector the following are planned:

In the medium term the work will be focused on further approximation of insurance regulatory part with respective European directives. The existing regulations will be subject of amendments aiming to implement the Draft Law on Insurances, which is expected to enter into force at the onset of 2016.

Regarding the pension sector the medium term foresees to carry out amendments on all KCB regulations relating to pensions in accordance with requirements of the Law on Pension Fund and with the EU *acquis* in the area of pensions. As per demands of civil society organisations dealing with gender equality, this process should ensure gender mainstreaming, in accordance with the Law on Gender Equality.

Regarding the banking sector the following are planned:

- Training and qualification of the bank supervision staff on application of the Basel Capital Framework standards and the International Financial Reporting Standards;
- Staff training in the area of consolidated supervision;
- Analysis and adoption of best practices of the EU countries in the area of customer protection;
- Capacity building for administering the emergency situation in the event of crisis and resolution of troubled banks;
- Establishment of a periodical testing program recognized as “stress testing” and adoption of the early warning system.

Regarding the **Deposit Insurance Fund**, the following strategic goals of the DFIK are outlined below:

- Advance collaboration with safety net partners and strengthen cooperation with stakeholders in the financial sector – This mainly aims to strengthen the cooperation framework with members and other stakeholders in the financial sector in insuring effective fulfilment of the mandate.
- Increase of public awareness through continued and effective communication;
- Advance differential premium system and reporting by member banks;
- Achieve compliance with the Revised Core Principles.

Regarding the insurance sector the following are planned:

- **Supplement the Manual for Off-site supervision**-In the medium term the manual for off-site supervision will be reviewed, whose main role is to ensure a closer supervision of insurers and reinsurers through reporting and monitoring, particularly thorough early warning tests(EWT);
- **Strengthening the resources in the field of Solvency** - Training and qualification of staff on insurance application by applying the Solvency standards I, enabling equal participation of women and men in training;
- **Stress-test**-Establish the program and scenario for testing insurers, recognized as “stress testing” program.

Regarding the pension sector the following are planned:

- In order to fulfil its duties and for the effective implementation of the strategic plan and the responsibilities deriving from the SAA in terms of approximation with the EU Directives in the area of supervision of insurers, the KCB:plans to proceed with;
- Training and qualification of Pension Supervisors and application of the IOPS standards and principles, enabling equal participation of women and men in training;
- Training of staff in the area of pension consolidated supervision, enabling equal participation of women and men in training;
- Analyze and adoption of best practices of the EU countries in the area of protection of participants and beneficiaries in/from pension funds;
- Capacity building for managing emergency situation in the events of crisis and resolution of pension funds.

3.11. Acquis Chapter 10: Information Society and Media

This chapter covers electronic communication, information society services and the audio-visual policies by which the European regulations promote and encourage competition, development and a more comprehensive approach to modern services and technologies, with particular emphasis on the interests of end users.

In the area of electronic communications, the *Acquis* aims to eliminate obstacles to the effective operation of the internal market in telecommunications services and networks, to promote competition and to safeguard consumer interests in the sector, including universal availability of modern services. Main topics to be covered in the area of electronic communication are: broadband access, standardization, interconnection, market and market analysis, universal services and the users' rights, privacy issues, digitalization and frequency spectrum. Main topics in the area of information society services include: information security, e-governance, e-health., e-signature, e-commerce and public sector. Main topics in the area of audio-visual policies are: audio-visual media services, public services for radio emission, minors' protection, film heritage and cultural diversity.

SAA Requirements

Relevant articles of the SAA are the Chapter VIII, respectively, Article 111 relating to electronic communications network and electronic communications services, Article 110 on Information Society and Article 109 on cooperation in the audio-visual field. Article 111 relates to strengthening cooperation in the area of electronic communications networks and electronic communications services, with the ultimate objective of the adoption by Kosovo of the EU *Acquis* in the sector five years after the entry into force of this Agreement, paying particular attention to ensuring and strengthening the independence of the relevant regulatory authorities.

Article 110 relates to the cooperation in the area of information society, mainly supporting Kosovo's gradual approximation of policies and legislation in this sector with those of the EU. Global objectives will be to prepare further society as a whole for the digital age, as well as identifying measures ensuring

interoperability of networks and services. Article 109 relates to the cooperation and promotion of the audio-visual industry in Europe and encourages co-productions in the sectors of cinema and audio-visual media, including *inter alia* programmes and facilities for the training of journalists and professionals of the audio-visual media industry. This article addresses also technical assistance to Kosovo public and private media, so as to reinforce their independence, professionalism and links with European media, approximate Kosovo's policies on the regulation of content aspects of cross-border/boundary broadcasting with those of the EU and harmonise its legislation with the EU *Acquis*, and the *Acquisition* of intellectual property rights for programmes and broadcasts as well as to ensuring and strengthening the independence of the relevant regulatory authorities.

Requirements deriving from the EC Kosovo Report

As regards the requirements of the Kosovo Report 2016, concerning the area of electronic communications, information society services, and audio-visual policies, Kosovo is needed to continue its efforts in approximating and completing the legal framework in terms of harmonization with EU *acquis*. Moreover, in the context of increasing professional and institutional capacities, it is recommended to strengthen the independence and capacity of the Regulatory of Telecommunication (RAEPC) and media (IMC). The report also recommends the provision of sufficient funds for implementation of the Cyber Security Strategy and Strategy for e-Governance. As a matter of urgency deriving from the Report and seeking institution's attention, Kosovo needs to undertake concrete steps towards the crossing the analogue to digital transmission and to develop a solution for sustainable funding of the public service broadcaster, RTK.

As per demands of civil society organisations dealing with gender equality, the Cyber Security Strategy and E-Government Strategy need to include a gender perspective, in accordance with the Law on Gender Equality.

SAPD requirements

As regards the requirements of SAPD "Infra" 2016 concerning the area of electronic communications, information society services, and audio-visual policies, the legal and strategic framework is planned to be supplemented. Furthermore, the Kosovo Government should provide adequate budgetary resources in the field of information society services, in particular for the implementation of the Strategy for e-Governance and the Cyber Security Strategy. Also, the relevant institutions should take steps in order to develop the information society statistics in line with Eurostat standards. Furthermore, the Kosovo Government as a matter of national priority should take all the necessary steps to implement the crossing from analogue system to digital transmission system. Consequently, Kosovo Government should adopt the Strategy on Crossing the Digital Transmission as soon as possible so that the Independent Media Commission implements the Law and Strategy on the relevant matter. Likewise, Kosovo institutions should ensure the minimum capacities in national CERT (Computer Emergency Response Team - CERT), respectively computer emergency response team, in accordance with the ENISA's recommendations. Among other things, Kosovo institutions should provide a model that ensures sustainable financing of RTK; begin the process of drafting legislation on media ownership; and provide the necessary budget for the continuation of the Minority Media Fund. In the context of strengthening the professional capacities, Kosovo Government should provide financial and functional independence to RAEPC and IMC.

Electronic Communications

Legal and Policy Framework

Regarding the approximation and harmonization of the legal framework for primary electronic communications sector with the *acquis* of the EU, the Law on Electronic Communications was adopted, which aims to regulate the electronic communications activities based on the principle of technological neutrality and regulatory framework of the EU for electronic communications, by promoting competition

and efficient infrastructure in electronic communications, as well as ensuring adequate and appropriate services for citizens. Furthermore, this Law partially transposes the Directive 2002/21/EC as amended by the Directive 2009/140/EC; Directive 2002/19/EC as amended by the Directive 2009/140/EC; Directive 2002/20/EC as amended by the Directive 2009/140/EC; Directive 2002/22/EC as amended by the Directive 2009/136/EC; Commission Directive 2002/77/EC; Directive 2002/58/EC as amended by the Directive 2009/136/EC in connection with personal data processing and protection of privacy; Directive 2009/136/EC; Directive 2009/140/EC; Directive 1999/5/EC; EC Recommendation 2003/311/EC; EC Recommendation 2007/879/EC; EC Recommendation 98/322/EC; EC Recommendation 2005/698/EC; EC Decision on classification of radio and terminal devices 200/299/EC.

As regards the completion and approximation of the secondary legal framework with the EU *acquis*, RAEPC has adopted regulations that fully transpose the EU directives in the following:

- Regulation on Accounting Separation (012/B/14 01 April 2014) (Directive 2002/19/EC-Directive on Access); EC Recommendation 98/322/EC on interconnection in a liberalized telecommunications market (Part 2 - Accounting separation and cost accounting), and the EC Recommendation 2005/698/EC on accounting separation and cost accounting systems according to the Regulatory Framework for Electronic Communications;
- Regulation on provision and use of Radio Frequencies (Decision no. 376/2002/EC);
- Regulation on Quality of Electronic Communications Services (043/B/13 09 December 2013) ((Directive 2002/22/EC on Universal Services; Directive 2009/136/EC (Annex III));
- Technical regulation on radio and telecommunication terminal equipment and electromagnetic compatibility (Conformity Recognition) (Directive 2002/22/EC on Universal Services; Directive 2009/136/EC (Annex III));
- Regulation on payments for the use of radio frequencies (Decision no.376/2002/EC)
- Regulation on cost accounting according to the full disbursement cost (FDC) method; Recommendation of the European Commission 98/322/EC on the interconnection of a liberalized telecommunications market (Part 2 - Accounting separation and cost accounting), and the European Commission Recommendation 2005/698/EC on Accounting Separation and Cost Accounting Systems according to the Regulatory Framework for Elecronic Communications;
- Regulation on the rights of way and common use of infrastructure (Directive 2002/21/EC of the European Parliament and the Council dated 07/03/2002 on a common regulatory framework for electronic communications networks and services (Framework Directive), as amended by Directive Nr. 2009/140/EC, dated 25/11/2009);
- Regulation on Interconnection (033/B/11 3 June 2011 (Directive 2002/21/EC of the European Parliament and the Council dated 07/03/2002 on a common regulatory framework for electronic communications networks and services(Framework Directive), as amended by Directive No. 2009/140/EC, dated 25/11/2009);
- Regulation on full and shared common use of the local loop and sub-loop (024/B/11 18 April 2011) (Directive 2002/21/EC of the European Parliament and the Council dated 07/03/2002 on a common regulatory framework for electronic communications networks and services (Framework Directive), as amended by Directive No. 2009/140/EC, dated 25/11/2009);and
- Regulation on the Provision of Access (012/B/11 11 February 2011) (Directive 2002/21/EC of the European Parliament and the Council 07/03/2002 on a common regulatory framework for electronic communications networks and services (Framework Directive), as amended by Directive No. 2009/140/EC, tdats 25/11/2009).
- Regulation on the Provision of Access (012/B/11 11 February 2011) (Directive 2002/21/EC of the European Parliament and of the Council of 7 March 2002 on a common regulatory framework for electronic communications networks and services (Framework Directive), as amended by Directive No. 2009/140/EC, of 25/11/2009); and
- Regulations on contracts, transparency and publication of information and other protective measures for end-users for the provision of public services and networks of electronic

communications (Directive 2002/22/EC of the European Parliament and of the Council of 7 March 2002 on universal service and users' rights relating to electronic communications networks and services (Universal Service Directive), as amended by Directive No. 2009/140/EC, of 25/11/2009.)

Regarding the role and institutional responsibilities in the area of *electronic communications*, the key role is played by the Ministry of Economic Development (MED) which proposes, prepares and ensures the implementation of legislation; develops and approves policies and strategies; monitors and compiles regular periodic reports on the implementation of strategic sector documents, electronic communications and information society. Similarly, MED identifies, proposes and sets the standards for information technology at the national level. In the electronic communications sector, it carries out the review of compliance with European standards in terms of tariffs and fees, quality of service and technical standards; develops a working policy to promote competition and reviews the needs of consumers.

On the other side, the Authority of Electronic and Postal Communications is the national regulatory authority in the area of electronic communications and postal services which perform the tasks defined by this Law and by the other applicable legislation and applies the policy and national strategies of electronic communication sector. Regulation of electronic communications activities is done on the basis of management principles and the effective use of scarce resources, technological neutrality, functional equivalency and proportionality. RAEPC ensures effective competition, protection of consumer rights, objectivity of criteria, regulatory conditions and procedures, transparency and non-discrimination.

In the context of completing the strategic framework documents related to the implementation of EU legislation in the area of electronic communications, MED has adopted a strategy for the Electronic Communications Sector Policy - Digital Agenda for Kosovo 2013 - 2020, which is in line with the EU Digital Agenda 2020 and aims to define the priorities, objectives and tasks of the development of ICT to maximize social and economic benefits that those technologies offer, primarily the Internet, as a very important instrument for economic and social activities, the use of which enables the delivery or receipt of services, jobs, access to entertainment, communication and free expression of opinions. This document transposes the Commission Communication (COM (2010) 245/final2) dated 26/08/2010 "Digital Agenda for Europe". In this regards, RAEPC approved medium term plan 2015- 2017 which aims to address regulatory objectives foreseen by the regulatory framework (primary and subsidiary legislation).

On the other hand, in terms of support and funds provided by foreign donors for the implementation of various activities in the area of electronic communications, the World Bank has allocated funds for the implementation of two important projects, which are the following:

- Facilitation of Efficient Infrastructure Sharing for Kosovo- 275,000 \$;
- Rural Broadband Program – 475,000\$;
- Programme on job skills for digital economy - \$50,00; dhe
- Pilot-project on women's online work (WoW) - \$150,000.

Medium-term Priorities

Meanwhile, in the period 2017-2020 the main focus will be on implementing the objectives specified in the Digital Agenda of Kosovo, namely, on providing broadband services, security of nets and public electronic communications services. Furthermore, the focus will also be on promoting the competition in the broadband electronic communications market, on increasing the efficiency of the market regulation, and efforts that by 2020 all inhabitants of Kosovo were provided with access to the Internet with a high speed of 30 Mbps.

Furthermore, RAEPC will implement:

- The establishment of fixed monitoring stations with radio frequency spectrum at the national level;
- Monitoring the quality parameters of internet access;
- Building management system for numbers portability; and
- Development of platforms for on-line applications.

According to the MTEF 2016 - 2018, the total budget planned for RAEPC is significantly lower than the planned and approved by the Board of RAEPC, which consequently prevents the realization of priorities and objectives set by the sector documents and policies. However, the RAEPC expects that in the annual review of the MTEF for the coming years will include the priority activities in accordance with the objectives of the Digital Agenda and the Law on Electronic Communications.

It shall be noted that the Kosovo Institutions are expected to take concrete steps for membership in international telecommunications organizations, including those dealing with postal issues. The budget for the implementation of activities will be planned according to the MTEF including assistance by the donors. As per demands of civil society organisations dealing with gender equality, in order to ensure that the funds collected benefit women, men, girls and boys by serving their needs and interests, Gender Responsive Budgeting needs to be applied to all stages of planning and implementation of activities.

Information Society

Legal and Policy Framework

Regarding the harmonization of legislation with the EU *Acquis* in the area of information society, Kosovo has managed to successfully develop significant legislation that is consistent with the regulatory framework of the EU. Moreover, primary legal framework consists of:

- Law on Information Society Services, which outlines the documentation in electronic form legally equal to traditional documentation submitted in paper format, to facilitate electronic services that include, but are not limited to the purchase by consumers via the Internet (eCommerce), electronic banking and financial services (ePayment), government services (eGovernment) and electronic purchasing by enterprises (eProcurement) and the application of electronic signatures. Under this law the Directive 1999/93/EC; Directive 2000/31/EC, and Directive 2007/64/EC were transposed;
- Law on Preventing and Combating Cyber Crime, which aims to prevent and combat cyber crime with concrete measures, prevention, detection and sanction violations through computer systems, by providing observance of human rights and the protection of personal data; and
- Law on Government Bodies for the Information Society, which aims to define the bodies responsible for the development of information society services in the institutions of Republic of Kosovo, as well as the powers, responsibilities, organization and functioning;
- Interoperability Framework of the Republic of Kosovo intends to offer suggestions and recommendations for interoperability of systems, based on international standards in the area of information technology. Moreover, this framework is based on the European Interoperability Framework,

In the context of completion of the strategic framework with documents dealing with the development of the IT sector, the Government of Kosovo (MED) has adopted the Kosovo Information Technology Strategy on 30 December 2015; it also contains the detailed action plan covering 2016-2018. In order to steer and monitor the entire process of implementation of this strategy, the Steering Committee has been established; its membership balances representatives of state institutions, the private sector (STIKK) and academia.

Moreover, the Government of Kosovo (MIA) has adopted the National Cybersecurity Strategy and Action Plan 2016-2019 in January 2016. The Ministry of Internal Affairs, and the Minister as its head, is now appointed as the Cybersecurity National Coordinator.

Regarding the institutional roles and responsibilities in the area of information society, the Ministry of Economic Development proposes, designs and ensures implementation of legislative documents, policies and strategies. Moreover, it identifies, proposes and sets standard of information technology at the national level and supports information and innovation technology.

On the other hand, the Ministry of Public Administration (MPA), respectively the Information Society Agency, proposes and coordinates all policies related to ICT in the institutions of the Republic of Kosovo, prepares and ensures implementation of the E-government Strategy and Action Plan, and implements a range of important activities related to information society.

Medium-term Priorities

Regarding the implementation of planned activities within the medium-term priorities 2018-2021, in the context of drafting the strategic documents, programmes and plans in the area of information society it will be worked on the implementation of the National Information Technology Strategy.

In addition to fulfilling the strategic framework for the period 2017-2020, the main focus will be on implementing the objectives specified in the Digital Agenda of Kosovo in order to provide broadband services and the security of networks and public electronic communications services. The budget for the implementation of medium term priorities will be planned according to the MTEF along with Donor support.

On the other hand, Information Society Agency within the framework of implementing the medium-term priorities 2017-2020, plans the following:

- Strengthening the interoperability of electronic systems and increasing the number of existing electronic systems that will be linked via this platform;
- Advancing the existing state portal to the e-Kosovo portal, in order to increase the number of electronic services for citizens and institutions; and
- Realization of project for Disaster Recovery Centre.

In addition to fulfilling the strategic framework for the period 2017-2020, the main focus will also be on implementing the objectives specified in the Digital Agenda of Kosovo in order to provide broadband services and the security of networks and public electronic communications services. The budget for the implementation of medium term priorities will be planned according to the MTEF along with Donor support.

Audiovisual policies

Legal and Policy Framework

Regarding the harmonization of the domestic legislation framework with EU legislation in the area of audio-visual policy, the Law on Independent Media Commission was adopted, which aims to define the powers of the IMC and promote the development of a healthy market of audio-visual media services. Moreover, this law was approximated with Directive AVMSD 89/552/ECC. Besides, IMC has also adopted a series of bylaws (subsidiary legislation), which are approximated with the aforementioned directive (AVMSD):

- KPM 2013/01 -Regulation on the Protection of Children and Minors in Audio-Visual Media Services – 2013;

- KPM 2013/02 -Regulation on Copyright – 2013;
- KPM 2013/03 -Regulation for Commercial Audio-Visual Communication – 2013;
- KPM 2013/04 -Regulation of the IMC for issuing of License – 2013;
- General Terms and Conditions of the IMC License – Part One – 2013;
- KPM 2014/02 -Regulation on Evaluation of the Applications for the IMC License – 2014;
- KPM 2014/03 -Regulation on Level and Manner of Payment License Fee – 2014;
- Regulation of Cable Distribution of Radio and Television Programmes in Kosovo – 2007; dhe
- Code of Conduct for Audiovisual Media Services in the Republic of Kosovo – 2010;
- KPM 2016/01 - Rules for Distribution of Audio and Audio Visual Media Service Providers;
- KPM 2016/02 - Regulation for Commercial Audio-Visual Communication – 2016; and
- KKPM 2016/03 -Code of Conduct for Audiovisual Media Services in the Republic of Kosovo– 2016.

In relation to the institutional responsibilities in the area of audiovisual policies, the Independent Media Commission he Independent Media Commission (IMC) is the body responsible for the regulation, management and oversight of the broadcasting frequency spectrum. Furthermore, IMC is responsible to promote development of a healthy market of audiovisual media services by regulating rights, obligations and of individuals and entities providing audio and audiovisual media services.

Medium-term Priorities

The main priority of IMC is the implementation of the Strategy for Digitalization and Action Plan, although currently under MTEF no specific budget for the implementation of digitization is planned, however, it is expected that the revision of the MTEF will include activities prioritized by IMC for the following years. Also, in this regard a significant Donor support is expected. Therefore, in the medium-term context, the IMC plans to implement the Strategy for Transition to Digital Terrestrial Broadcasting. As per demands of civil society organisations dealing with gender equality, these documents need to reflect a gender perspective.

3.12. Acquis Chapter 11: Agriculture and Rural Development

The agriculture chapter covers a large number of binding rules, many of which are directly applicable. The proper application of these rules and their effective enforcement and control by an efficient public administration are essential for the functioning of the common agricultural policy (CAP). Running the CAP requires the setting up of management and quality systems such as a paying agency and the integrated administration and control system (IACS), and the capacity to implement rural development measures.

This chapter requires that Member States must be able to apply the EU legislation on direct farm support schemes and to implement the common market organisations for various agricultural products.

SAA Requirements

The obligation to approximate the legislation of Kosovo with Chapter 11 of the *acquis* stems from Articles 74 and 102 of the SAA. According to the Article 102 of the SAA, Cooperation between the Parties shall be developed in all priority areas related to the EU *Acquis* in the field of agriculture, as well as on quality schemes for agricultural and food products, food safety, veterinary and phytosanitary domains. Cooperation shall notably aim to modernise and restructure the agriculture and agro-industrial sector in Kosovo, particular to reach EU sanitary requirements. Cooperation under the SAA also aims to improve water management and rural development as well as to develop the related aspects of the forestry sector in Kosovo and at supporting the gradual approximation of Kosovo legislation and practices to the EU *Acquis*.

SAPD Requirements

Obligations deriving from meetings of the highest level with the EC in the process of Stabilization and Association Dialogue for "Agriculture, fisheries and food security" 2016 includes the continuation of completion of primary and subsidiary legal framework. As another horizontal issue within the sector is also the possibility of integration of climate changes related to issues, including the awareness rising of farmers. Special emphasize was also given to combating illegal change of use of agricultural land and the continuation of implementation of the strategy for land consolidation.

Requirements from the EC Report

In the 2015 EC Kosovo Report, the EC has identified these challenges: the insufficient staff in the Agency for Agriculture Development (AAD) so as to ensure adequate monitoring and swift payment proceedings. Also, an Internal Audit Unit needs to be established as part of the AAD. Aiming at preserving the arable land, Kosovo should significantly improve and extend the scheme of land consolidation and to prepare and implement an action plan to tackle illegal changes of use of agricultural land. Illegal change on use of agricultural land remains an obstacle to the development of the agricultural sector which hampers the effective implementation of the Law on Spatial Planning. With regards to trade exchange, there is still discrepancy in the agriculture statistics, between Eurostat and national statistics. Likewise, transparency and support for agriculture planning need to be improved.

Kosovo needs to increase its efforts to establish a functional agricultural market, in particular by expediting support to producer groups and marketing of agricultural products. There is lack of irrigation plan and the implementation of the Law on organic agriculture is weak.

Legal and policy framework in the area of agriculture

The agricultural sector is one of the key sectors contributing significantly to the overall economic development of the country. The Ministry of Agriculture, Forestry and Rural Development is the main institution dealing with formulation of policies and legislation in the area of agriculture, including plant production, animal husbandry, agricultural land use for its protection, as well as on rural development, food safety and forestry. MAFRD has two agencies: Kosovo Forestry Agency (KFA) and the Agricultural Development Agency (ADA), eight departments (Department of Finance and Joint Services, Legal Department, Department of Rural Development - Managing Authority, Department of Agricultural Policy and Markets, Department of Viticulture and Winery, Department of Economic Analysis and Statistics, Department of Forestry, and Department of European Integration and Policy Coordination), as well as the Kosovo Agricultural Institute in Peja. The total number of MAFRD employees during 2017 will be 403.

In its mandate for creating conditions for the development of the agricultural sector, the ministry has made progress in the approximation of national legislation to the EU acquis, mainly in the areas of Agriculture, Forestry and Rural development by aligning the national legislation to a number of EU directives and regulations.

Law No. 03/L-098 on Agriculture and Rural Development and Law Nr. 04/L-090 Amending the Law No. 03/L-098 on Agriculture and Rural Development, determine policies for the development of agriculture and rural development, objectives and measures under the Plan for Agriculture and Rural Development. The law is partially harmonized with Council Regulation (EC) No 73/2009 19 January 2009, amending Regulation (EC) No 1290/2005, (EC) No 247/2006, (EC) No 378/2007 and repealing Regulation (EC) No 1782/2003 Published in the Official Gazette.

Kosovo's legal framework also includes the Law No. 04/L-127 on Agricultural Law, Law No. 04/L-253 on Amending the Law No. 04/L-127 on Agriculture Census. This Law regulates the content, organization and implementation of the Agricultural Census in 2013, throughout the entire territory of the Republic of

Kosovo. The law stipulates the establishment, composition, powers and responsibilities of the bodies that organize, assist and conduct the registration, the period of data collection, the documentation required for registration, the procedure for the collection, processing and storage of census data, and the form of publication and dissemination of data ensuring the privacy of individual census data. The law is partially approximated with: Regulation no. 1166/2008 of the European Parliament and of the Council of 19 November 2008 on farm structure surveys and survey methods of agricultural products and repealing Council Regulation (EEC) No. 571/88;

As mentioned above, the agricultural land remains a key priority that this sector should focus on. Law No. 02/L-26 on Agricultural Land defines the use, protection, regulation and lease of agricultural land, with the aim of preserving and protecting agricultural potential on a permanent basis, based on the principles of sustainable development. Law No. 02/L-26 on Agricultural Land is not approximated with the EU legislation.

Kosovo also has the Law No. 04/L-040 on Land Regulation. This law regulates the legal basis for taking measures and actions on a voluntary basis for the creation of larger parcels and regulation of agricultural land, forests and forest lands in order to achieve a more rational and economical use. This law also defines the responsibilities of the institutions in charge for land consolidation, procedures for land registration, planning, funding and implementation of this process. The law is not approximated with the EU legislation.

Law No. 02/L-9 on Irrigation of Agricultural Land and the Law No. 03/L-198 on Amending the Law No. 02/L-9 for irrigation of agricultural lands. This law shall regulate the establishment and functioning of bodies offering services and service users. The law addresses the organization and creation of optimal conditions for irrigation of agricultural land in Kosovo, its protection against excessive waters, in order to increase yields of agricultural products. This law regulates the organization and administration of irrigation of agricultural land, the powers and responsibilities of the parties, registration of irrigation companies, and associations of water users for irrigation, water tariffs for irrigation, business of associations and other issues related to irrigation and drainage. Law No. 02/L-9 on Irrigation of Agricultural Land and the Law No. 03/L-198 on Amending the Law No. 02/L-9 for irrigation of agricultural lands, as such so far is not approximated with the EU legislation.

An important subsector within agriculture is livestock. This subsector is treated through the Law No. 04/L-191 on Agriculture Livestock, which as such is not yet approximated with the EU legislation. This Law regulates the protection, improvement and preservation of the qualities of animal genetic resources for increased livestock production, improvement of the quality of the livestock products, protection of animal genetic variability. The law in question defines the conditions and farming practices for a good breeding animal farm, methods and technologies of animal breeding conditions for drafting and adoption of breeding programmes, changes and preservation of animal qualities. Moreover, maintaining genetic variability and native breeds, scientific and professional services in livestock gene banks for animals, enterprises animal breeders, the market and trade of racial materials, inspection and necessary funds also are issues which are addressed within this law..The law is designed with compliance tables, and is partially approximated with a number of EU directives: Council Directive 2009 / 157EC; Council Directive 87/328/EEC; Council Directive 88/661 EEC; Council Directive 90/118 EEC; Council Directive 90/119 EEC; Council Directive 89/361 EEC; Council Directive 90/427 EEC; Council Directive 91/174 EEC and Council Directive 94/28/EC.

Law No. 02/L-98 Plant Variety Protection. This law regulates the procedures for protection of plant varieties, granting and protection of the right to plant selectors, and provides the conditions for varieties of all genders and plant species including the intersections between gender and species. The law is partially harmonized with European Council Directive (EC) no. 2100/94 of 27 August 1994 on the rights of the community of plants EC; Commission implementing Directive 2014/97/EC of 15 October 2014 for

the Council Implementing Directive 2008/90/EC relating to the registration of suppliers of varieties and their list.

Law No. 2003/5 on Seeds regulates the production and marketing of seeds of plant varieties and potato seeds for agricultural production. This law applies to seeds of plant varieties in crop production and seed potatoes both, domestic and imported –basically, all types contained in the Programme 1 which are targeted to be procured and sold in Kosovo. This law is partly approximated with Council Directive 66/402/EEC of 14 June 1966 on the marketing of cereal seeds.

Kosovo also has the Law No.2003 / 10 for artificial fertilizers, which regulates the registration, control, trading and protection of the quality of artificial fertilizers in Kosovo. The law is partially harmonized with EU regulations No.2003 / 2003 of the European Parliament and of the Council of 13 October 2003 related to fertilizers.

Organic farming remains one of the most important segments of the agriculture chapter. Law No. 04/L-085 on Organic Agriculture forms the basis for the sustainable development of organic production and ensure the efficient functioning of the market by guaranteeing fair competition, consumer trust and protection of consumers' interests. This law defines the objectives and principles as regards to all stages of production, preparation and distribution of organic products and their control; using indicators that refer to the labeling and advertising of organic products and it is partly in compliance with EU regulations (EC) no. 834/2007 dated 28 June 2007 and Regulation (EC) no. 889/2008.

Wines are one of the products for which it was discussed intensively during the SAA negotiations because of the importance for the Kosovo's own market as well as the potential that this subfield has for export to EU countries.

Law No. 02/L-8 on Wines, Law No. 04/L-019 on amending the Law No.02/L-8 on Wines regulates the production and circulation of grapes for wine production, the conditions for the distribution of wine and other products of grapes and wine processing, protection of produced wine in a certain geographical region that is distinguished by exceptional climatic conditions, soil and other. This law is partially harmonized with the Commission Regulation (EC) No 436/2009 26 May 2009 which sets out detailed rules for the implementation of Council Regulation (EC) no. 479/2008 as regards the vineyard register, compulsory declarations and the gathering of information to monitor the wine market, the documents accompanying consignments of wine products and the wine sector registers to be kept; Council Regulation (EC) No 479/2008 of 29 April 2008 on the common organization of the wine market;Commission Regulation (EC) No 555/2008 of 27 June 2008 establishing detailed rules for the implementation of Council Regulation (EC) No 479/2008 on the common organization of the wine market as regards to the supporting programmes, trade with third countries, production potential and controls in the wine sector; Commission Regulation (EC) No 606/2009 dated 10 July 2009 which establishes certain detailed rules for the implementation of Council Regulation (EC) No 479/2008 as regards the categories of products of grapes, oenological practices and applicable restrictions; Commission Regulation (EC) No 607/2009 of 14 July 2009, which defines the specific detailed rules for the implementation of Council Regulation (EC) No 479/2008 with regard to protected designations of origin and geographical indications, traditional terms, labelling and presentation of certain products of the wine sector; Council Regulation (EC) No 491/2009 of 25 May 2009 amending Regulation (EC) No 1234/2007 establishing a common organization of agricultural markets and on specific provisions for certain agricultural products (Regulation on the common market CMO) and Regulation Commission and the European Council (EU) No. 1308/2013 establishing a common organization of the markets for agricultural products which repeals Council Regulation no. 922/72; No. 234/79; No. 1037/2001; and no. 1234/2007.

In terms of public health insurance, Kosovo has adopted the Law No. 04/L-041 on Production, Gathering, Processing and Marketing of Tobacco. This law regulates the production, collection, processing, and marketing of raw tobacco and its products in the Republic of Kosovo. The law is not approximated with EU legislation.

To ensure the implementation of laws in force, MAFRD also adopted the Law No. 03/L-029 on Agriculture Inspection. This law defines the competences and obligations of the inspector. However, this law has not yet been harmonized with EU legislation.

Special emphasis in recent years has been dedicated to the consulting services either by the Kosovo side or from the EU. Law No.04/L-074 on Advisory Services for Agriculture and Rural Development, regulates the organization and implementation of consulting services for agriculture and rural development, increasing knowledge, farm management training, as well as the revenue growth in the farms. The law is partly approximated with Council Regulation (EC) No. 73/2009 dt.19 January 2009, which establishes common rules for direct support schemes for farmers under the common agricultural policy and establishing certain support schemes for farmers which supersedes the regulations (EC) Nr.1290 / 2005, (EC) Nr.247 / 2006 (EC) Nr.378 / 2007 and repeals the Regulation (EC) no. 1782/2003.

Law No. 2003/9 for Agricultural Cooperatives regulates the establishment, operation and working of farmers' cooperatives in order to develop agriculture and increase the productivity of farmers. The law has so far not been harmonized with EU legislation.

During 2016, these Administrative Instructions were adopted:

- Administrative Instruction (MAFRD) No. 01/2016 for *Financial Compensation for Veterinary Services in the Field*, of 14 January 2016;
- Administrative Instruction (MAFRD) No. 02/2016 on *the Measures and Criteria of Support in Agriculture and Rural Development* for 2016 of 01 March 2016;
- Administrative Instruction (MAFRD) No. 03/2016 on *Direct Payments in Agriculture for 2016*, of 17 mars 2016; and
- Administrative Instruction (MAFRD) No. 04/2016 on *Licensing of Producers and Repackagers of Artificial Fertilizers*, of 14 June 2016.

MAFRD policies for agriculture (grains, fruits, vegetables and livestock)

The total area of Kosovo is 1.1 million hectares, 53% of which is agricultural land and 41% is forest land. The agricultural sector contributes 12.0% to GDP and employs roughly 4.6% of total employees. Therefore, the agricultural sector remains one of the main priorities of the Government in order to improve the trade balance, reducing unemployment, food safety, environmental protection and the improvement of people's lives in general. As per demands of civil society organisations dealing with gender equality, these statistics need to be disaggregated by gender.

In order to develop the agricultural sector and rural development, the Government of the Republic of Kosovo has adopted several strategic documents.

Plan for Agriculture and Rural Development for 2014-2020 remains the main document for this chapter which aims to carry out the agro-rural sector restructuring in line with that of the EU, improving the standard of living of rural and agricultural communities in Kosovo, including poverty reduction, support of less favoured areas, employment generation, conservation of resources and natural heritage, through the promotion of physical capital, adopting of production practices, increasing production and productivity, the development of the food safety system and awareness of new standards. Agriculture and Rural Development Programme 2014-2020 was prepared by the IPA II Regulation. This strategic document meets all the criteria to apply for IPARD structural funds, taking into account the fact that the

new regulation of EC IPA II does not limit the potential candidate countries in having access to these funds.

In the area of horticulture, the Republic of Kosovo has approved the Horticultural Sector Strategy 2009-2013. The aim of this strategy is to increase income and competitiveness of the horticulture sector. The strategy also aims to increase production capacity, improve the quality of products, in view of the replacement of imports relative to domestic products.

Considering the fact that Kosovo has about 41% of forest land, a priority for the Government remains to ensure the protection and quality of forest management. MAFRD adopted the Forestry Development Strategy for 2010-2020, which is aimed at sustainable use of forest resources through the provision of a regulatory and institutional framework providing permanent mechanisms of financial sector development.

As regards land consolidation, Kosovo has the so-called Land Consolidation Strategy which is framed for the period 2010 through 2020. The aim of the strategy is the implementation of land consolidation projects with a purpose of the rational use of agricultural land, ownership settlement, land tenure security, increased farm size, market competition, infrastructure development, environmental protection, cultural heritage and help to develop alternative agricultural activities. As per demands of civil society organisations dealing with gender equality, this strategy needs to include a gender perspective.

Rural Development Programme for 2016 is a further step in the advancement of agriculture. Meanwhile the budget of the programme according to the measures for 2016 was:

- Measure 101: Investments in physical assets of agricultural holdings in the amount of 14,500,000 EUR;
- Measure 103: Investments in physical assets in the processing and marketing of agricultural products in the amount of 5,000,000 EUR;
- Measure 302: Diversification of farms and business development in the amount of 1,500,000 EUR; and
- Measure of Irrigation of agricultural land in the amount of 1,000,000 EUR.

Donor Support

The European Union is the largest donor for Agriculture and Rural Development in Kosovo. EU support covers the building of institutions, human capacity building, grant schemes for farmers and the food processing industry and support for the NGOs sector.

For the period 2007-2012 under IPA 2008, IPA 2009, IPA 2010 and IPA 2011, 45 projects in the field of Agriculture and Rural Development were implemented. In 2009, under the grant scheme funded under the IPA, followed by projects IPA 2011, IPA 2012 and IPA 2013.

IPA II programming for Agriculture and Rural Development has started in 2014, the amount for years: IPA II-2014, 2015, 2016, 2017 was EUR 43.7 million for 2018-2020 = EUR 36 million and the total is EUR 79.7 million.

The World Bank, through the Agriculture and Rural Development Project, has supported the Government of Kosovo in promoting competitiveness and growth in the subsectors of livestock and horticulture over the next decade through implementation of select measures from the agricultural strategy adn in institutional development.

The area of agriculture and rural development has also been supported by other donors such as the Austrian Development Agency (ADA), through the Project on Support to Development of Agriculture in

Kosovo (2011-2016), with approximately EUR 2,000,000.00; the Danish International Development Agency (DANIDA), which has supported the agricultural and rural development sector during 2013-2014 with EUR 6,170,801.00. This sector was also supported by USAID, through the New Opportunities in Agriculture (NOA) Project during 2011-2015, with an amount of over EUR 15,900,000.00. The German Government (GIZ) has supported the horticultural sector with EUR 1,000,000.00 through the Competitive Fund for Horticulture project.

Medium-term Priorities

Midterm priorities are:

- Stimulating farmers through subsidies and rural grants, reflecting gender perspective;
- Increasing areas with crops and productivity in all agriculture sectors.
- Implementing measures in the framework of sectoral strategies; and
- Capacity building for the management of funds in the agricultural sector and rural development.

Agricultural land

For the purpose of use, protection, regulation and lease of agricultural land, preservation and protection of agricultural potential on permanent basis, the Law No. 02/L-26 on Agricultural Land was approved, which has so far not been harmonized with EU legislation.

For the purpose of enforcement of the Law on Land Regulation, MAFRD has issued the AI No.02 / 2012 for the classification of agricultural land suitability; established a commission by the decision No.05 / 2012 to regulate the land; the AI no. 07/2012 on the methodology to clarify the ownership on the unfinished projects of land consolidation; the AI no.08 / 2012 on fertility and suitability assessment, the AINr.09/2012 on criteria and content of agreement in writing; and the AI no. 10/2012 on financial compensation for trees, crops and other immovable objects on land exchange

Based on statistical survey carried out by the National Forest Inventory in 2012, the use of agricultural land in 2012 was 470,400 ha (agricultural land, meadows and pastures), while only 296.830 hectares are used for cultivation. Agricultural land area is continuously decreasing due to the lack of spatial planning and the inability of implementation of the Law on Agricultural Land and regulations dealing with the protection of agricultural land and preventing the change of use to construction land. The average agricultural land per capita in Kosovo is very small 0,15- 0,18 hectares, which is less than half the EU average. The fragmentation and the small size of agricultural plots represent a continuing problem for the sustainable support of agricultural production. According to the survey of agricultural households carried out by KSA in 2013, 49% of farm households surveyed have less than 1 ha.

Kosovo has performed cadastral land classification, based on natural and economic conditions of crop production, which is used to determine the cadastral income. Therefore, based on Law No. 02/L-26 on Agricultural Land, Article 10 paragraph 10.1 a new classification of agricultural land suitability has been prepared.

MAFRD has drafted the policy reform and created a mechanism for the implementation of these policies in terms of land use and regulation. As a result of IPA 2008 assistance, the project 'Further Support to Land Use' was supported in the amount of EUR 1.8 million.

Land Consolidation Strategy 2010-2020 and Action Plan 2010-2020 for the implementation of the strategy were adopted by the Government of the Republic of Kosovo through the decision No.09 / 21 dt. 26.06.2011. The purpose of the Land Consolidation Strategy for 2010-2020 is to create a long-term vision for the implementation of land consolidation in Kosovo. The Government of Kosovo decided that the reform of agricultural land including the use, planning and regulation of land use to be one of the priority policies for MAFRD. Land consolidation activities are already supported by ARDP 2007-2013. According

to MAFRD 2007-2013 midterm evaluation, measures for the consolidation of agricultural land has had the effect of significantly reducing the plot. Until now in total 2,697.00 ha of land was consolidated.

From 2008 to 2013, 9634 ha were consolidated. From 2014 to 2016, works on the un-finished consolidation were conducted in 21 cadastral zones in the municipality of Drenas with a surface of 4790ha and in 5 cadastral zones in the municipality of Vushtrri with a surface of 487ha. This project is in the stage of reviewing complaints from land owners by the municipal committee for consolidation, upon which stage these cases will be ready to be registered in the immovable property rights register in the municipal cadastre offices in IPRR.

For 2016, EUR 500,000.00 were allocated for the consolidation of agricultural land (in Viti Municipality with 2240 ha) of consolidation on a voluntary basis. This project will continue in the years to come.

Regarding land management, MAFRD has the Department of Agricultural Policy and Markets, which has within its structure the Agricultural Land Division. The main function of this department is the development of agricultural and trade policies, drafting of appropriate provisions for implementation of agricultural policy through support schemes for farmers and markets, as well as through the relevant legal framework. The department is responsible for setting the technical framework for livestock and plant production and related quality standards of agricultural products.

Consolidation of agricultural land has been financed by the Kosovo budget for years, with the value of the actual current amount allocated for regulation of agricultural land is EUR 500,000.00, while the FAO-funded project "Improvement of the methodology of the voluntary consolidation of agricultural land" amounts to USD 60,000.00. Moreover, the Land Reform project funded by the German International Cooperation (GIZ) amounts to EUR 700,000.00, and it supports municipalities in drafting of municipal development plans and revision of the legal framework and strategy for consolidation of agricultural land as of 2010 and up to 2020.

In addition, in order to protect agricultural land from unplanned urban construction, the 'Implementation of Rural Spatial Planning' project, funded by the EU in the amount of EUR 2 million, will contribute to sustainable development of the agricultural sector in Kosovo by improving rural spatial planning procedures and methodology. This project's implementation was completed in June 2016. As per demands of civil society organisations dealing with gender equality, rural planning needs to reflect the gender perspective through the principle of gender responsive budgeting.

Strengthening cooperation with municipal authorities regarding clarification of definitions in the implementation of legislation on land use and consolidation in terms of protection of land by illegal construction and adoption of the Administrative Instruction for the Protection of Land - are the conclusions of the SAPD meeting. According to the 2016 Progress Report, a challenge that remains is the rural land management plan for areas which should be decided at the municipal level. Strengthening coordination between stakeholders involved in building permits and zoning by avoiding illegal changes on the use of agricultural land remains an ongoing challenge. Another challenge is the effectiveness of land consolidation, creation of a transparent land market, the implementation of sanctions to prevent illegal construction on agricultural lands, which altogether represent obstacles to the implementation of the Law on Spatial Planning.

Direct payments

According to Law No. 03/L-098 on Agriculture and Rural Development, as amended by Law No. 04/L-090 on amending the Law No. 03/L-098 on Agriculture and Rural Development and the Programme for Agriculture and Rural Development (ARDP) 2014-2020 MAFRD for each year prepares the Direct Payment Program. For the implementation of the Law and Direct Payments Program the AI Nr. 02/2014, dated 04.09.2015 for direct payments has been issued.

With the aim of increasing agricultural productivity, MAFRD, started on direct payments scheme in 2007. The aim of direct payments has been to increase agricultural productivity, increased competition in the market against agricultural products imported from abroad. Also, direct payments create a link between women and men farmers, and the administration with the aim of encouraging farmers to develop business in agriculture.

The direct payments programme is designed to provide direct support to agricultural and livestock production on three main sectors: cereals, horticulture and livestock, with a total of 16 subsectors. A short-term priority is the preparation for the Direct Payment Programme by taking measures in view of standards that make direct payments mainly conditional upon environmental impact in the areas of food safety, animal health and welfare, and environment.

The total budget for 2016 for the Direct Payment Programme was EUR 23,000,000.00 and the sectors that were given priority and the amount of direct payments under this program are as follows:

- Direct payments for planting of wheat in the amount of EUR 6,500,000.00;
- Direct payments for planting of wheat seed in the amount of EUR 100,000.00
- Direct payments for planting of barley in the amount of EUR 300,000.00
- Direct payments for planting of rye in the amount of EUR 100,000.00
- Direct payments for planting of corn in the amount of EUR 2,700,000.00;
- Direct payments for planting of sunflower in the amount of EUR 50,000.00
- Direct payments for existing vineyards in the amount of EUR 2,100,000.00
- Direct payments for existing orchards in the amount of EUR 1,000,000.00;
- Direct payments for production of planting material of tree fruit and grapes on vegetative rootstocks in the amount of EUR 100,000.00;
- Direct payments for vegetables in the open field in the amount of EUR 1,500,000.00;
- Direct payments for milking cows and buffalos in the amount of EUR 3,600,000.00;
- Direct payments for sheep in the amount of EUR 1,700,000.00;
- Direct payments for goats in the amount of EUR 150,000.00;
- Direct payments for beekeeping in the amount of EUR 1,500,000.00;
- Direct payments for milk quality categories in the amount of EUR 1,000,000.00;
- Direct payments for poultry in the amount of EUR 210,000.00;
- Direct payments for breeding sows (pigs) in the amount of EUR 20,000.00;
- Direct payments for organic agriculture in the amount of EUR 100,000.00;
- Direct payments for quails in the amount of EUR 20,000.00; and
- Direct payments for aquaculture in the amount of EUR 100,000.00.

While, based on conclusions of SAPD on subsidies (direct payments) The European Commission requires the further strengthening of cooperation with civil society, reviewing of the payment schemes and reducing of delays in the reimbursement of investments made in agricultural holdings.

Medium-term Priorities

- Review of the Direct Payment Program;
- Implementation of the Direct Payment Program; and
- Expansion of the Direct Payments Program through other sub-sectors.

Organic agriculture

Based on EU regulations (EC) no. 834/2007 dated 28 June 2007 and Regulation (EC) no. 889/2008, as well as changes resulting from the regulations, amendments to the Organic Agriculture Law No. 02/L-122 are made.

Law on Organic Agriculture, no. 04/L-085, applies to organic products, agricultural products originating from unprocessed plant, animals and raw dairy products, manufactured in accordance with the principles of organic production and specific rules for their inspection.

Organic production in Kosovo is still at early development stage, in production as well as in consumption, whereas, regarding the possibility of developing this sector, Kosovo has enough suitable natural preconditions for the development of organic agriculture. MAFRD has created the database for organic producers in Kosovo and has created a list of potential farmers who are interested that a part of their production to pass into organic products. According to the agricultural statistics, the sector of medical herbs, in cultivation as well as in general, is quite consolidated.

Surface areas cultivated with medical and aromatic herbs are estimated to be around 160 ha (*16 species of medical and aromatic herbs, out of which chamomile is cultivated in 70 ha of the total surface area*). Whereas, regarding the collection of medical herbs and wild fruits by the certification bodies, 4 zones in Kosovo have been certified in which zones is conducted collection of medical herbs, berries and mushrooms.

Due to the absence of national certification and inspection body, the international certification body "Albinspekt" from Albania, carries out certification of organic products/medicinal and aromatic herbs, as well as the areas where berries are collected. In Kosovo, "Albinspekt" is desirable, because it is accredited by the European Commission code-XK-139. "Albinspekt" has established customer reliability with regards to certification and "Albinspekt" provides various certifications.

The Department of Agricultural Policy and Markets is responsible for policy and legislation in this sector. It has the Organic Farming Unit, established through the Administrative Instruction no. 01/2010. Pursuant to AI No. 10/2013, dated 22.07.2013, MAFRD has established the Organic Agriculture Committee. The ministry is responsible for the controlling system, while FVA is the controlling authority, the latter responsible for the control of operators regarding obligations set by law and bylaws.

Organic agriculture since 2016 is being supported by direct payment program in the amount of EUR 200 per ha. During 2016, 160 ha have been cultivated with medicinal and aromatic herbs. The challenge in organic farming, based on the EC Country Report 2016, remains the implementation of the Law on Organic Agriculture.

Medium-term Priorities

- Development of National Program for Organic Agriculture.

Farm Accountancy Data Network (FADN)

Data Network Accounting farms (FADN) is an instrument that serves to assess the income of agricultural economies and the impact of the Common Agricultural Policy in the EU and our country. In 2004, FADN was established under the MAFRD as a pilot project in testing phase involving 50 farms. This number grew to 159 farms in 2005. Support for FADN has continued in the 2009 -2014 twinning projects in policy development and in the implementation of the Plan for Agriculture and Rural Development, increasing the number of farms in the sample from 300, respectively 400 farms. FADN (FADN) is being strengthened and gradually increased, and now the number of farms in the sample is 1,000 farms. As per demands of civil society organisations dealing with gender equality, these statistics need to be disaggregated by gender, in line with the Gender Equality Law.

In order to provide data on the effects of agricultural policies, MAFRD has prepared the third annual report from FADN containing key micro-economic data on farms in the Republic of Kosovo farms for 2014.

The Department of Economic Analysis and Agricultural Statistics is in charge of collection and analysis of statistical and economic data. The data help MAFRD and other institutions to produce detailed reports and economic analysis on the basis of which appropriate measures will be taken. The current budget for FADN is EUR 450,000, while the EU-funded capacity-building is implemented through TAIEX. As per demands of civil society organisations dealing with gender equality, this department needs to disaggregate the data by gender, in line with the Law on Gender Equality.

Medium-term Priorities

- Increasing the number of farms in the sample from 1000 to 1250 farm farms;
- Creating informative platform - Integrated Agricultural Information System (IBIS) providing well developed control system modules, integrated management rights module, and the accounting module as well as connecting them to each other; and
- Management rights module; and
- Accounting module.

Vineyards

According to Law No. 02/L-08 for wines as amended by Law No. 04/L-019 for the amendment of Law No. 02/L-08, Kosovo is defined as one viticultural territorial unit divided into two viticultural regions: Kosovo Region and the Dukagjini Region. The law is partly approximated with Regulation (EC) No 436/2009 26 May 2009 which sets out detailed rules for the implementation of Council Regulation (EC) No 479/2008, Council Regulation (EC) No 479/2008 dated April 29, 2008 on the common organization of the wine market; Commission Regulation (EC) No 555/2008 of 27 June 2008 establishing detailed rules for the implementation of Council Regulation (EC) No 479/2008 on the common organization of the market in wine, Commission Regulation (EC) No. 606 / 2009 dated 10 July 2009 which establishes certain detailed rules for the implementation of Council Regulation (EC) No 479/2008;Commission Regulation (EC) No 607/2009 of 14 July 2009, which defines the specific detailed rules for the implementation of Council Regulation (EC) No 479/2008; Council Regulation (EC) No 491/2009 of 25 May 2009 amending Regulation (EC) no. 1234/2007 establishing a common organization of agricultural markets and on specific provisions for certain agricultural products (Regulation on common market CMO) and Regulation Commission and the European Council (EU) No. 1308/2013 establishing a common organization of the markets for agricultural products which repeals Council Regulations no. 922/72; No. 234/79; No. 1037/2001, no. 1234/2007.

For the implementation of the Law on wines a number of AIs have been issued: AI, No. 21/2008 on internal and external registry of the grape production companies, wine production companies and other products of grape and wine, AI, no. 03/2009on the viticultural territory of Kosovo;AI, No.11/2009to establish criteria for the import, export and domestic trade of wine and other grape and wine products;AI, No.15/2009for setting the parameters of physico-chemical analysis of wine;AI, No.16/2009 for setting criteria on labeling;AI, No.02/2013for setting the level of material compensation for carried out services in the field of vineyards and winery offered by the Vineyards Institute;AI, No.06/2013 for registration of grape growers, wine producers and other grape wine;AI, No. 01/2014setting the conditions for labeling of wines with protected geographical origin and marking the locations with protected geographical indications; and AI, No.04/2014 to establish criteria for sampling, analysis of grapes, wine and other grape and wine products, and wine organoleptic evaluation.

The Republic of Kosovo according to the register of vineyards currently has 3,191 hectares of vineyards. Areas of vineyards are spread in eight viticultural areas, where only vineyard area of Rahovec and Suhareka represent 90% of the vineyards areas in the entire territory of the Republic of Kosovo viticulture.

Vineyard areas have increased based on the support by the Ministry of Agriculture. But since in Kosovo, the age structure of vineyards is relatively new, it was equal to the area that was removed.

In 2016, 334 physical-chemical analyses are performed in vineyards by respective categories:

- 152 samples for export;
- 100 samples for import; and
- 82 samples for domestic trading.

As a result, 3 (three) licenses are issued to wine production companies and other products of grape and wine, 2 (two) licenses to wine exporters, 9 (nine) licenses to wine importers and 3 licenses to distillers.

Furthermore, 11 (eleven) licenses have been extended for the wine production companies and other products of grape and wine, 1 (one) license extension for wine importers.

MAFRD has created the vineyards cadastre system, which enables identification of plots of farmers and collects other data relevant to the sector. The system integrates all data in a single database on "SQL Postgre" that allows the presentation of textual and graphic data accompanied by forms, reports and other statistics. The cadastre system for vineyards and wine quality control is a national system that operates based on Law no. 04 / L-019 amending the Law no. 02 / L-8 on Wines. In order to regulate wine management and quality control, MAFRD has made the wine management and quality control system operational in 2014. This system is aimed at maintaining, updating and completing data for sustainable and qualitative functioning of Viticulture and Winery sectors.

Wine quality management system has created incentives in procedures, maximum transparency and control traceability starting from application to certification of vine. For each company is created a user name for inputting data from the final declaration of the grape harvest, and also all wine quality control procedures have been digitized.

The Department of Viticulture and Winery is responsible for the viticulture and wine production sector; it also contains the Enology Lab, which conducts physico-chemical and organoleptic analyses, and is accredited under ISO/IEC 17025 standards as a testing laboratory for wines.

Vineyard and wines were supported continuously by the Kosovo budget, respectively by the rural development programme and direct payments, while for the past two years it reached the amount of approximately EUR 7.9 million.

Medium-term Priorities

- The growth of new surfaces with vineyards and increasing the quality and promotion of wines within and outside Kosovo;
- Implementation of measures for wine products and alcoholic beverages referred to in Protocol 2 to the SAA concerning the definition of origin and protected geographical indicators, and
- The recruitment of an official, who will be responsible for implementing the law of strong alcoholic beverages.

Rural development

In order to approximate local rural policies with Common Agricultural Policy of the EU in 2009 the Law No. 03/L-098 on Agriculture and Rural Development was approved, which was subsequently amended by Law No. 04/L-090 on amending the Law No. 03/L-098 on Agriculture and Rural Development. The law is partially harmonized with Council Regulation (EC) No 73/2009 19 January 2009. As a result of drafting of the ARDP 2014-2020, it raised a need to draft a new Law on Agriculture and Rural Development. In this process it has been developed and approved a Concept Paper and it has been prepared the Draft Law, which prior to its approval shall undergo through a process of public debate, alignment and tables of compatibility.

A number of AIs have been issued in the meantime for the purpose of implementing the Law and Program for Agriculture and Rural Development: AI on the supporting criteria for the local development strategies – LEADER approach; AI for the supporting measures and criteria in agriculture and rural development; and AI for direct payments in agriculture. Such AIs are issued on regular basis at the end of each calendar year after programming the supporting measures.

Regarding policy support, since 2009, MAFRD has started with national support schemes based on ARDP 2007-2013. Supporting policies for the agriculture and rural development sectors are: i) direct payments as a direct support to the incomes of farmers and ii) rural development projects to support investments.

In view of the long term development of the agricultural sector and rural development, a program for Agriculture and Rural Development 2014-2020 was designed, which envisages measures for agriculture and rural development. These measures are designed according to the rules and procedures of IPARD and CAP as regards to the level of support, investment and expenditure eligibility, selection criteria, procedures and information / public announcements, application and appeals procedures. Programme for Agriculture and Rural Development (ARDP) 2014-2020 includes the following objectives to increase the competitiveness of the agri-food sector: improving the quality of life of residents in rural areas through diversification of activities on and off farms; protection of the environment and natural resources, through investments in irrigation, waste treatment and renewable energy.

The budget allocated for rural development measures in 2016:

- Measure: 101 (investments on physical assets in agricultural economy), EUR 14,500,000;
- Measure: 103 (investments on physical assets in the processing and trading of agricultural products), EUR 5,000,000;
- Measure: 302 (farm diversification and business development), EUR 1,500,000;
- Measure: 303 (preparation and implementation of local development strategies – LEADER approach), EUR 200,000;
- Measure: 401 (training upgrade) and Measure: 402 (consulting services) EUR 117,500; and
- Measure for irrigation of agriculture land EUR 2,000,000.

For the purpose of designing the Rural Development Programme 2014-2020 the EU strategic objectives in rural development were considered, focusing on four priorities: Priority 1: Improvement of sustainability of farms and competitiveness ability in all sectors of agriculture and agriculture processing, always in alignment with EU standards; Priority 2: Recovery, conservation and improvement of ecosystems dependent on agriculture and forestry; Priority 3: Promotion of social-economic inclusion, poverty reduction and economic development in rural areas; and Priority 4: promotion of innovative transfer of knowledge in agriculture, forestry and rural areas, and strengthening of public administration capacities in implementation of rural development programs.

MAFRD on 31.01.2012 with decision no. 36, Ref. OPS 61/12 has established the Managing Authority, within the Department of Rural Development Policy. The Managing Authority is responsible for programming, monitoring, evaluation, reporting, financial management, information as well as for the overall coordination of the program. The Monitoring Committee has been also established, which is responsible for monitoring the implementation of the Programme for Agriculture and Rural Development. Part of responsibility of the Managing Authority (MA) is promotion of the Rural Development Program through organization of information sessions, publishing of promotional materials (application guidelines, leaflets, banners, posters, commercial video clips, etc.).

In the framework of further institutional development for the alignment with the EU, MA is making technical preparations for accreditation, through standardization of procedures under the rules of IPARD, by preparing Operational Manual for MA, Manual for programming procedures, Publicity,

Monitoring, Reporting and Assessment, Manual for implementation procedures of measure for Technical Assistance/501, Finalization of the Memorandum of Understanding between the MA and ADA.

So, responsible for rural policy is the Department for Rural Development Policies/ Managing Authority, which drafts, monitors and evaluates the annual and long-term rural development programmes, as well as follows the supplementing and/or amending in accordance with Pillar II EU GDP.

With the support of EU funds through the Local Development Strategies Project (LDSP) implemented in 2007-2009 in Kosovo there are 30 Local Action Groups (LAGs) established with public-private partnerships, which are located in municipal departments for agriculture. LAGs have 25-30 members (from various fields, municipal representatives, local NGOs, farmers, businesses, volunteer experts from various fields).

Framework Agreement IPA regarding Rules of Cooperation with the assistance of the EC and the Implementation Assistance - Component Five of IPA on Rural Development-IPARD was signed between the Government of Kosovo and the EC in April 2015 for the purposes of financial support. In the future, agriculture and rural development sectors will be the beneficiary of this agreement, with the aim of gradual approximation with the standards and policies of the EU including the *Acquis*.

Medium-term Priorities

- Preparation of national support schemes based on ARDP 2014-2020, projects that are not supported by IPA-II (land consolidation measures, infrastructure and irrigation of agricultural land);
- Approximation of national policies with the EU's Common Agricultural Policy;
- Drafting of subsidiary legal acts for implementation of the Law on Agriculture and Rural Development;
- Implementation of the Program for Agriculture and Rural Development; and
- Accreditation of the Agricultural Development Agency and of the Managing Authority
- Drafting of the new Law and subsidiary legal acts for implementation of the Law on Agriculture and Rural Development.

As per demands of civil society organisations dealing with gender equality, these legislative acts and policy documents need to reflect the gender perspective, in line with the Law on Gender Equality.

Agricultural Development Agency (ADA)

Agricultural Development Agency was established pursuant to the Law No. 04/L-090 for amending the Law No. 03/L-98 on Agriculture and Rural Development. While under Regulation No. 01/2012 on duties, responsibilities, powers and organizational structure of ADA dated 09.01.2013, the Agency is responsible for the implementation of programmes to support agriculture and rural development.

To implement the measures and program support through subsidies and rural grants, ADA shall continue to upgrade and maintain the software platform based on the EU Regulation 1306/2013 on direct payments and EU Regulation no. 1303/2013 on Rural Grants. There is also ADA Electronic Register of Farmers, in which farmers are registered with all the personal data and the coordinates of the farm, information on land use, and data on animals, data on the mechanism and the place and date of registration.

During 2016 in the farmers register were registered 7,014 new farmers. In the farmers' electronic register so far are registered 50,106 farmers. Regarding the new developments, farmers register is interconnected with the web application for management of direct payments, and several new interconnections are made with SLPIS.

Land Parcel Identification System (LPIS)

Regarding institutional developments, respectively, Land Parcel Identification System (LPIS) as part of ADA there is a parcel identification program. This program enables the digitization of all parcels of agricultural crops subsidized by the ADA per digitalized surface. LPIS is also connected with the land cadastre, and through geo portal the data on plots are used, while the LPIS-Mobile is a LPIS module, which is used by the inspectors on site. Through this module the inspectors see all parcels that applied for subsidies in a digitalized mode. Also this module is linked with GPS. Through LPIS system it is conducted application for all crops per surface.

During 2016 is developed a new web application for management of direct payments and through this app can be made application for all direct payments. This app is also interconnected with the SLPIS, where after digitization of parcels the application can be done using this web app. Through this direct payments web application can be done administrative control of applications, case processing of controls in the field, calculation of payments, compiling of payment lists and sending of SMS messages on farmers' cell phones and delivery of the decision in farmers' email addresses to inform them about the decision taken on his application. Through this web application can be done full management of the direct payments.

Agency also possesses with Grant Management Programme which contains five modules: Grant Application Module and Demand for Payment in which the application for grants is made per measures and sub-measures, and fulfilment of the demand for payment; Grant Management Module by which the administrative control of applications is ensured and scoring on the basis of the AI, as well as drafting of the contract which is subsequently signed between the AAD and the farmer; Payment Authorization Module which enables payment calculation and development of decisions for payment; On the site control module which enables the receipt of requests for control on the site, assignment of inspectors for control on the site.

ADA has upgraded the Direct Payment Module which performs the administrative control of applications, sample selection for control, payment calculation, and preparation of payment list and drafting of decisions.

Besides the mentioned programmes there also exists the Software for Indicator, which is connected to the Grant Management and thus registers the measuring indicators of projects during the application time, and update during the approval and authorization of payments.

Software programs developed to date constitute a good basis for the creation of the Integrated Administration and Control System (IACS) in the period from 2017 to 2020, also by developing the integrated control system modules, the rights management module and the accounting module, as well as their linkage to each-other. These programmes, especially the ones for grant management, documentation management, debt management, risk analysis, etc., are being upgraded.

According to gap analysis the AAD faces lack of staff and deficiencies in the organization structure in some of the very important units for the function of AAD in light of implementation of supporting programmes and fulfilment of the accreditation criteria. There are 6 divisions within the AAD. During 2016 apart from 54 regular employees, there were engaged 23 officials contracted for special services financed by the MAFRD and 19 financed by the WB. The number of officials working in AAD in 2016 is 96 employees.

There is a need within the AAD to perform a separation of functions and responsibilities as per Annex 1 of the Sector Agreement and the Article 10 (1) of the Framework Agreement, which provides a clear definition of functions and responsibilities within each sector of the AAD. There is also an immediate need to establish the Finance Directorate, Internal Audit, and Internal Control sector.

Medium-term Priorities

- Recruitment of 60 officers for the implementation of measures under the IPA II, also applying measures to encourage recruitment of the underrepresented gender;
- Permanent training of women and men staff members regarding the implementation procedures and the use of software programmes;
- Module development of the integrated control system;
- Module on the document management; and
- Accounting module and their interconnection.

Advisory services

Technical consulting services in Kosovo are regulated by Law No. 04/L-074, on Advisory Services for Agriculture and Rural Development partly approximated with Council Regulation (EC) no. 73/2009, dated 19 January 2009 which establishes common rules for direct support schemes for farmers under the common agricultural policy and establishing certain support schemes for farmers, amending Regulations (EC) No. 1290/2005, (EC) No. 247/2006, (EC) No. 378/2007 and repealing Regulation (EC) no. 1782/2003.

For the purposes of providing national consulting services in a most fair and functional manner in the entire territory of Kosovo and for the implementation of development policies, MAFRD adopted the Strategy Advisory Service for Agriculture and Rural Development 2015/2020, no. 02/87, dated 23.09.2015. For the implementation of the Law, MAFRD-DTAS has issued all Administrative Instructions. Based on this strategy, advisory services in agriculture and rural development are provided by two main channels (sources):

Through public sector advisors (MAFRD and municipalities) and NGOs, national and international cooperatives, input suppliers, veterinary and farmers associations.

In 2016 continued consolidation of 31 Municipal Information Centres for agriculture and rural development in 31 municipalities of Kosovo with over 40 advisors for agriculture and rural development.

Furthermore, during this year (after 10 days of training and 5 modules) a total of 136 advisors have been certified, 38 public advisors and 98 private advisors. 40 advisors work in municipalities. For the purpose of informing farmers, were made 12 video recordings for good agricultural practices in different sectors, which are published on the Advisory Service website.

5,516 farmers have been trained, out of which 895 are female of 16.22 percent. Municipal advisors have helped in filling out the applications and received a total of **26,662** farmers' applications for subsidies. During this period, 931 farmers were trained, potential applicants for grants, out of this number individual advises received 110 farmers and agriculture producers. Within this activity were held 10 modules for farmers in 8 regions and 34 municipalities of Kosovo.

Department of the Advisory and Technical Services as the main body for advisory services in cooperation and coordination with other departments within MAFRD, prepares information on events/materials, and supports farmers in the process of submission of requirements. This department consists of three divisions: Division of technical and advisory services, Division of the extension field services and Division for monitoring, coordination, information and IT.

Consolidation of advisory services through further strengthening of 31 Municipal Advisory Information Centres, for education and training of agriculture and rural development farms, and opening of 3 remaining Municipal Advisory Information Centres for education and training of agriculture and rural development farms.

The Government of Kosovo is supporting this sector since 2009 through the project "Development of rural areas by enhancing advisory services". The project amounts to 117,000.00 euros for each calendar year.

Besides the EC, consulting services are also supported by other donors such as the World Bank, GIZ. The amount of the projects is about EUR 2,154,566.00. In 2016, support for consulting services, within the "Development of rural areas by enhancing advisory services" project, funded from the Kosovo budget, with about EUR 200,000.00, continued.

Medium-term Priorities

MAFRD plans to increase the number of farmers and other stakeholders to benefit from training under the following years:

- 4,000 farmers in 2017;
- 4,200 farmers in 2018;
- 4,400 farmers in 2019 and
- 4,600 farmers in 2020.

Customs policies (tariff concessions) for agricultural products under the SAA

Imports from EU

Agricultural products

Kosovo, upon entry into force of the SAA, will remove the customs tariffs for 1044 of 2564 products from the EU. While 164 EU products are already exempt from customs tariffs with law no 04/L-163 on Goods Exempted from Customs Tax and Goods with Zero Customs Tax.

256 sensitive agricultural products (180 agricultural and 76 processes) important to Kosovo farmers will be protected to 7 years (fruit juices, mango, plums etc, jam, potatoes, flour, meat and cheese).

The customs tariff on Kosovo side will be reduced for a 5 year period for importing coffee and its products from the EU and for 7 years for coffee with caffeine (baked and non-baked).

14 products were non-negotiable and are not included in the agreement, which means that the Kosovo tariff will remain the same (10%) including dairy products, potatoes, vines and apples.

Potatoes, dairy products and vines are not part of the agreement because of their importance to local farmers. So, the customs tariff of 10% remains in force. (For other types and subproducts, tariffs will be gradually lifted within 5 and 7 years.)

12 products important to Kosovo agricultural production will be protected for 10 years (diary products, fruits and vegetables, water, beer, and grain products).

Kosovo will remove the customs tariff for 487 fishery products upon entry into force of the agreement. For 1 fishery product, Kosovo customs tariff will be removed gradually for 3 years, while for another gradually for 7 years.

Exports into EU

Agricultural products

Customs duties abolished completely (as of the entry into force) for agricultural products (a total of 2.564 agricultural products, processed agricultural and fish products, except meat, wine and sugar products).

The EU abolishes customs tariffs for all meat products (both fresh and frozen), except of babybeef, as of the entry into force of the Agreement. For animal products under Chapters 7 and 8 of the Combined

Nomenclature (various fur products, where 'ad valorem' customs duties (20%) and specific Customs Tariff (20%) are applied, elimination only includes the 'ad valorem' tariff.

For baby beef products, the EU will fixate the applicable customs tariff for Kosovo exports into EU at 20% ad valorem and 20% specific tariff (preferential tariffs) within the limit of the annual quota of 475 tons (expressed in body weight). EU removes the customs tariffs for coffee containing caffeine upon entry into force of the SAA agreement.

Potatoes and milk are introduced among agriculture products for which EU removed customs tariffs after entry into force of the SAA.

Exports to the EU of wine of fresh grapes and of sparkling wine is exempted from customs duties up to the limit set for wine grape quota, which is 40,000 hectolitres, and for sparkling wine, at a 10,000 hectolitres quota.

Kosovo from 1 January until 30 November 2016 has exported 4,594,494.14 litres in 12 countries. Out of the total amount, only in the EU countries, such as Croatia, Germany, Slovenia, Czech Republic and France, has exported 3,481,278.49 litres out of the entire quantity.

As for the fishery products (trout and carp) it is applied a quota. EU customs tariff does not apply for volume of 15 tons per year of trout. Carp quota is at 20 tons per year. If this is exceeded, EU customs tariff is applied.

During 2016 in the countries of the region were exported 4,000.00kg live trot fish, in the amount of EUR 21,000.00.

3.13. Acquis Chapter 12: Food Safety, Veterinary, and Phytosanitary Policy

The integrated approach of the EU on food safety aims to ensure a high level of food safety, animal health, animal welfare and plant health within the European Union through coherent measures farm-to-table and appropriate monitoring, ensuring the effective functioning of the internal market.

The chapter 12 covers detailed rules in the area of food safety. The general foodstuffs policy sets hygiene rules for foodstuff production. Furthermore, the *Acquis* provides detailed rules in the veterinary field, which are essential for safeguarding animal health, animal welfare and safety of food of animal origin in the internal market. In the phytosanitary field, EU rules cover issues such as quality of seed, plant protection material, harmful organisms and animal nutrition.

SAA Requirements

In relation to this chapter, the obligation for approximation of the existing legislation of Kosovo to that of the EU stems from the Articles 74 and 102 of the SAA. Article 102 of the SAA provides for cooperation between the Parties shall be developed in all priority areas related to the EU *Acquis* in the area of agriculture, as well as on quality schemes for agricultural products and foodstuffs, food safety, veterinary and phytosanitary domains. Cooperation shall notably aim at modernising and restructuring the agriculture and agro-industrial sector in Kosovo, particular to reach EU sanitary requirements, to improve water management and rural development as well as to develop the related aspects of the forestry sector in Kosovo and at supporting the gradual approximation of Kosovo legislation and practices to the EU *Acquis*.

Regarding the responsible institutions in the field of food safety, Ministry of Agriculture, Forestry and Rural Development (MAFRD) of Kosovo is responsible for drafting national legislation in line with the EU *Acquis*, as defined in Regulation no. 02/2011 on the areas of administrative responsibility of the

Office of Prime Minister and Ministers-Annex-14, point i (creating policy and enforces the laws for the development of agriculture, livestock production and plant protection, rural development and setting the standards which should be applied) and point viii (in cooperation with the Ministry of Health and Ministry of Environment and Spatial Planning oversees quality control of foodstuffs and agricultural raw materials in order to protect consumers)

Food and Veterinary Agency (FVA) is responsible for implementing the legislation on food safety and animal health, as well as phytosanitary controls. FVA was established under Law No. 21/2004 on Veterinary and expanded by Law No. 03/L-016 Food.

FVA as the main actor in the area of food safety, implements the main part of the EU *Acquis* from the Hygiene Package.

In the area of food safety the following legislation was adopted:

- Law No. 03/L-016 Food, which regulates the general principles and requirements of food hygiene and food safety for humans and animal feed, the obligations of entities that provide food for people and feed. This law addresses the issue of hygiene and safe food for people and feed, general requirements relating to the declaration and labeling of food for humans and animal feed, general conditions for placing on the market of food for people and feed and food containing genetically modified organisms or consist of them. Moreover, the law addresses the official control system of food, authorized testing and referent laboratories, crises and emergency management, and the establishment of the Food and Veterinary Agency. This law applies to all stages of production, processing, storage and distribution of food for humans and animal feed, except for primary production, preparation, handling and storage of food in the households that are not intended for sale on the market. The law is partly approximated with Regulation no. 178/2002 of the European Parliament and Council;
- Law No. 04/L-114 on Flour Fortification, which establishes the rules that apply to the fortification of flour for consumption in order to prevent and reduce diseases that are caused by lack of iron and folic acid and according to the nutritional status, and on a voluntary basis, with vitamin A, B12 and zinc, which does not transpose any EU legislation;
- Regulation no. 10/2011 on official controls to ensure the verification of compliance with the Law on Food and feed and Regulations for Animal Health and Welfare and partially transposes the Regulation no. 882/2004 of the European Parliament and Council;
- Regulation no. 11/2011 on hygiene and food products, which partially transposes the Regulation no. 852/2004 of the European Parliament and Council;
- Regulation no. 12/2011 laying down specific rules on the hygiene of food of animal origin, which partially transposes the Regulation no. 853/2004 of the European Parliament and Council;
- Regulation no. 13/2011 laying down specific rules for the organization of official controls of food of animal origin intended for human consumption, which partially transposes the Regulation no. 854/2004 of the European Parliament and the Council;
- Regulation no. 27/2012 on Microbiological Criteria of Foodstuffs, which partially transposes the Regulation no. 2073/2005;
- Regulation no. 17/2012 on setting the level of payment of the Agency services, which partially transposes the Regulation no. 882/2004 of the European Parliament and the Council;
- Regulation (MTI) No. 09/2013 on the labeling, presentation and advertising of foodstuffs, which partially transposes the Regulation no. 1169/2011 of the European Parliament and the Council;
- Regulation no. 28/2013 on food additives, which partially transposes EU Regulations no. 1331/2008, no. 1332/2008; no. 1333/2008, and Regulation no. 1334/2008;
- Regulation no. 43/2013 on setting the maximum levels for specific contaminants in food products for people and undesirable substances in animal feed, which partially transposes the Regulation no. And Regulation No 1881/2006. 333/2007 of the European Commission.

The following acts have been adopted during 2016:

- AI (MAFRD) no. 01/2016 for financial compensation for veterinary services in the field (18.01.2016).
- Decision on market placement and administration of bovine growth hormone–Somatotropin (BST) – 24.02.2016;
- Regulation (FVA) 01/2016 on assessment and compensation of exterminated cattle due to infectious diseases - 24.02.2016;
- AI (MAFRD) no. 05/2016 on amending and supplementing of the AI (MAFRD) no. 01/2016 for financial compensation for veterinary services in the field (04.07.2016);
- AI (MAFRD) no. 06/2016 on Pharmacologically Active Substances and their classification regarding maximum residue limits in food products of animal origin – 02.08.2016;
- AI (MAFRD) no. 07/2016 concerning the prohibition on the use in stock farming of certain substances having a hormonal or thyrostatic action and beta-agonists – 16.09.2016;
- AI (MAFRD) no.13/2016 concerning the performance of analytical methods and interpretation of results;
- Regulation no. 2016 on Registration and Approval of Food Business Operators
- Regulation no. 2016 on materials and articles intended to come into contact with food; and
- Decision (OPM) no. 50/16 for repealing decision no. 46/08 on allowing the import of live animals (25.03.2016).

FVA has conducted an assessment of agri-food businesses in Kosovo (dairy industry, meat, slaughterhouses, cooling warehouses and dairy products). Currently there are 125 active operators in food business and 11 inactive dealing with products of animal origin. FVA has also approved 25 operators from the region, who have the right to import food products of animal origin in Kosovo.

Within the procedures for the approval of food business operators, FVA has created a regular scheme for official controls. Food business operators are categorized according to risk across groups (low, medium and high) and are subject of three to six inspections per year.

National Annual Plan of controls and Sampling includes frequency of official controls of national institutions, border controls, national plan for monitoring of residues and control of animal diseases. These frequencies are based on risk assessment, carried out during the process of categorization, while the process of sampling is planned according to rules adopted by the Regulation no. 27/2012 on Microbiological Criteria.

Direktorate which deals with food safety issues under FVA is the Directorate of Public Health, which employs five (5) officials.

Laboratory

Food and Veterinary Laboratory of FVA started operating in 2007. In 2008 and 2009, respectively, the buildings of Food Laboratory and Animal Health Laboratory were constructed. These are divided into sections as follows:

- Sector of Preparatory and Food Microbiology;
- Sector of Food Chemistry and Veterinary Residues;
- Sector of Milk Analysis;
- Sector of Serology and Molecular Diagnostics;
- Sector of Bacteriology; and
- Sector of Patho-Anatomy.

The functions and duties of the Food and Veterinary Laboratory (LUV) are regulated by the Law No. 2004/21 of (Article 38, 39, 40, 41 and 42) on Veterinary, while the AI MA-NO. 21/2007 dated 14.08.2007 defines the functions, powers and responsibilities of LUV.

The LUV's scope of work includes physical, chemical and microbiological food of animal origin, residues in food and animal feed. LUVs also monitor and diagnose animal diseases, in order to safeguard animal health, public health and food safety.

LUV is equipped with modern equipment and computer support, so they can test the products with testing methods from the scope of accreditation. LUV is accredited by the Accreditation Directorate of Kosovo with ISO 17025 Standard, on 11 February 2014, and was reevaluated by 12 and 13 February 2015. LUV has accredited 50 methods for food analysis and animal disease diagnosis.

Currently, LUV employs 32 employees. The LUV staff is professional and was consistently part of training both, inside and outside the country. At present, there is a project ongoing in LUV financed by the EU which deals with training of employees of the Animal Health Laboratory on disease diagnosis. During the fourth quarter of 2015 another project funded by the EU will start which will make capacity building of staff of the Laboratory of Food Microbiology, i.e. Food Sector and Sector Preparatory and Food Chemistry and Veterinary residues.

Regarding lab analyses, during 2016, FVL has analyzed 17888 samples for animal diseases in the sector of serology, bacteriology and pathology, while 19534 samples in the sector of milk analyses, food microbiology and chemistry, and veterinary wastes.

Ministry of Trade and Industry has also its role in food security issues under the Law No. 04/L-121 on Consumer Protection, which was derived from Regulation (MTI) No 09/2013 on the labeling, presentation and advertising of foodstuffs, which transposes Regulation (EU) No. 1169/2011.

Medium-term Priorities

Regarding legislative activities on food safety, it is planned to approve the below mentioned regulations during the period 2017-2020, which will partially transpose EU legislation:

- Amendment of Law No. 2003/22 on Sanitary Inspection, which will be approximated with EU legislation expected to be identified after gap analysis in this sector;
- Regulation on food additives, based on Directive 2002/46/EC and Regulations that will meet this directive;
- Regulation on quick-frozen foodstuffs, based on Council Directive 89/108/EEC;
- Regulation on Mineral Waters, based on Directive 2009/54/EC of the European Parliament and the Council;
- Regulation on novel foods and novel foods ingredients, based on EC Regulation KE No. 258/97;
- Regulation on Quality of Milk, which will determine the development strategy for fresh milk from the farm to the processing points. This regulation will be national and will establish rules for the treatment of fresh milk, which is not in accordance with the regulation on hygiene package;
- The National Plan for monitoring of residues on annual basis, according to the AI MA no. 26/2005 "For the measure on the monitoring of certain substances and residues in live animals and products of animal origin"; and
- Construction of the factory for animal waste processing, ensuring women and men are employed in it equitably.

In relation to the human capacity building, the following is planned during the period 2017 – 2020:

- Training of competent persons from food business operators on the implementation of the new rules concerning the production, processing, distribution and placement of products on the market, where FVA will provide all the programmes and the necessary documents (instructions and SOPs) to facilitate implementation;
- Recruitment of five (5) experts at the Department of Public Health, also applying measures to encourage recruitment of the underrepresented gender.

Legal and policy framework in the area of veterinary

Alike as in the area of food safety, in the area of veterinary, the MAFRD is responsible for drafting national legislation in line with the EU *Acquis*, while FVA is responsible for the implementation of legislation in this field.

Veterinary policies in Kosovo are governed by three laws that were adopted by the Assembly, and these are as follows:

- Law No. 2004/21 on Veterinary, which regulates the overall functioning of the veterinary sector in Kosovo, which does not transpose any EU legislation;
- Law No. 02/L-10 on Animal Welfare, which regulates keeping, caring, housing, breeding, transportation and other issues related to animal welfare, which does not transpose any EU legislation;
- Law No. 03/L-016 on Food, which regulates the general principles and requirements relating to food hygiene and food safety for humans and animal feed, obligations of the food business operators for people and food for animals in terms of hygiene and safe food for human consumption and animal feed;
- Law No. 02/L-111 on Apiculture, which regulates bee breeding, measures to prevent and fight bee diseases, observation of facilities of production and preservation of bee products, which does not transpose any EU legislation.

Veterinary policies are met through the administrative relevant guidelines, which aim to implement specific tasks set out in primary legislation. These documents are developed by partially transposing the relevant EU legislation:

- AI no. 12/2012 for the Identification and Registration of Animals, based on Regulation (EC) no. 1760/2000 of the European Parliament and of the Council repealing Council Regulation (EC) no. 820/97; Regulation (EC) no. 494/98 that establishes detailed rules for the implementation of Council Regulation (EC) No 820/97; Regulation (EC) no. 911/2004 implementing Regulation (EC) no. 1760/2000 of the European Parliament and the Council; Regulation (EC) no. 21/2004 amending Regulation (EC) no. 1782/2003 and Directive 92/102/EEC and 64/432/EEC; and Directive 2008/71/EC.

Veterinary field is also regulated by subsidiary legislation, namely the regulation and the SOP's that regulate the prohibition of free movement and marketing of live poultry in order to prevent the spread of infectious diseases, banning the importation of fresh poultry, storing food for birds to protect against infectious diseases, the import of products of animal origin from the EU, the simplification of import procedures and allowing the import from EU countries without an import permit.

Importation of live animals

Regarding the import of live animals, in order to combat the illegal market of live animals a working group is established within IBM. Members of the working group are representatives of the Kosovo Police, Customs and FVA. The working group meets regularly and has adopted SOP on the confiscation of contraband goods. The aforementioned institutions conduct regular joint actions.

Animal health

In addition to the Law No. 2004/21, on Veterinary, the veterinary sector is also regulated by Law No. 03/L-016 on Food and the Regulations on Hygienic package. Regarding animal health, the following subsidiary legislation is adopted:

- AI MA-No. 33/2006 on measures for the control of classical swine fever, based on Regulation (EC) no. 1251/2008 Council implementing Directive 2006/88/EC;
- AI MA-No. 27/2006 on the Control, Prevention and Eradication of Disease "FMD" in Kosovo, based on Council Directive 2003/85/EC and repealing Directive 85/511/EEC and Decisions 89/531/EEC and 91/665/EEC and amending Directive 92/46/EECAI V_UA_2004_07;
- AI MA-No. 24/2005 for zoonotic disease of Avian influenza "Bird Flu" based on Council Directive 2005/94/EC and repealing Directive 92/40/EEC.

Annual National Control Plan is prepared by the FVA and its purpose is the protection of public and animal health. The plan provides measures to be taken in the prevention, detection, control and eradication of infectious and parasitic diseases of animals.

In June of 2016 for the first time in Kosovo it appeared tubercular disease of the skin - where the first case of LSD appeared in the municipality of sois confirmed in animal disease laboratory in Sofia, Bulgaria. After this case the European Commission has allocated 25,000 doses for Kosovo which are implemented in areas bordering Serbia and Macedonia. The Government of Kosovo in this case has allocated a budget of EUR 1.1 million which had been earmarked for the purchase of vaccines, payment of rendering the services and compensation for farmers. Number of dead animals is 1301 heads with LSD.

Animal welfare

Animal welfare in Kosovo is regulated by Law No. 02/L-10 on Animal Welfare, accompanied by subsidiary legislation as follows:

- AI MA-No. 31-2006 for animal transport, partly based on Council Regulation (EC) no. 1/2005 and amending Directive 64/432/EEC and 93/119/EC and Regulation (EC) no. 1255/97;
- UA MA-No. 24-2006 on Animal Slaughtering in humane manner, partly based on Council Directive 93/119/EC;
- Regulation no. 12/2014 on Determination of Minimum Standards for the Protection of calves, which is partly based on Council Directive 2008/119/EC;
- Regulation no. 17/2014 for the Protection of Animals which are kept for the livestock purposes, and is partly based on Council Directive 98/58/EC;
- Regulation no. 03/2015 on Determination of Minimum Standards for the Protection of Pigs, based partly on the Council Directive 2008/120/EC.

Feed

Feed is regulated by Law no. 03/L-016 on Food and by Regulation no. 43/201 for determining the maximum level of specific contaminants in food products and undesirable substances in products for animal food, transposing in part the Regulation (EC) no. 1881/2006 of the Commission, as amended by Commission Regulation (EC) no. 1126/2007 and Regulation (EC) no. 565/2008.

Feed is, also regulated by the:

- Regulation no. 43/2014 for determining the maximum level of specific contaminants in food products and undesirable substances in products for animal food, transposing in part the Regulation (EC) no. 1881/2006 of the Commission, as amended by Commission Regulation (EC) no. 1126/2007 and Regulation (EC) no. 565/2008.
- AI MA-No. 26/2005 on measures for monitoring of certain matters and residues in live animals and products of animal origin, which is partly based on Council Directive 96/23/EC and repealing Directive 85/358/EEC and 86/469/EEC and Decisions 89/187/EEC and 91/664/EEC,

Commission Decision 97/747/EC based on Council Directive 96/23/EC and Commission Decision 98/179/EC.

Veterinary border control

Veterinary border control is based on Law No. 03/L-016 on Food and Law. 21/2004 on Veterinary, and based on subsidiary legislation:

- AI No.18 / 2005 for the Veterinary Control of Import, Transit of Food and Non-Food products of animal origin, live animals and animal breeding material, which partially transposes the Directive 91/496/EEC and Directive 97/78/EC;
- Regulation 18/2012 for the determination of the Animal Health, Veterinary Public Health and Certification for Milk and Milk Products, which partially transposes the Commission Regulation (EU) No. 605/2010.

Currently, checks are carried out in nine (9) border control points, respectively Vërmica, Han iElezit, DheuiBardhë, Merdare, Stançiq, Jarinje, Kullë, Airport and railways. Microbiological criteria for official controls in the control points are based on Regulation 27/2012 on microbiological criteria in foodstuffs, which partially transposes the Regulation no. EU 2073/2005. It should be noted that the system TRACES is being utilized 100% for export to EU countries for food products of animal origin (animal by-products), while for imports it is used partially in two border points, respectively Hani iElezit and Merdare.

Veterinary inspection of the Republic of Kosovo is also regulated by national legislation which does not transpose any Directive of the EC, such as the Law No. Livestock 2004/33 and accompanying AIs, which regulate issues such as criteria for quality control of animal feed additives, feed ingredients, determining the issues on compound animal feed and establishment of working committees to feed animals that help institutions and business subjects dealing with animal feed.

Regarding practical implementation, during 2016 within veterinary border control, the following activities were carried out:

- 7999 veterinary inspections at the border;
- 7417 cattle imported for slaughter;
- 404 analysis of poultry products;
- 25240 kg – Various exterminations such as (fish at PIK Vermica, chicken meat from England and other goods from customs);
- 3 rejected cases (yeast for cheese from Serbia, chicken leg from England and beef meat from Belgium).

Local Governance

In addition to the inspectors at the FVA, official controls are carried out by municipal inspectors of sanitary, veterinary and agricultural fields. In order to have access to a unified and integrated controls, the EC requests that the municipal inspectors are transferred within the Agency. However, in order to pass such a transfer the Law No. 03/L-049 on Local Government Finance should be amended, which is expected to be amended and approved in 2016.

Directorate which deals with veterinary issues under FVA is the Directorate of Animal Health and Welfare. This director has 14 (fourteen) employed officials.

Regarding the capacity of the border veterinary inspection, this sector employs one (1) Head of the department, 14 veterinary inspectors and two (2) samples management officers from border checkpoints.

In addition to the inspections in the sector of veterinary in 2016 the following activities were conducted:

- Inspection of animals detained by the Kosovo police, a total of 432 cattle, 172 sheep and goats, chickens and birds 10.394, and 81 bee societies;

- Inspection before, during and after the slaughtering of animals in slaughterhouses in Prishtina, Peja and Vushtrri, where a total of 3343 animals have been slaughtered;
- Inspection of dairy business entities and FPM, animal farms, slaughterhouses and taking of samples and their submission to the FVL, such as 124 samples for microbiological analysis, 30 samples for the freshness of eggs and 112 samples of residue, also 64 samples were handed over to NIPH for microbiological analysis of these samples, out of which 8 samples resulted as positive;
- Inspection of entities dealing with trading of animal origin products, such as import warehouses and markets regarding the declarations of products and their keeping in proper condition, where 18 cases were initiated at the court by the inspectorate for offenses, due to irregular declaration and for selling these exposed products even after the ban, which is given by the veterinary inspectorate;
- Inspection and issuing of 307 certificates for export of skins and products of animal origin;
- Inspection and issuing of 772 certificates for internal transport;
- 241 cattle which resulted positive for the infectious diseases were exterminated, 54 sheep and goats, 192 bee societies and 10,394 smuggled chickens;
- Destruction of meat and meat products in the amount of 78.717 kg as meat and meat by-products, milk and dairy by-products, where out of these were destroyed 2310 kg of fish;
- Monitoring of animal stables relating to identification and registration of animals and veterinary clinics under the national plan of DAHM, 1837 inspections and monitoring of animal stables were conducted

Medium-term Priorities

Kosovo will take account of changes in the EU *Acquis* in the future and, as a result, will provide the change in the piece of national legislation relevant to veterinary policy in line with that of the EU.

During the period 2017-2020, it is planned to approximate the following legislation with that of the EU:

- Law No. 02/L-10 on Animal Welfare, which regulates the care, housing, breeding, transportation and other issues related to animal welfare, which will partially transpose Regulation no. 998/2003 of the European Parliament and the Council, Commission Regulation no. 1082/2003, Council Directive 88/166/EEC and Council Directive 98/58 EC.

In order to improve the veterinary sector, some of the activities to be undertaken during the period 2018-2021 are:

- Creating systems for disease control;
- Tracking the diseases;
- Disease monitoring systems;
- Preparations for emergency situations;
- Efficient management of disease outbreaks;
- Elimination and eradication of diseases.
- Full functioning of the system for the identification and registration of animals, including their movement, reporting on mortality, slaughter and permit for the market;
- The creation of the monitoring system of veterinary medicinal products throughout the territory of Kosovo and feed control, including import and production levels of primary domestic production.
- Strengthening of administrative/professional capacities in order to improve implementation of legislation and policies in place; and
- Transferring of veterinary and phytosanitary inspectors from local level into central level,

During this period there will be activities, too, on strengthening administrative and professional capacities in order to improve implementation of legislation and policies in place.

Legal and policy framework in the area of phytosanitary policy

Phytosanitary policies in Kosovo are regulated by the following legislation which is partially transposed the EU *Acquis*:

- Law No. 03/L-029 for Inspectorate of Agriculture, which is not approximated with EU legislation and defines the organization, powers, duties and responsibilities of the inspector in the inspection works in the fields of agriculture, such as agricultural land, plant protection, forestry etc. Under this law, the inspector makes control of business space, facilities, equipment, tools, manufacturing, processing, circulation, transportation, export, import and transit of goods;
- Law No. 02/L-95 on Plant Protection, partly approximated with Directive 2000/29/EC. The law aims to protect the plants, plant products and other objects; the implementation of the plant protective biological measures; definition of responsibilities and measures to prevent the introduction and spread of organisms harmful to plants, plant products and other objects and their eradication; collection and exchange of information and data with other countries; financing and compensation for carrying on plant protection, as well as determining the obligations of the competent authorities for the protection of plant health and phytosanitary inspector jobs;
- Law No. 03/L-042 on Plant Products Protection, partly approximated with Council Directive 91/414/EEC, and guidelines issued by this law are based on: Regulation of the European Parliament and Council no. 1107/2009, which repeals Council Directive no. 79/117/EEC and Directive no. 91/414/EEC; Regulation of the European Parliament and the Council no. 1272/2008, which repeals Directive no. 67/548/EEC and 1999/45/EC, Regulation EC No. 1907/2006; Regulation of the European Parliament and the European Council no. 396/2005 on amending Council Directive 91/414/EEC. The purpose of this law is to regulate the placing on the market and control of active substances of products for plant protection, authorization, circulation, use, residue in plants and plant products, keeping records of natural and legal persons involved in placement on the market and use of plant protection products, technical requirements for equipment used for application and their elements, responsibilities of authority competent for implementation of this law and its monitoring;
- Law No. 03/L-016 on Food, partly approximated with Regulation no. 178/2002 of the European Parliament, which sets out general principles and requirements of law on food, as well as safety measures under Regulation 2008/630/EC;
- Law No. 2004/13 on Planting Material for regulating issues related to production, trade, import, export of planting material, as well as registration of producers and traders of planting material and approximated with Directive. 2008/72/EC;
- Law No. 2003/5 on Seeds of Kosovo, which is not approximated with the EU legislation and regulates matters related to production and marketing of seeds of plant varieties and potato seeds for agricultural production. The law applies to seeds of plant varieties in crop production and potato seeds both, domestic and from imports which is intended for production and marketing in Kosovo. This law is not approximated with the EU legislation.
- Law No. 2003/10 on Artificial Fertilizers as published and approved by the representative of UNMIK, and is not approximated with EU legislation;
- Law No. 04/L-019 on amending Law No. 02/L-8 on Wines, which regulates the production and distribution of grapes used for wine production, production and conditions for the distribution of wine and other products coming out of the processing of grapes and wine, the protection of wine produced in certain geographical region distinguished by exceptional climatic conditions, soil and other conditions. This law is partially harmonized with the Commission Regulation (EC) no. 436/2009 which sets out detailed rules for the implementation of Council Regulation (EC) no. 479/2008; Council Regulation (EC) no. 479/2008; Commission Regulation (EC) no. 555/2008 which defines the detailed rules for the implementation of Council Regulation (EC) no. 479/2008;

Commission Regulation (EC) no. 606/2009 which sets certain detailed rules for the implementation of Council Regulation (EC) no. 479/2008; Commission Regulation (EC) no. 607/2009 which sets specific detailed rules for the implementation of Council Regulation (EC) no. 479/2008; Council Regulation (EC) no. 491/2009 amending Regulation (EC) no. 1234/2007 and Regulation Commission and the European Council (EU) No. 1308/2013 establishing a common organization of the markets for agricultural products and repealing Council Regulations no. 922/72; No. 234/79; No. 1037/2001; No. 1234/2007;

- Law No. 02/L-98 for the Protection of Plant Varieties, which regulates the procedures for protection of plant varieties, granting and protection of the right to plant selection, and provides the conditions for varieties of all genders and plant species including the intersections between gender and species that can be protected by this law. The law is partly approximated with Council Regulation (EC) no. 2100/94; Implementation Commission Directive 2014/97 / EU implementing Council Directive 2008/90/EC;
- AI no. 11/2010 on the registration of producers, processors, importers, distributors, depositors, packaging, plant exporters, wholesalers of plants, plant products and other parts, which is based partly on Directive no. 2000/29/EC.

Ministry of Agriculture, Forestry and Rural Development (MAFRD) is responsible for drafting national legislation in line with the EU *Acquis*, as defined in Regulation no. 02 / 2011- in the area of administrative responsibilities of the Office of Prime Minister and Ministers.

Food and Veterinary Agency (FVA) is responsible for implementing the legislation on food safety and animal health, as well as for phytosanitary controls. Kosovo has already prepared the list of plant diseases present in its territory, as the Annex to the Law on plant protection.

Controls based on the National Sampling and Control Plan prepared annually. Checklists have been prepared and inspectors have been trained through the twinning project "Further Support for FVA."

Phytosanitary control

MAFRD also drafts legislation in the phytosanitary field, including the preparation of the list of quarantine pests and parasites, approval of import and export, as well as coordinating the work of the Kosovo Agriculture Institute in Peja in performing the diagnostic analysis.

Phytosanitary inspectors are responsible for:

- The inventory of harmful biological agents (diseases, pests, weeds, etc.) according to culture;
- Monitoring of the list of quarantine parasites and those with economic interests (List A and List B);
- Control of seed, planting material and plant protection facilities;
- Inspection of parties involved in the production of the plant in terms of plant protection;
- International cooperation with institutions for the protection of plants;
- Promoting plant protection (brochures, manuals, flyers, training, counseling, etc.)

Border Inspectorate is responsible for border control in Han tëElezit, Merdare, Dheu i Bardhë, Jarinje and Vërmicë. If necessary, the control can be carried out at the airport and railway points in Prishtina.

In 2016, the following activities were performed by the phytosanitary sector:

- 1519 samples for laboratory analysis;
- 2533 inspection minutes;
- 27 decisions issued and 37 charges issued;
- 449,094.00 kg products of food origin have been destroyed;
- 83,385.00 litres of various beverages; and

- 123,470 pcs of raspberry seedlings and ornamental plants have been destroyed.

Besides inspectors of FVA level, official controls are performed by the municipal sanitary, agriculture and veterinary inspectors. See "Local governance" in sub-chapter "Food safety".

Phytosanitary and Seed Laboratory

Kosovo Institute of Agriculture (KIA) was established with the AI no. 03/2003 on the role and mandate of IBK dated 18.06.2003. KIA is a public research institution, within the MAFRD, and responsible for the monitoring of agricultural land and water for irrigation, monitoring of plant integrated health, control of the food chain, analytical laboratory control for food quality, certification of seeds and organic production, and implementation of research projects, application and manufacturing in the area of crop production and livestock.

Currently employs 32 officers, while in terms of accreditation is in the process of addressing the nonconformity deriving from the Commission's assessment of the Accreditation Directorate. KIA owns the laboratory technology and equipment as well as agricultural machinery. Directorate which deals with the application of phytosanitary issues within the FVA is the Directorate of Inspectorate, which employs 83 officers, of whom 20 are phytosanitary inspectors.

Medium-term Priorities

In the phytosanitary field, the below outlined legislation will be adopted and partly approximated with the *Acquis*:

- Draft law for amendment of the Law on Artificial Fertilizers, which will be approximated with Regulation (EU) No. 2003/2003 of the European Parliament and the Council;
- Amendment of the Law on Plant Protection Products, which will transpose in part Regulation (EC) no. 1107/2009 of the European Parliament and the Council and repealing Council Directive 79/117/EEC and 91/414/EEC;
- Regulation on trade of seed potatoes in the whole territory of the Republic of Kosovo, which will be partly approximated with Council Directive 66/402/EEC;
- Regulation on pesticide residues in the plants, which will be approximated with Regulation no. 396/2005/EC;
- Regulation for protected areas of the plant, which will be approximated with Regulation no. 92/70/EEC.

Also, MAFRD, FVA and the Faculty of Agriculture during 2017-2020 will focus on:

- Completing the inventory to pests and diseases;
- Control the use of plant protection products and their trading;
- Expanding the list of plant species for which passports will be provided.

In terms of capacity building in the phytosanitary sector during this period is planned:

- Increase the number of staff, while ensuring equal representation of women and men;
- The establishment of expert groups;
- Registration in the international organizations for the protection of plants, such as the IPPC, with the aim of exchanging information and sharing of common experiences in terms of phytosanitary policy;
- Application for assistance through IPA II and other foreign aid to strengthen the phytosanitary administration.

3.14. Acquis Chapter 13: Fisheries³²

The *acquis* on fisheries consists of regulations, which do not require transposition into national legislation. However, it requires the introduction of measures to prepare the administration and the operators for participation in the common fisheries policy, which covers market policy, resource and fleet management, inspection and control, structural actions and state aid control. In some cases, existing fisheries agreements and conventions with third countries or international organisations need to be adapted.

According to the Article 103 of the SAA, the Parties shall explore the possibility of identifying mutually beneficial areas of common interest in the aquaculture and fishery sectors. Cooperation shall take due account of priority areas related to the EU *Acquis* in these fields and of principles of management and conservation of fisheries resources based on rules developed by relevant international and regional fisheries organisations.

The aquaculture and fisheries sector is regulated by Law No. 02/L-85 on Fisheries and Aquaculture, adopted by the Assembly on 10 October 2006. This law regulates the management of fishing resources and activities of fishery and aquaculture exercised in the waters of the territory of Kosovo. The law has not yet been harmonized with EU legislation.

For the implementation of the Law the following AIs are issued: AI on recreational sport fishing and recreational sport fishing equipment No. 27/2007, AI on Licensing of aquaculture activities Nr. No.09 / 2008, and AI on the areas-regions for fishing no. 07/2009.

The fisheries sector in Kosovo is not very developed, however, Kosovo has a considerable potential of fresh water, which can ensure great employment opportunities, profits and other opportunities for the country's economic development. The aquaculture sector in Kosovo compared to regional countries and Europe is small and produces a minimum amount of meat fish at about 614 t / year. Trout fish is being cultivated in Kosovo, which is mainly consumed in restaurants, and little or almost nothing available on the market.

MAFRD in cooperation with the Federation of Sport Fishermen of Kosovo (KFRSF) decides on fishing areas, the amount of fish for fishing, fishing equipment, etc. While in aquaculture decisions taken by the MAFRD only and as such are executed by the Inspectorate. According to legislation, licensing in the area of aquaculture at the national level is the responsibility of MAFRD, while the licensing of fishermen for recreational sport fishing is under the competencies of KFRSF. Federation of Sport Fishermen of Kosovo reports to MAFRD on the number of licenses issued. At the same time, MAFRD receives from the KFRSF on developments in fisheries, restocking and the amount of fish caught by the sports fishermen

Kosovo has two forms of providing fish for consumption: fish cultivated in the fish farms (ponds) and through the recreational sport fishing. In Kosovo there are 28 farms (ponds) of fish with an annual production of about 614 t / y. The structure of the sector is mainly dominated by small ponds. The use of existing capacities is around 50%. Of the overall total about 60/t is obtained from recreational sport fishing. The EC request for Kosovo still is development of fisheries inventory.

In terms of assistance, the fishing sector is also supported by GIZ technical assistance in the amount of EUR 1,200,000.00.

During 2017, expertise will be required from the TAIEX program for the purpose of performing a legal gap analysis at national level related the Law on fishery and aquaculture. This analysis shall provide an

³² This chapter does not contain a matrix of short-term measures.

overview of how much of the EU legislation was transposed to the national level and what are the steps to be taken to move further the approximation of national legislation with the *Acquis*. In addition, it will be invested in local human capacity building, through techniques of fisheries resource inventory, in theoretical and practical aspect.

Medium-term Priorities

- Inventory of fish.

3.15. Acquis Chapter 14: Transport Policy

This chapter covers part of transport policies stemming from the SAA.EU transport legislation aims at improving the functioning of the internal market by promoting safe, efficient and environmentally sound and userfriendly transport services. The transport *Acquis* covers the sectors of road transport, railways, inland waterways, combined transport, aviation, and maritime transport. It relates to technical and safety standards, security, social standards, state aid control and market liberalisation in the context of the internal transport market. In addition, the transport policy is also covered by the Title VI, articles 90-100 of the FFEU.

SAA Requirements

Transport under the SAA is covered by Chapter II of the Agreement - Provision of Services. Relevant articles are Articles 53, 60, 61, 62 and 113. Article 53 provides for obligations that will derive from the Treaty of Transportation and the obligations assumed through the Treaty of the European Common Aviation Area (ECAA). Article 60 except that take into account the Treaty of Transport Community and the ECAA Agreement, it also provides for a gradual approximation of legislation in the area of transport in order to promote the liberalization of mutual market access of the Parties and facilitate the movement of passengers and goods and the inclusion of any international conventions relating to road safety. Articles 61 and 62 are mainly focuses on transportation of goods in transit from Kosovo through EU territory and destined for a third country or vice versa. Article 113 provides for cooperation between the Parties on priority areas related to the EU *Acquis* in the area of transport.

Country Report Requirements

In the context of the 2016 EC Kosovo Report requirements in the area of road transport, Kosovo will approximate the legal framework with the EU *Acquis*. Also, it is assessed that the current budget is not sufficient for regular road maintenance. Among other requirements involve the approximation of Kosovo legislation with the EU, with regards to market access and capacity building in order to reduce fatality accidents. Whereas in the sector of railways, the Report assesses that Kosovo must transpose and implement the Directive no. 2012/34 establishing a single European railway area. Moreover, Kosovo must implement the legislation for safety in railways, must increase the investments in building the capacities of INFRAKOS, and to further strengthen professional and financial capacities of RRA. Also in the report it is recommended that appointment of RRA board members to be done based on merits. With regards to civil aviation, KR sees as a challenge the contractual relationship of the Kosovo Civil Aviation Authority and EASA. Also, a direct requirement from the KR is certification of air navigation operators by ACA.

Requirements deriving from SAPD

As regards the requirements deriving from SAPD "INFRA" 2016, regarding horizontal issues it should be continued with further approximation with the EU *Acquis* in all sectors, in accordance with its best practices. Also, the remaining conclusions from 2015 which are not finished according to the set time limits, in the meaning of providing and follow up of data regarding the procedure/work flow from the responsible sectors in the field of transport, they should be monitored continuously by the Ministry of European Integration, as well as to report to relevant Committee. Independence and strengthening of regulatory institutions in all sectors, including transport where the Government and the Assembly must

appoint the board members of all independent institutions, the selection of which should be done in a transparent, non-political manner, based on merits and in accordance with the applicable law.

In the course of other requirements deriving from SAPD Infrastructure is also a requirement to provide the timeliness related to the database of road infrastructure, and timelines associated with the concession of maintenance services of the highway R7, and to provide information about the fusion of SSTMM, including efforts made for membership in the international organizations.

And regarding specifically the field of transport, it should be continued with reforms in the railway sector and in particular to ensure that there are no technical barriers that restrict opening of the market for private operators. Also, in the field of safety it should be appointed a railway investigator for aeronautical accidents and Incidents Investigation Commission.

Regarding road transport, institutional efforts must increase to implement the legislation in order to come to a significant improvement of road safety, as mentioned in the context of soft measures in Vienna, and the adoption and implementation of the Law on drivers and tachographs. In the field of Aviation certain requirements, remained from the first phase of European Common Aviation Area (ECAA) must be met, such as Directive on work hours, as well as to implement the Law on Agency for Air Navigation Services focusing on hiring key personnel and resources.

Road Transport

Legal and Policy Framework

As regards the harmonization of legislation on road transport, the Law on Traffic Safety sets the foundations of mutual relationships and behaviours of participants and other entities in road traffic; basic conditions that roads have to fulfil in view of the development of road traffic; traffic signs system; signs given by the authorized person; duties in the case of accidents in road traffic; preparation of candidates for drivers; passing the driving exam; and the conditions for eligibility for vehicle operation. Moreover, this law has fully transposed the following directives: Directive 2006/126/EC, Directive 2000/30/EC and Directive 96/96/EC. Similarly, this law has partially transposed Directive 2008/68, Directive 95/50, the European Agreement on International Road Transport of Dangerous Goods (ADR), the International Convention on Carriage of Goods by Rail (CIM) and the Convention on International Transport (COTIF), Rules for International Carriage of Dangerous Goods by Rail (RID). Meanwhile, the purpose of the Law on Road Transport is to establish and develop the sector of road transport of passengers and goods, open and non-discriminatory access to market, providing market services in the passengers and goods sector as well as regulation of the regime of driving and resting time. Furthermore, this law has partially transposed Directive 1071/2009, Directive 1072/2009 and Directive 1073/2009.

Furthermore, in terms of completion and further harmonization of the secondary legal framework, MI has adopted AIs (AI) through which has partially transposed the *Acquis* of the EU, as follows:

- AI No. 02/2015 on vocational qualification, its implementation, and the method of evaluation of safety advisors (Directive 96/35/EC as amended by Directive 2008/68/EC);
- AI No. 06/2014 on the content and form of the sampling protocol and the checklist for control of dangerous goods (Directive 95/50/EC);
- AI No. 05/2014 on the issuance of permits to perform international cargo transport for resident operators;
- AI No. 04/2014 for exceptional transport;
- AI No. 03/2014 on the criteria for calculating compensation for exceptional transport;
- AI No. 02 / 2014 for issuance of consent for connection, installation and use of land in national and regional roads;

- AI No. 1/2014 on setting the fees for land use of national and regional roads;
- AI No. 2013 / 7 on the licensing of operators for road freight transport (Directive 1071/2009, 1072/2009 and 1073/2009);
- AI No. 2013 / 9 on the network and timetable of the inter-urban passenger transport bus lines;
- AI No. 2013 / 10 for training and passing the exam for the road public transportation drivers and managers of passengers and goods (Directive 1071/2009);
- Code of Conduct No.01 / 2013 on bus drivers and other personnel; AI nr.2013 / 8 for licensing of bus stations; and
- AI No. 2013 / 11 for issuing permits for the performance of regular international road transport of passengers with access and transit through the territory of Kosovo.

Concerning the adoption of strategies and programmes relevant for implementation of the EU transposed legislation in the area of *road transport*, the MI has approved the Sectoral and Multimodal Transport Strategy 2015-2025 (SSTMM) and the 5-year Action Plan. SSTMM contains five strategic objectives which are related to the development and connection of Pan-European corridor, enhancement and improvement of the quality of service in transport of goods and passengers, enhancement and improvement of road traffic safety, enhancement of the level of cooperation and membership in regional and international organizations and the creation of a well-motivated, competent and functional human capacity structure within the transport sector.. In addition, the Strategy on Road Traffic Safety 2016-2020 was approved as well as Program for Road Traffic Safety, with main objective to reduce number of accidents and fatalities in the traffic, increase of awareness of participants in the traffic and other groups of interests.

Within the scope of the role and institutional responsibilities, the role of MI in the area of *road transport* is related with the creation of enabling environment for safe, qualitative and functional transport systems and the required human capacities to provide quality services, an ecologically clean environment, economic growth and integration into international organizations and structures. Based on the obligations deriving from the SAA, MI is committed to creating a fully integrated system of transport for all citizens according to European standards with a target of selecting most efficient and affordable transport in the needs of citizens, ensuring environmental protection environment and extending cooperation with neighbouring countries for integration into regional and international structures.

Furthermore, the respective fields of transportation are covered by the following departments:

- Inspectorate department covers the area of inspections and it oversees the implementation of the basic laws in the area of road transport;
- Road infrastructure department covers the field of drafting the investment programmes in road infrastructure, maintenance and signalling the existing road network;
- Road Safety Secretariat is the main body responsible for measures that aim to reduce accidents and the implementation of awareness campaigns and raising awareness and education of the participants in traffic;
- Department of road transportation is responsible for drafting the policies, market regulation, licensing of passenger, goods and dangerous goods operators through road and railway infrastructures, creating mitigation measures and initiation of agreements with all countries in the area of road transportation;
- Department of vehicles drafts policies in the area of vehicles and driving licences and it offers evaluation services for candidates of driving license;

Medium-term Priorities

As regards the priorities and activities for the medium term 2017-2020, in the area of road transport, new legislative and organizational policies are expected to be developed, namely, amendment of the law on roads, the creation of the Agency for Roads and the completion of strategic infrastructure projects road in

segments R6, R7, N2 and N9. Regarding regional cooperation, the signing of the Transport Community Treaty is expected to take place, then the membership activities in international road transport organizations, as well as the initiation of international agreements and protocols with other countries in the area of road transport. Moreover, actions are expected in terms of continuing the improvement and modernization of services for the transport of passengers at bus stops and the establishment of professional and technical capacities in the area of road transport. The option for the creation of the Road Transport Authority remains to be further analysed and discussed with all stakeholders.

Drafting legislation and the potential creation of new institutions will be based on annual planning of the line institution budgets, respectively in accordance with the MTEF. Meanwhile, infrastructure projects, apart from being planned under the budget framework of Kosovo, will be also considered under the substantial support of International Financial Institutions (IFI) and potential donors. Consequently, during this period, in the construction and improvement of road infrastructure, namely highways and regional roads it is expected to cost about EUR 800 million, mainly from BRK (about EUR 500 mil.), the rest will be taken as loan from IFIs (EUR 250-290 mil.), and a small portion of these means are related to the preparation of project documentation will be provided by international donors of Kosovo.

Civil Aviation

Legal and Policy Framework

In the context of completing and harmonizing the legislative framework of civil aviation in the legislation with that of the EU, the Law of Civil Aviation aims to regulate the civil aviation in Kosovo from technical and economical point of view, and to promote a consistent development of this field in accordance with international norms. Furthermore, this law provides the legal basis for dynamic transposition of the subsidiary legislation by CAA and IM relating to obligations deriving from the ECAA. Kosovo is a signatory of the ECAA Agreement and accordingly the institutions of Kosovo have transposed entire legislation deriving from the Phase I, apart from the Directive 2003/88, which is treated under the amended labor draft law submitted in the legislation agenda for 2015. In addition, law on establishment of Air Navigation Services Agency was adopted. The purpose of this Law shall be the establishment of the Air Navigation Services Agency -ANSA in order to provide infrastructure and air navigation services in air space of the Republic of Kosovo. Furthermore, law stipulates that Civil Aviation activities in the Republic of Kosovo air space above its territory shall be carried out in accordance with the provisions of the Law into force on Civil Aviation, the Convention on International Civil Aviation, and the Agreement on the Establishment of a European Common Aviation Area.

Regarding strategies and programmes related to the implementation of the EU *Acquis* in the area of civil aviation, MIA implements three national programmes for the provision of civil aviation as follows:

- National program for civil aviation security is aimed at protecting passengers, crew, ground personnel and the general public from unauthorized interference;
- National quality control program of civil aviation security, which aims to determine compliance with the effectiveness evaluation program of national civil aviation security through audits, tests and inspections; and
- A national training program for civil aviation security, offering opportunities for equal treatment of both genders, which provides for the development of trained personnel to implement standardized preventive security for safe operation of international flights.

As regards the role and institutional responsibilities in the area of civil aviation, MI is responsible for developing national policies on air transport, issuing regulations related to economics of air transport, except for aviation security, economics of airports or air navigation services, MI is responsible for organizing, carrying out and undertaking measures for the development of civil aviation in Kosovo and international cooperation. Meanwhile, CAA is responsible for regulating and monitoring the safety of

civil aviation, as well as economic regulation of airports and providers of air navigation services. Also, the Division of Civil Aviation Security within MIA is responsible for establishing, maintaining, monitoring and regulation of civil aviation security. While the investigation of accidents and incidents in civil aviation are made by the Commission for Investigation of Aeronautical Accidents and Incidents (AAIIC), which operates within the Office of the Prime Minister.

Medium-term Priorities

Regarding the 2018-2021 medium-term priorities, the CAA will continue to implement progressively the requirements of Phase II of the ECAA Agreement. In cooperation with the ISISI II Project, Kosovo will apply the SES 1 package for tariff and performance schemes in view of preparation for application of the SES II Package, which will be dedicated to the air traffic management. Also, the CAA will transpose the legislative packages SES II and SES II + in preparation for being part of functional airspace blocks, starting from Reference Period 3 in 2020. More specifically, until 2019 there will be a transposition of the Commission's Implementing Regulations (EU) no. 390/2013 and 391/2013. Moreover, during this period the CAA will transpose the new Regulation of EU on controllers'licenses, on sharing the voice channels SES, on the requirements for performance and interoperability of surveillance in SES, and on the identification of air devices for aircraft surveillance under SES. Certification of PIA Airport "Adem Jashari" based on Regulation (EU) no. 139/2014 scheduled to take place by the end of 2017, may be postponed for 2018, depending on the date of beginning to implement the project for extension of the air field.

Meanwhile, MIA pursuant to EU Regulation no. 185/2010 and EU Regulation no. 300/2008 shall supplement and amend three National Security Programmes of Civil Aviation.

The budget for implementing the priorities will be planned within the MTEF, and including the potential support of IFIs and donors. Furthermore, during the next 5 years, the Government of Kosovo is expected to invest about EUR 45 mil. From the BRK in the extension of the air field of PIA Airport "Adem Jashari", respectively MTEF has planned to invest EUR 12.5 mil for the period 2017-2019.

Railway Transport

Legal and Policy Framework

In terms of approximation of the legal framework with the EU *Acquis* in the area of railway transport, Kosovo has adopted the Law on Railways, which has the purpose of regulating and developing the railway sector, improve system security, open and non-discriminatory access to operators and the provision of services in the railway sector market. Moreover, this law has partially transposed EU Directive 2004/49; EU Directive 2001/14, EU Directive 91/440 and 95/18, the EU Directive 2007/59, EU Directive 2008/57 and the EU Directive 2012/34.

In terms of completion and harmonization of the legal framework secondary with the EU *Acquis* in the area of railways the below mentioned AI and regulations were approved, which transpose parts of the aforementioned directives:

- AI No. 02/2012 on Licensing of Railway Enterprises;
- AI No. 03/2012 on Licensing of Railway Managers;
- AI No. 04/2012 on Certificates and Security Authorizations;
- AI No. 02/2013 on Direct Cost Calculations for the Railway Infrastructure Maintenance;
- AI no. 03/2013 on Setting, Administration and Collection of Payments for access to railway infrastructure;
- Regulation no. 01/2012 on Licensing of Managers and Railway Enterprises;

- Regulation no. 03/2012 on Security Certificates;
- Regulation no. 04/2012 on Security Authorization;
- Regulation no. 05/2012 on the National Registry of railway rolling stock;
- Regulation no. 06/2012 on Infrastructure Registration;
- Regulation no. 01/2013 on the Network Statement; and
- Regulation no. 02/2013 on Train Driver Licensing.

Regarding the adoption of strategies and programmes relating to the implementation of the EU transposed legislation in the area of railways, MI has approved SSTMM which aims to develop and connect railways with pan-European corridors, increase and improve the quality of services in transport for passengers and goods and increase the level of cooperation and membership in regional and international organizations.

In the context of the role and institutional responsibilities in the area of railways, MI, respectively, the department of road transport aims to draft policies, development strategies, monitoring, regulation and development of the railway sector in order to improve system security, providing open and non-discriminatory access for railway operators. Meanwhile, the railway sector regulation is made by RRA on the following areas: Licensing, Safety, Interoperability, and Market Regulation. On the other hand, investigations are carried out by AAIIC which is established within the Office of Prime Minister.

Medium-term Priorities

In the context of realization of medium-term priorities for the railways, respectively, the activities planned for the period 2017-2020 are as follows:

- Start implementing the railway package 4, which includes standards and authorization for rolling stock, training of workforce, independent management of infrastructure and the liberalization of the internal market of passengers and goods.
- General rehabilitation and modernization of the Line 10 railway (border with Serbia - Leshak - FushëKosovë – Hani iElezit - border with Macedonia)
- Project design for eastern lineFushëKosovë – Podujevë – Border with Serbia
- Project design for southwestern line Klinë – Prizren

The budget for implementing the priorities will be planned within the MTEF, and including the potential support of IFIs and donors. In this context, the total cost for rehabilitation of the railway line 10 is EUR 208 400,000.00, out of which EUR 39.9 mil loans from EBRD, EUR 41.4 mil loans from EIB, EUR 85.3 mil. EU grants, EUR 1.7 mil. EBRD grants, while EUR 40.1 mil BRK investments.

3.16. Acquis Chapter 15: Energy

Chapter 15 contains the *Acquis* of EU on energy, and furthermore, EU energy policy objectives include the improvement of competitiveness, security of energy supply and protection of the environment. The energy *Acquis* consists of rules and policies, notably regarding competition and state aids (including in the coal sector), the internal energy market (opening up of the electricity and gas markets, promotion of renewable energy sources), energy efficiency, nuclear energy and nuclear security and radiation protection.

SAA Requirements

Obligation to approximate the Kosovo legislation with chapter 15 of the *Acquis* stems from article 74 and article 114 of the Stabilisation and Association Agreement (SAA).Provisions are binding Kosovo to ensure its national legislation will be technically in line to that of the EU but also to ensure its implementation.

Energy sector is covered by Article 114 of the Stabilisation and Association Agreement between the European Union and Kosovo, which states that cooperation between the parties, shall focus on priority areas related to the Energy Community *Acquis*. This cooperation shall reflect the principles of the market economy and be based on the Treaty establishing the Energy Community, with a view to the gradual integration of Kosovo into the European energy markets.

Article 114 of the SAA also contains the possibility of including assistance in terms of improvement and diversification of supply and access to energy markets, as well as application of EU rules on transit, transmission, distribution and restoration of energy interconnections of regional importance with neighbouring countries.

Article 114 also foresees the implementation of the EU *Acquis* on energy efficiency, renewable energy sources and environmental impact of the energy sector, promoting energy efficiency and renewable energy. It is also determined the support in developing the framework conditions for restructuring energy sector enterprises and cooperation between enterprises in this sector, in accordance with the rules of the internal energy market for depravity.

Measures from the Ministerial Council of the Energy Community: Kosovo is a member state of the Energy Community and as part of the obligations arising from this framework it is obliged to approximate or implement the European Union *acquis* outlined in the Energy Community Treaty (Article 10)³³.

Supply security and Internal Energy Market

Legal and Policy Framework

Policy-making, organization, regulation and management of the energy sector in the Republic of Kosovo are done through a set of laws that are generally in line with the EU *Acquis* in the area of energy. While sector institutions include governmental, regulatory and energy enterprises.

Electricity production capacities are mainly thermal (97%) and consist of two power plants, TC Kosova A and Kosova B with a power generation capacity of 1478 MW. The rest of the produced energy (3%) is from the Hydro Power Plant Ujmani (2 x 17.5 MW) and four smaller HPP: (Dikancë, Radavcë, Burim and Lumbardh).

On 25 October 2005, Kosovo signed the Treaty establishing the Energy Community becoming thus the equal member of the Energy Community.

The recent 2016 EC Kosovo Report states that Kosovo marked a progress in the process of approximation of legislation in the energy sector with the adoption of the third energy package, but it is still at the early stage of implementation. Progress Report also recommends that Kosovo in particular needs to start with the implementation of *Acquis* on the supply security and also to make a final decision on the new generation capacity, decommissioning of the Kosova "A" Power Plant, as well as ownership of Kosova "B" Power Plant.

Further, it is mentioned the need to strengthen its institutional capacities in the field of energy market regulation in particular safeguarding the energy regulator's independence and establishing transparent mechanisms for setting the energy prices. With regards to improving the energy supply it is mentioned technical and commercial loses in the distribution network, which are still very high (31.8%). Moreover the inaction with regards to Energy Community procedure for dispute resolution in relation to customs

³³ https://www.energy-community.org/portal/page/portal/ENC_HOME/ENERGY_COMMUNITY/Legal/Treaty#AnnexI

fees on oil products imports (oil and coke). With regards to approximation of legislation in the oil sector it is noted lack of adoption of laws and AIs.

In the report in question, it is mentioned the delay in signing the contract for Kosova e Re Power Plant and lack of progress in decommissioning of Kosova A Power Plant, as well as rehabilitation of Kosova B Power Plant. The report also mentioned the lack of the financial mechanism to facilitate vulnerable consumers as well as elimination of subsidies for various consumer categories. Establishing of parallel management by Serbia in HPP "Ujmani/Gazivoda" prevents its operation, risking the managing of water. The report singled out the need for the implementation of reform measures in the framework of the Connectivity Agenda.

Regarding the Dialogue of the Stabilization and Association Process "Infrastructure", held in February 2016, it is stated that the priority of the Republic of Kosovo is implementation of reform measures "soft measures" related to energy, derived from the conclusions of the Vienna meeting. Further it is mentioned the importance of the adoption of the third energy package, which allows opening of the market and also allows the dismantling and certification of the transmission system operators. Regarding the deregulation of the production prices, Kosovo needs to adopt a national action plan to eliminate price regulation. Ensure that the Board of ERO is working independently and is using its authority to open the wholesale and retail market and is working towards price deregulation. Furthermore, the Board of ERO must begin issuing licenses to alternative suppliers. Kosovo needs to strengthen the effectiveness of national administrative bodies, including that of competition and state aid, strengthening their independence and to request that they inform the Secretariat on pending proceedings (July 2016) in order to give an end to violation procedure against Energy Community.

While the oil sector to the Kosovo side is expected to create primary and secondary legal basis in the field of emergency oil reserves by adopting the law on mandatory oil reserves, in compliance with the directive no. 2009/119 / EC.

However, in 2016, Kosovo has made concrete progress and very important in adjusting its legislation with EU legislation in the field of energy through the adoption of the third energy package. Consequently the field of electricity is regulated by these laws:

Law no. 05/L-081 on energy, adopted on 13 July 2016, which sets out the principles and general rules by which the activities in the energy sector are directed in order to guarantee a secure, reliable and high quality power supply, to create conditions for operation of the energy market, and furthermore promoting a more efficient use of energy, increased renewable energy and cogeneration, as well as improvements in environmental protection activities caused due to energy activities. This law partly transposes Directive no.2009/72/EC of the European Parliament and the Council on common rules for the internal energy market, Regulation no. 714/2009/EC on conditions for access to the network for cross-border electricity services and Directive no. 2009/28/EC on the promotion of the use of energy from renewable sources.

The basic law in the energy sector is the Law no. 05/L-085 on energy, adopted on 21 July 2016. This law establishes common rules for performing generation, transmission, distribution and supply of electricity and organized energy market as part of regional and European energy market, and establishes the rules that deal with access of parties into the network, public services obligations, consumers' rights and conditions of competition. This law particularly sets out the criteria for the public service obligations. Public service obligations may be imposed only based on public interest and general economic interest having in mind: security, including security of supply; regularity; quality and price of supply; environmental protection, including energy efficiency, energy from renewable sources and climate changes. Also, clearly defines the roles and responsibilities of institutions for the appointment of enterprises providing public service. The law in question is partially in alignment with: Directive no.

2009/72/EC of the European Parliament and Council on common rules for the internal energy market, which repeals the Directive no. 2003/54/EC and Regulation no. 714/2009/EC on conditions for access to the network for cross-border energy services.

In the gas sector there is a law no. 05/L-082 for natural gas, adopted on 13 July 2016, which contains a number of provisions to establish the legal framework for the transmission, distribution, supply, usage and storage of natural gas, organization and functioning of the natural gas sector, access to the market, the criteria and procedures applicable for granting of authorizations for transmission, distribution, supply, usage and storage of natural gas and operation systems. This law partly transposes Directive no. 2009/73/EC concerning common rules for the internal market in natural gas and Regulation no. 715/2009/EC on conditions for access to natural gas transmission networks.

Kosovo currently has no natural gas; however, it is committed to be part of the regional projects of gas supply, such as the Trans Atlantic Pipeline (TAP) or the Ionian Pipeline (IAP).

Another important law is the law no. 05/L-052 on central heating, adopted on 31 December 2015, purpose of which is to establish the conditions for the sustainable development and competitive of thermal energy for concentrated heating/cooling, according to free market economy, to meet the consumers demands and environmental protection, secure, constant and efficient supply with thermal energy for heating/cooling of spaces, hot water for sanitary and industrial needs of consumers who are entitled to be connected in the thermal energy system and to be supplied with thermal energy according to standards. The Law is partially aligned with the Directive no. 2009/28/EC on promoting the use of energy from renewable sources.

In the provisions of Law no.05/L-084 on energy regulator, adopted on 14 July 2016, are defined powers, duties and functions of ERO, including the conditions for the granting of licenses for carrying out activities in the area of energy, certification of the activities of transmission operators, procedures for granting authorizations for the construction of new generating capacity, creating an efficient and functioning of competitive energy market, consumer protection, and the criteria for tariff setting as well as conditions for energy supply. According to the law in question, ERO shall exercise the powers of an independent agency, as part of the Republic of Kosovo institutions.

The Law is partially is in compliance with Directive no. 2009/72/KE on common rules for the internal energy market, Regulation no. 714/2009/EC on conditions for access to the network for cross-border energy services, Directive no. 2009/73/EC concerning common rules for the internal market in natural gas, Regulation no. 715/2009/EC on conditions for access to natural gas transmission networks and Directive no. 2009/28/EC on promoting the use of energy from renewable sources.

Another important law is the law no. 05 / L-052 for thermal energy, adopted on 31 December 2015, whose purpose is to define the conditions for market development of sustainable and competitive thermal energy for heating / cooling concentrated, according to a market economy free filling consumer demand and environmental protection, supply of safe, reliable and efficient thermal energy for heating / cooling of buildings, heating sanitary water and industrial water for customers to enjoy the right to be involved in energy systems t'u thermal and thermal energy supplied by the standards. The law is partially aligned with the Directive no. 2009/28 / EC on the promotion of the use of energy from renewable sources.

While in the oil sector there is Law nr. 03/l-138 on Amending and Supplementing the Law no. 2004/5 on Trade of Petroleum and Petroleum Products. The purpose of this Law is to regulate regular trading, licensing and monitoring of the oil market, through promotion of competition and elimination of unlawful trade practices. In terms of meeting and further harmonization of the legal framework in the oil sector, a draft law for the mandatory oil and oil product stocks will be adopted. According to this law, the

responsible institution for the creation and management of oil reserves is the Ministry of Trade and Industry. This law partially transposes Directive no. 2009/119/EC imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products. While in the draft law on trading oil, petroleum products and renewable fuels shall partially be transposed Directive no. 2009/30/EC on fuel quality, Directive no. 2009/28/EC promoting the use of energy from renewable sources. This law applies to all entities that operate with petroleum, petroleum products and renewable fuels, including import, storage, wholesale trade and retail, manufacturing, use, and institutions that supervise and monitor the market in question. Both laws mentioned above are expected to be adopted soon by the Assembly.

Pursuant to the legislation on the energy sector will be drafted sub-legal acts and so far several strategic documents of energy policy have been developed, which are aimed at strategic orientation for sustainable development of the sector in question.

In this aspect, MED has developed the energy strategy of the Republic of Kosovo 2017-2026, which is expected to be approved soon by the Assembly. This strategy is based on the National Development Strategy 2016-2021, in Article 114 of energy, SAA and the obligations to ECT. The new energy strategy has defined five (5) targets for the development of the energy sector, such as:

- Ensuring uninterrupted supply of electricity;
- Integration into the regional energy market;
- Expanding the capacity of thermal systems and building of new capacities;
- Development of natural gas infrastructure; and
- Meeting of the energy targets, RESs and environmental protection.

Government's priority is the construction of the new TPP "Kosova e Re" and rehabilitation of TPP "Kosova B" according to EU standards, namely ECT community, meeting all environmental requirements. This strategy supports these two projects and the operation of the TPP "Kosova A" until the TPP "Kosova e Re" becomes functional. This option is regarded as the most suitable for achieving the security of supply with affordable price for consumers. Further, the strategy states that parallel to lignite projects, it must also support projects that utilize RES through "Feed in" tariff for a potential of 400MW from hydro energy and wind energy, which means that it is virtually supported the whole potential identified for construction of small HPPs and wind turbines. In the strategy are also defined other incentive measures for RES, which are simplification of procedures for authorization of RES plants and establishment of "One Stop Shop". Strategy also supports the feasibility study for potential connections with regional gas pipelines.

The institutional framework and the capacity of institutions responsible for implementation of the obligations deriving from legislation in the energy sector are: the Ministry of Economic Development (MED) which is responsible for the development of energy policies and decision making about the energy sector that promote market reforms and good governance. Meanwhile, the Energy Regulatory Office (ERO) is in charge for regulation of the sector and the licensing of operators of the energy market also for review and approval of tariffs and monitoring the energy market. Other governmental bodies, such as the Ministry of Environment and Spatial Planning (MESP), Ministry of Labour and Social Welfare (MPMS), Ministry of Trade and Industry (MTI), Ministry of Finance (MoF) that have an important role in the supervision of social, economic and environmental energy industry.

The main companies operating in the energy sector are the following: Kosovo Energy Corporation (KEK); System Operator, Transmission and Electricity Market (KOSTT) Electricity Distribution Company (KEDS); Electricity Supply Company (KESCO), district heating (Termokos Prishtina, Gjakova, Mitrovica and Zvecan); and Hydropower: Ujmani Lumbardhi, Radac, Dikanci and Burimi.

The process of reforming the energy sector is dating from 2004 with the establishment of ERO. The process continued with the unbundling of the vertically integrated company, KEK, and the creation of the transmission and market operator -KOSTT (2006), which is now operating as a separate entity. Further unbundling continued with separation of distribution and supply businesses of KEK. After the unbundling, the distribution and supply businesses were privatized, in May 2013 and are now under the ownership of the Turkish Consortium Limak&Calik. At the end of the 2014 the legal unbundling of distribution and supply was done, which resulted with creation of two companies: KEDS as distributor, and KESCO as supplier.

Whereas, within the opening of the internal energy market and increased security of supply, ERO has taken actions specified in the new law on the energy regulator for the development of competition by enabling entry into market of the new energy suppliers, thus by licensing companies: KESCO (Kosovo), HEP (Croatia) and GSA (Albania). In addition, on 01 October 2015 it was signed the agreement for the connection of Kosovo Energy System in Continental Europe Synchronous Area. The agreement was signed between KOSTT as Transmission System Operator (TSO) in Kosovo on one side and ENTSO-E in the other side, represented by 30 OST Regional Group in Continental Europe. Regarding the improvement of the transmission infrastructure and involvement in regional mechanisms for electricity transit compensation it is set an infrastructure for secondary regulation Kosovo-Albania. Furthermore, it is put in function 400 kV interconnection line between Kosovo and Albania, respectively (SS Kosova B - SS Tirana 2) funded by the German Government through KfW in the amount of EUR 33.5 million, the project goal is to improve safety in cost efficient and with as less losses as possible in energy transmission and supply in Kosovo, to meet the requirements for an integrated energy market in Southeast Europe, as well as to create importing and exporting capacities with the Albanian and regional market.

Support from donors is mostly concentrated in project related to the decommissioning process, the project for the rehabilitation of Gjakova central heating and expansion of Termkos heating network, as well as the project for construction of facilities for temporary storage of hazardous waste. All these financial investments come through the Instrument for Pre-Accession (IPA) and they amount EUR 33.5 million. Another project in the amount of EUR 12 million, funded by the European Commission, is the construction of a landfill for hazardous waste. For this project, the Government, by the Decision no. 07/66 dated 29 May 2009, has approved the use of the location for the state-owned parcels and through the Decision no. 08/104 dated 10 August 2016 was established public company for the storage of hazardous waste. MED's budget is in the amount of EUR 25.6 million, of which EUR 18.3 million from the BRK, while EUR 4.3 million from loans, and EUR 3 million from PAK revenues. As per demands of civil society organisations dealing with gender equality, funds raised need to benefit women, men, girls and boys, serving their needs and interests, and Gender Responsive Budgeting needs to be applied in all phases of design, planning, monitoring the implementation of the project.

Medium-term Priorities

For the medium term period 2018-2021 in the energy market and security of supply, in terms of policies it is planned to review the Energy Strategy for the 10-year period and review of the Implementation Programme of the Energy Strategy.

And in terms of improving the security of supply in terms of transmission and in view of the power supply, the following activities by KOSTT are planned:

- Establishment of the joint energy market with Albania and accession to the PX (Power Exchange)-Albanian stock exchange;
- KOSTT membership in ENTSO-E;
- Harmonization of KOSTT grid code with the ENTSO-E grid code;
- Accession to the balancing regional market;

Whereas, in order to increase the safety of operation of the transmission system and meeting of distribution requirements of KOSTT, the following activities shall be undertaken:

- Implementation of the project SS Prishtina 6, 110/10(20) kV with transformers of power 2x40MVA and double cable line 110kV;
- Implementation of the project SS Mitrovica 2, 110/10(20) kV with transformers of power 2x40MVA and double cable line 110kV;
- Implementation of the project SS Fushë Kosova, 110/10(20) kV with transformers of power 2x40MVA and double cable line;
- Implementation of the project SS Drenasi 2, 220/10(20) kV with transformers of power 2x40MVA and double cable line 220kV;
- Revitalization of SS Theranda 110/10(20) kV; and
- New single cable 110 kV SS Rahoveci

In the process of decommissioning of the gasification, fertilization facilities and heating facility at the location of TPP Kosova A, with the support of technical assistance by the European Commission under the IPA 2014 over a period of 25 months from the start date, following activities will apply:

- Preparation of environmental and social impact assessment study;
- Preparation of a detailed plan for the dismantling of facilities, including safety plan;
- Preparation of the tender dossier for facility physical dismantling works, removal of waste material and site clearance; and
- Capacity-building of the working group and staff of the decommissioning department at KEK through trainings.

Another medium term priority in terms of construction of new generating capacities is overseeing the development of the construction activities of TPP "Kosova e Re" by the investor.

Energy Efficiency and Renewable Energy Sources

Legal and Policy Framework

Kosovo by Article 114 of the SAA will harmonize and implement the *Acquis* on energy efficiency, renewable energy and environmental impact caused by the energy sector, promoting energy savings, energy efficiency, renewable energy, exploration and mitigation of the environmental impact caused by the energy production and electricity consumption. The general policy for the promotion of energy efficiency and renewables is under the competence of MED. These resources have an important place in anticipation of investment in the energy sector. At the same time, laws for the energy sector in Kosovo support investments in the renewable sources (RES) as generating capacities. Criteria for investment in RES should take into account the targets set by the MED, the level of affordability of women and men consumers, the stability of the system and their impact on system balancing. Moreover, EU directives and obligations deriving from the Treaty establishing the Energy Community (ECT) defines the requirements related to RES, and Kosovo as a member of ECT is required to meet the target of 25% energy produced from RES by 2020.

Implementation of policies established for RES is based on the Energy Strategy and the three existing basic laws of the energy sector, the Law on Energy; Law on the Energy Regulator and the Law on Electricity and the National Action Plan for RES (2011-2020) that includes mandatory targets and measures to achieve these targets. Also targets are set with AI No.01 / 2013 on renewable energy targets.

These targets are projected to be met by photovoltaic, solid biomass, wind, existing hydro plants, new hydro plants and other big HPPs. Currently, in Kosovo, the energy from renewable sources is generated from the water sources through hydro power plants (Ujman, Lumbardh, Radavc, Dikanc, Burim, Brod II,

Albanik III, Deçan dhe Bellaja,), the energy produced by wind, with installed capacity of 1.35MW at Golesh Mountain, and photovoltaic power project with the capacity of 102 kW and 500kW.

Regarding new power generation capacities from RES, by 2020 it is projected to install 240 MW from hydropower, then wind energy with installed capacities of 150 MW, 10 MW of photovoltaic power and 14 MW energy from biomass.

The installed capacities of the heat energy in 2020 are expected to be: 10 MW of geothermal energy, solar energy and 70 MW of electricity from wood biomass firewood of 264.5 ktons.

Energy Regulatory Office as an institution responsible for the implementation of policies for renewable energy sector has adopted one of the most important measures stimulating RES which is the feed-in tariff as follows:

- Hydro energy: 63.3 EUR/MWh;
- Wind energy: 85 EUR/MWh;
- Solid biomass Energy: 71.3 EUR/MWh; and
- Photovoltaic energy: 136,4 EUR/MWh.

While in terms of harmonization with standards of European Committee for Standardisation (CEN), a total of 236 standards in the field of electricity and 473 standards in the field of oil products and natural gases have been adopted.

Whereas CEN standards in the field of energy efficiency within the law on performance of energy in buildings are: (Buildings with almost zero energy consumption, (certificates of energy performance, the issue of certificates of energy performance, issuing of energy performance certificates, inspection of heating systems, inspection of air conditioning systems, inspection of heating systems and air conditioning).

Challenges identified by the 2015 EC Kosovo Report in the sector of energy efficiency and RES include adoption of the law on energy efficiency in order to comply with the latest EU Directives. Kosovo has not harmonized yet its legislation with the Directive on renewable energy of 2009, and there is no mechanism to monitor the progress of meeting the targets by 2020. Furthermore, Kosovo Agency for Energy Efficiency lacks the staff and does not have the capacities to monitor, assess and verify the progress of objectives. Regarding capital investment in the field energy efficiency, Kosovo has not yet adopted the law on energy performance in buildings. Therefore it is required that Kosovo takes necessary measures to create a favourable climate for investment in energy efficiency. Progress report also recommends creation of energy efficiency fund with the possibility to combine it with environmental measures as in public sector as well as in the residential one. There has been some progress in the sector of RES and chances for Kosovo to meet the objectives of 25% by 2020 are very slim and are hampered by low administrative capacities in management of RES, lengthy procedures for issuing licenses to RESs and the low network capacity to manage the incomes from RES. Also, it is noted the lack of developments in meeting the EU requirements for the use of bio fuels in transport sector. In the context of new generation capacity, there has been no progress in the construction of HPP "Zhur".

In relation to challenges identified in the field of energy efficiency and renewable energy sources by the Stabilization and Association Dialogue meeting on 'Infrastructure' 2016, includes approval of the third energy efficiency action plan, and adoption of the law on energy performance of the building and secondary legislation to transpose the Directive no. 2010/31. It is also mentioned the need to apply for technical assistance - TAIEX on modalities to support the investments in energy efficiency and environment, with a possible focus on mutual fund.

In the course of activities for approximation of primary legislation in the area of energy efficiency and RES to that of the EU directives, the Law on energy performance on buildings was adopted on 30 November 2016. This law aims to promote improvement of energy performance in buildings, taking into consideration external and internal climate conditions, as well as the requirements for the internal climate and effective cost. In this law are partially transposed the EU Directive no. 2010/31 on Energy Performance in Buildings; EU Directive 2012/27/CE of the European Parliament and Council on Energy Efficiency.

Regarding the adoption of plans and programmes relating to the implementation of the EU transposed piece of legislation, MED has adopted on 30 September 2011, National Action Plan on Energy Efficiency (NEEAP 2010-2018) which is the basic document implementation of energy efficiency policies in Kosovo. This plan provides for the achievement of the indicative target of 9% energy savings by 2018 or 91.89 ktoe. In addition, the plan contains a number of measures to improve energy efficiency in various sectors of energy, such as households, services, industry, agriculture and transport.

The Government of the Republic of Kosovo has also approved in June 2013, the Second National Action Plan for Energy Efficiency 2013-2015 which aims to bring in place the energy efficiency policies and their implementation in Kosovo which would promote financing from international financial institutions and mobilization of local funds to implement the measures planned for energy efficiency. This plan includes an indicative target of intermediate energy saving in the amount of 3%.

To implement the policy of renewable energy sources, MED approved medium and long term plan of action for RES and has set targets of 25% as mandatory, and 29.47% as voluntary by 2020. The purpose of this plan is to promote the use of energy from renewable sources efficiently and cost-effectively increasing the diversification of energy production in order to enhance the security of energy supply and environmental protection.

Also, this plan has provided the necessary incentive measures for the promotion of energy from renewable energy sources. As for the implementation of legislation in the area of energy efficiency and RES responsible government institutions at the central level are: MED, KAAE, MESP, MAFRD, MTI and independent public institutions such as the ERO, KEK and KOSTT.

Kosovo Agency for Energy Efficiency (KEEA) is an executive institution within the MED which implement energy efficiency policies through evaluation of energy saving opportunities in all sectors of energy consumption.

Important role regarding electricity produced from renewable sources has ERO that includes licensing activities of generation, adoption of standard contracts, approval of market rules that guarantee access to transmission and distribution networks, adoption of rules and regulations for granting certificates of origin and green certificates and approval of 'feed-in' tariffs for RES. Also, a significant role in the implementation of energy efficiency is with the local level, namely the municipalities of Kosovo.

Donor Support

Within the budget provided and funds of foreign technical assistance for all implementing measures for electric energy is as follows:

- The World Bank project financing for energy efficiency measures in buildings of the central institutions and the promotion of energy by RES through a soft loan worth \$ 31 million;
- Project financed by the KfW loan in the amount of EUR 7.5 million for financing energy efficiency measures in buildings of public service at the municipal level.

Medium-term Priorities

Regarding the field of energy efficiency and renewable energy, the following are midterm priorities:

- Review of the Energy Strategy for the period of 10 years;
- Draft Programme Implementation of the revised Energy Strategy;
- Regular review of base legislation on energy targets by RES in accordance with the requirements of the National Action Plan for RES (2011-2020);
- Establishment of One-Stop-Shop for renewable energy sources;
- Review of the National Action Plan for Energy Efficiency (2010-2018) in accordance with the requirements of Directive no. 2012/27/EC; and
- Drafting of the Regulation for buildings with zero energy demand for which MESP is responsible;
- Rules for buildings with demand for zero energy; responsible MESP.

Over the medium term there will also be the implementation of measures envisaged in the National Plan for Energy Efficiency (NEEAP 2010-2018) and medium-term plans for energy efficiency and the implementation of measures and projects planned in 2011-2020 NAP/RES. The Energy Strategy 2017-2026 supports private sector initiatives for the construction of hydropower plants for system regulation purposes. Energy strategy also supports the expansion of existing capacities of thermal systems and creation of conditions for the construction of new systems in large municipalities of Kosovo, starting with the feasibility study. Another activity is the pre feasibility study for construction projects of central heating systems in cities of Drenas, Kastriot, Mitrovica and Zveçan.

In the Medium Term Expenditure Framework 2015-2017 related to energy efficiency and renewable energy sources the following activities are planned to be developed: promotion campaigns, energy audits and implementation of energy efficiency measures in public service buildings, mainly in schools, and will installation of central heating system in 20 schools in different municipalities.

Radiation Protection and Nuclear Safety

Legal and Policy Framework

One of Kosovo's commitments deriving under the SAA, specifically Article 114 thereof, is the approximation of legislation in the area of security and protection from ionized radiation. Furthermore, all provisions in the area of generation of nuclear radiation and nuclear security are based on the EUROATOM Treaty (Treaty establishing the European Community Atomic Energy Agency, 1957) which provides that members of the European Community should establish and ensure standards uniform nuclear security technology to protect the population and health of workers.

Accordingly, in terms of actual primary law governing this field, the Law No. 03/L-104 on protection from non-ionized, ionized and nuclear security, was approved on February 2010, which aims to set the legal basis for the safe use of nuclear energy, ionized and non-ionized radiation and the security of radioactive waste management. Moreover, in May 2012 the Law No. 04/L-067 on Kosovo Agency for radiation protection and nuclear security it adopted that establishes also the KARPNS as an executive agency of the Government and determines duties and responsibilities of the agency, as well as the design and implementation of the strategy and action plan for radiation protection and nuclear security. The new law on radiation protection and nuclear safety has been drafted and is pending approval in the Assembly. This law partially transposes these directives: Directive no. 2013/59/EURATOM on the Basic Safety Standards, Directive no. 2011/70/EURATOM for responsible and safe management of spent fuel and radioactive waste, Directive no. 2013/51/EURATOM for radioactive substances in water intended for human consumption, Directive no. 2006/117/EURATOM on the supervision and control of the

transport of radioactive waste and spent fuel, Directive no. 2014/87/EURATOM for Nuclear Safety of Nuclear Installations.

As part of the subsidiary legislation the regulation on the internal organization and functioning of the Agency was drafted, which has not been yet approved.

For the implementation of the applicable legislation, the Agency is in the process of drafting the Strategy and Action Plan for Radiation Protection and Nuclear Security 2017–2026. Moreover, the overall objective of the strategy in question is creation of efficient and transparent system for radiation protection and nuclear security, which provides a basis for the protection of the population and the environment from harmful effects of ionized radiation and non-ionized radiation in accordance with legal framework and national and international standards. In this particular context, the security covers security against the radiation, nuclear security, security on the management of radioactive wastes and security on the transportation of radioactive materials. Policy directions of this document are planned for the next ten years (2016-2026) and the Action Plan for the five year period 2017-2021. The focus in the next ten years will be the alignment of legislation with the provisions of the EU, the IAEA, the implementation of legislation, monitoring the territory of Kosovo in terms of radiation in real time and regular inspection in order to control the implementation of the criteria established by the Agency for users of radioactive sources.

Regarding temporary storage facility of radioactive and hazardous waste, the Government of Kosovo through decision no. 08/104 dated 10 August 2016 has established central public enterprise by the name "JSC Enterprise for storage of hazardous waste" and its location is determined to be in Goleš, in the municipality of Fushë Kosovë.

Progress Report 2016 for Kosovo in field of nuclear security and radiation protection emphasizes that there is no progress in approximating the legislation in this area and moreover the new law has not been approved yet. The Agency faces a combination of challenges related to limited capacity for licensing and inspection. Consequently there is no monitoring of radiation (for example for potential locations with depleted uranium) and the radiological emergency plan does not exist. Furthermore, KARPNS budget is insufficient for the implementation of the mandate in the context of licensing, security and public safety. Finally, the challenge remains in terms of the lack of selection options for the radioactive waste disposal sites, despite receiving the EU aid for this issue.

So Kosovo needs to identify a temporary site to store radioactive waste, including a space for temporary storage of radioactive waste, funded by EU. In the meantime, works are ongoing to find a permanent location.

As regards the legislative framework, requirements deriving as a result of the SAPD 'Infrastructure' conclusions for 2016 are as follows: further strengthening of Agency capacities, identification of temporary storage for radioactive waste, focusing on more efficient licensing and preparation of the plan to clean possible locations with depleted uranium.

Institutional Framework

The Kosovo Agency for Radiation Protection and Nuclear Security (KARPNS) was established in June 2011, under the Ministry of Environment and Spatial Planning under the law on Ionizing and Non Ionizing Radiation and Nuclear Security (no. 03/L-104). Since July 2012 under the law no. 04/L-067 on Kosovo Agency for Radiation Protection and Nuclear Security

Furthermore, KARPNS is an executive agency which acts with the Office of the Prime Minister. The Agency is independent, with regards to its functionality, from any other body or organization, which

deals with the promotion and using of radiation practices or using of nuclear energy under this law, to ensure effective independency against unlawful influences in its functioning as a regulatory institution it is provided with legal powers, as well as with human and financial resources necessary to meet its obligations.

The mandate of KARPNS in terms of the responsibilities and scope of activities is determined by the above laws where the activity of the Agency is focused on the implementation of policies and national and international standards in the area of radiation protection and nuclear security, which means the protection of health and in protecting the environment from radiation and nuclear security as a result of the use of sources of ionizing radiation and non-ionizing radiation and radioactive and nuclear materials for medical, research, industrial and other purposes envisaged by international conventions.

For the implementation of legislation in the area of radiation and nuclear security responsible institutions are: KARPNS; Ministry of Economic Development, Ministry of Health, Ministry of Environment and Spatial Planning; Ministry of Trade and Industry, Ministry of Finance; Ministry of European Integration, Ministry of Internal Affairs and Ministry of Foreign Affairs. Moreover, the administrative supervision of the implementation of primary and subsidiary legislation is carried out by KARPNS

Donor Support

Regarding projects in the area of radiation protection and nuclear security over the next two years, the project will be implemented by the regional assistance program for cooperation in the Western Balkans titled "Further enhancement of the technical capacity of nuclear regulatory bodies in Albania, Bosnia and Herzegovina, Montenegro, Serbia, Macedonia and Kosovo" implemented by Consortium ENCONET, the purpose of which is to contribute to the improvement of radiation protection and nuclear safety in Kosovo by strengthening the technical capacities of the nuclear regulatory agency and it will contribute further to the transposition of the EU Acquis in the field of nuclear safety.

This project will allow further strengthening of the regulatory authority in the area of nuclear safety in better control of radiological issues, namely institutional management of radioactive waste, as well as for the prevention and combating of illicit trafficking of nuclear materials and radiation sources.

On the other hand, regarding the establishment of new bodies and support structures in the field of radiation protection are foreseen as follows:

- The operator of radioactive waste management;
- Development of the radiation monitoring system in the environment (air, land and water);
- Technical and professional service for radiation protection; and
- Fund for the management of abandoned radioactive sources.

In the context of the financial position of the Agency, it shall be noted that its budget for 2015 is about EUR 71,097 from the Kosovo budget, of which EUR 48,494 for wages and salaries and EUR 22,603 for goods and services. Further planning of KARPNS's budget should be harmonized with the priority activities of the agency, necessarily consistent with the activities deriving from review of the Medium Term Expenditure Framework 2017-2019.

Medium-term Priorities

Meanwhile, in terms of meeting and further alignment of the secondary legal framework and approximation with the EU Acquis, over the medium term period the Agency is planning to draft the following regulations:

- Regulation for management of radioactive waste, which will fully transpose the joint convention on the safety of spent fuel management and the safety of radioactive waste management and Council Directive no 2011/70/Euratom; Council directive no. 2013/59/Euratom;
- Regulation on inspections, which will fully transpose the Council Directive 2013/59/Euratom;
- Regulation on education, training and recognition of experts, which fully transposes the Directive 96/29/Euratom;
- Regulation on the transport of high activity radioactive waste and radioactive sources;
- Regulation on radiation protection and medical surveillance of exposed workers;
- Regulation on state radiological monitoring and post emergency situations;
- Regulation on nuclear installations;
- Regulation on physical protection and security of radioactive sources and nuclear materials;
- Regulations on safeguards of nuclear materials; and
- Regulation on health protection and safety requirements for employees working with ionizing radiation sources, which will fully transpose the Directive no. 2004/40/EC and Directive no. 2006/25/EC.

In the framework of international cooperation, it is planned to proceed with signing and ratifying the treaty, agreements and conventions as follows:

- Nuclear test-ban Treaty;
- Safeguards agreement and additional protocol;
- Convention on the physical protection of nuclear material (CPPNM 2005);
- Convention on early notification of a nuclear accident;
- Convention on assistance in case of nuclear accident or radiological emergency;
- International Convention for the suppression of acts of nuclear terrorism; and
- Code of conduct on the safety and security of radioactive sources and associated guidelines for import and export.

It is worth mentioning that Kosovo is not a UN member, treaties and conventions will therefore be ratified unilaterally.

Moreover, the lack of licensing of professional and technical services in the field of radiation protection limits the normal operation of the Agency. While within the implementing legislation measures will be implemented appropriate actions arising from the Strategy and Action Plan for Radiation Protection and Nuclear Safety 2017-2026.

The development of human and technical capacities within the agency will be done through these activities:

- Drafting and adoption of regulation for better operation and internal organization, as well as filling of positions according to this regulation;
- Employment of four (4) officers;
- Increasing the performance of the inspectorate through vocational trainings; and
- Increasing the performance of licensing and continuing of the licensing process for users of radiation sources and continuous monitoring of the implementation of criteria specified in the licenses.

3.17. Acquis Chapter 16: Taxation

The *acquis* in taxation consists in harmonized legislation on indirect taxation (i.e. value added tax) and excise duties. *Acquis* defines the scope, definitions as well as principles of VAT. VAT legislation provides for equal treatment in terms of taxation for national and international transactions (imports). VAT is also

based on the principle of neutrality, whereby the applied taxation is proportional to the prices, independent to the number of intermediate transactions.

Excise duties for tobacco, alcoholic beverages and energetic products are also subject to the EU legislation. The EU legislation establishes the excise duties structure to be charged, as well as the minimal tariff system for each of the product groups. The goods are subject to be charged excise duties if produced within the EU or imported from abroad. However, excise duties are paid only in the Member State where the goods are set in circulation for consumption (with few exceptions) under the excise duties system of that particular State. The EU legislation contains provisions on the production, retention and movement and monitoring of excise duties goods.

In terms of **direct taxes**, *acquis* covers a number of aspects with regards to revenue taxes from individual savings as well as corporate taxes. The goal is to eliminate deviations in cross-border economic activities between Member State companies. In addition, Member States are engaged to ensure compliance with the principles as envisaged in the Code of Conduct on Business Taxation, established with the aim to eliminate damaging measures in terms of taxation.

Administrative cooperation and mutual assistance amongst Member States aims at ensuring normal functioning of the internal market, in terms of taxation and ensures means to prevent fiscal evasion and tax avoiding within the Community. Member States should ensure there are sufficient capacities in place for implementation and enforcement, including linkages to the digital taxation systems used by the EU. As part of the **operational capacity and digitalization**, *acquis* on VAT covers the system of information sharing, allowing for direct electronic exchange of data between Member States' administrations. Similar IT systems are required also in the area of excise duties as well as direct taxes, in order to allow for information sharing between Member States. In addition, a specific IT system (VoeS) is required in order to enable information sharing between Member States, in relation to the special scheme on e-services provided by the non-resident EU traders to EU citizens.

SAA Requirements

The taxation area is one of the most important areas covered by the Stabilization Association Agreement (SAA, Article 39, Article 40, Article 70 and Article 105). Article 39 prohibits fiscal discrimination, while Article 40 covers taxes of fiscal nature. Article 105 covers Kosovo's development in terms of taxation and measures envisaged for further reforms of Kosovo's fiscal system. Except for this, this article covers also the restructuring of the tax administration with a view to ensuring further effective tax gathering as well as combating fiscal fraud.

Moreover, it is these articles that envisage the priority areas linked to EU *acquis*, specifically, combating unfair taxation competition. EU *acquis* taxation legislation in the area of fighting unfair taxation competition is based on the Code of Conduct for Business Taxation, adopted by the Council and the Representatives of the Member States Governments.

In order to support the implementation of the measures against tax frauds as well as tax evasion, the cooperation will aim at promoting good governance principles in taxation area, including transparency, information sharing as well as fair tax competition in Kosovo.

With regards to EU company establishment in Kosovo, Kosovo will support the establishment of activities by EU companies in its territory. With a view to fostering a process of company establishment, Kosovo will provide for equal treatment of its companies with those of a third country.

Based on the EC 2016 Kosovo Report in relation to taxation, Kosovo will have to continue further strengthening the undertaken measures in fighting informal economy and fiscal evasion and it should also make efforts in terms of increasing efficiency. Kosovo needs to prevent any influence in the work of

the institution. Moreover the IT platform in the TAK needs to be strengthened. The capacity to collect taxes throughout Kosovo is extremely limited. It is disturbing that non-examination of complaints against tax and customs administration is increasing.

State of Play

Legal Framework

In the area of taxation, the Republic of Kosovo has prepared a package of fiscal legal amendments in compliance with the Government Programme of the Government of Republic of Kosovo 2014-18, with a view to achievements through reforms in taxation policy, in harmony with *acquis* in this area. Through this package, Kosovo aims to:

- Increase general budget revenues, in parallel to maintaining low taxation levels, thus contributing to sustainable growth in foreign investments;
- Maintaining a stable and sustainable taxation environment, which is important for national business growth and attracting foreign investment;
- Expansion of the taxation base through fiscal reforms, and,
- Improvement in revenue collection, through overcoming legal gaps as well as combating fiscal evasion.

In line with this, Law on Value Added Tax (VAT) has been adopted, which is by and large harmonized with the EU Directive dealing with this form of taxation;

- Council Directive 2006/112/EC, 28 November 2006, on a common system of value added taxes, as basic legislation regulating the matter at EU level, which was later amended through:
 - Council Directive 2006/138/EC, 19 December 2006 on the common system of value added tax as regards the period of application of the value added tax arrangements applicable to radio and television broadcasting services and certain electronically supplied services
 - Council Directive 2007/75/EC, 20 December 2007, with regard to certain temporary provisions concerning rates of value added tax
 - Council Directive 2008/8/EC, 12 February 2008, as regards the place of supply of services
 - Council Directive 2008/117/EC, 16 December 2008, on the common system of value added tax to combat tax evasion connected with intra-Community transactions
 - Council Directive 2009/47/EC, related to reduced rates of VAT;
 - Council Directive 2009/69/EC, 25 June 2009, on the common system of value added tax as regards tax evasion linked to imports
 - Council Directive 2009/162/EU, 22 December 2009, on the common system of value added tax
 - Council Directive 2010/23/EU, 16 March 2010, on the common system of value added tax, as regards an optional and temporary application of the reverse charge mechanism in relation to supplies of certain services susceptible to fraud

Moreover, Kosovo adopted the following laws: Law on Tax Administration and Procedures, Law on Personal Income and Corporate Income Taxation, which are based on the general OECD principles.

With regard to subsidiary legislation, the following pieces of legislation have been drafted and adopted:

- AI MF No. 05/2013 on application of flat rate VAT for agriculture producers;
- AI MF No. 01/2015 on usage of fiscal electronic equipment and fiscal systems.
- Public Explanatory Decision no 01/2013 on implementing rules of the law on pension funds in Kosovo;

- Public explanatory decision no 02/2013 on taxable amount in VAT supplies for public enterprises;
- Public explanatory decision no 038/2013 on tax treatment of supplies and imports financed directly by the European Commission;
- Public explanatory decision no 04/2013 De-registration from VAT;
- Public explanatory decision no 01/2014 on taxable income from long-term construction;
- Public explanatory decision no 02/2014 on procedures for ownership transfer in changing business form;
- Public explanatory decision no 03/2014 tax tariffs for VAT on goods under Customs arrangements, as in: Customs Warehouses;
- Public explanatory decision no 04/2014 Customs evaluation and re-evaluation;
- Public explanatory decision no 05/2014 Taxation treatment for employees per diem benefits;
- Public explanatory decision no 06/2014 Pension taxation in cases of withdrawal from Pension Fund;
- Public explanatory decision no 01/2015 indirect control methods;
- Public explanatory decision no 02/2015 submission of fiscal coupons and reimbursement;
- MoF AI no. 03/2015 on the implementation of the Law no. 05/L-037 in Value Added Tax.
- MoF AI no. 01/2016 on the implementation of the Law no. 05/L-028 on Personal Income Tax.
- MoF AI no. 02/2016 on the implementation of the Law no. 05/L-029 on Corporate Income Tax.
- MoF AI no. 03/2016 on Educational Visits of Taxpayers, Taxpayers registration in VAT and Registration of employees.
- Public explanatory decision no. 03/2015 on changes of electronic fiscal devices – application of reduced VAT rate;
- Public explanatory decision no. 04/2015 on Mill transactions;
- Public explanatory decision no. 01/2016 on supplying services in the field of construction (application of the reverse charge);
- Public explanatory decision no. 02/2016 on procedures for ownership transfer in changing business form;
- Public explanatory decision no. 03/2016 on Customs evaluation and re-evaluation; and
- Public explanatory decision no. 04/2016 on treatment of donations for tax purposes.

Policy Framework

In this area there are a number of strategic documents which have been adopted and are under implementation. TAK Strategic Plan for 2015-20 is the highest ranking document in the TAK document hierarchy. In it, TAK presents values, priorities and objectives to be achieved during 2015-20. In defining these priorities, TAK considered the findings of the European Commission progress reports and Progress report on IT in DG-TAXUD. In addition, the priorities were also determined based on the international institutions reports as is the case with IMF and World Bank. Moreover, the objectives and priorities are linked to the Objectives of the Kosovo Government.

The Compliance Strategy for 2012-15, through which we ensured the facilitation of the process of compliance, by creating an environment where with easier administrative procedures, systematic instruction of taxpayers as well as a number of incentives have enabled the taxpayers to meet their obligations, while providing better opportunities;

Plan on risk assessment for 2015, which envisages in a detailed manner, the activities and actions to be undertaken by compliance operations as well as the support the latter should get by the various divisions, with a view to assessing the identified risks, which in turn will lead to a reduced taxation gap.

TAK Annual Work Plan is drafted based on departmental objectives within the institution, which in turn support TAK in performing the tasks and responsibilities with a view to achieving the overall objectives of the Strategic Plan and Collection Plan, in parallel to determining the envisaged revenues for the Budget of Republic of Kosovo, for the year in question.

The relevant instructions will commit themselves in implementation of the European Commission Recommendations, as contained in the Progress Report, on issues related to taxation. In such a context, Kosovo needs to continue strengthening the measures for combating informal economy and fiscal evasion, but also it needs to attach greater importance to efficiency in implementing the Strategy on Prevention and Fighting Informal Economy, as well as the one on Fighting Money Laundering and Financing of Terrorism 2014-2018, including the Action Plan. The identified challenges have been addressed through activities as planned in the strategic documents (TAK Strategic Plan 2015-20) and the operational annual plans.

With regards to the section 'Products exported to the territory of one of the Parties shall not benefit from repayment of internal indirect taxation in excess of the amount of indirect taxation imposed on them., the Kosovo taxation legislation, namely the Law on VAT (as indirect taxation), treats the export of goods in compliance with the EU directive, namely, the export of goods outside of the territory is exempt delivery, allowed to reduce the VAT (Article 31, Law on VAT). The right to reduction derives from article 36 of the Law on VAT, and such a reduction is carried out for the charged VAT in purchase of goods and services. Thus, our legislation is in compliance with the paragraph 2 of Article 39 of the SAA.

In relation to the project of replacing the IT system, TAK has drafted the technical requirements document. The total amount required for the implementation of the project reaches 10 million Euro. The project will be co-financed by the European Commission and the Kosovo Government. Except for the costs of the project, we have also drafted the timeframe of envisaged activities until the implementation starts. Moreover, in terms of further progress in the provision of electronic services to taxpayers, the delivery system of Sales/Purchase Registers of all VAT taxpayers, as well as the system for declaration and payment of pension contributions have been prepared.

In terms of activities undertaken with a view to implementing the Action Plan of the National Strategy for Prevention of Informal Economy, Money Laundering and Financing of Terrorism and Financial Crime, TAK is in charge of 4 activities, for which it has continuously undertaken the necessary measures, including proposing amendments to legislation in force as well as strengthening staff capacity.

In relation to eliminating double taxation, TAK as an implementing institution, has managed to raise the capacities of its staff, with the aim of achieving this activity. The capacity building efforts have been supported through technical assistance provided by donors; something that continues taking place currently. Moreover, awareness-raising material has been drafted and disseminated for the citizens to gain better knowledge in the field.

The Appeals Division-the mission of the Appeals Division is to resolve taxation disputes and claims, before they are presented to courts, based on the principles of fairness and impartiality for the Government as well as taxpayers, so as to foster compliance and public trust in the integrity and efficiency of the Tax Administration. The Division implements such a mission by making decision on cases where disputes are present. TAK has organized a number of training efforts as well as additional recruitments, which in turn have resulted in a more advanced performance of the mentioned Division, by achieving results in terms of advanced expertise in relation to taxation legislation and complaint procedures; to apply best practices in treating complaints; to ensure that the decisions on the complaints are compliant with the required standards; be up to date with the latest developments in taxation

legislation, and to recommend amendments to the legislation in areas where problems have been identified.

Institutional Framework

Kosovo Tax Administration is the key tax institution in the Republic of Kosovo, which functions as part of the Ministry of Finance, and is the authority responsible to implement fiscal legislation and to administer taxes and international tariffs. TAK's chief objective is to support the taxpayers in paying their tax obligations in line with the applicable legislation and to ensure that the tax revenues go to the state budget, by offering the taxpayers an effective payment system.

With the aim at modernizing the administration, a Taxpayer Education and Service Centre and a Call Centre have been established, and are considered quite successful projects.

The product of electronic verification for private persons has been launched. In addition, all tax payment statements are carried out in an electronic manner through the system Electronic Declaration of Incomes (EDI), which allows for a swift, simple and secure declaration by the taxpayers. The system has allowed the achievement of good results. Various IT modules have been created, thus making taxpayers statements easier as well as the internal work management processes.

With a view to fighting informal economy and fiscal evasion, TAK, since 2012 has been working in accordance with the Risk Assessment Plan, which contains risks, specifically the areas considered as bearing greater risk in non-compliance with the tax obligations as well as activities in dealing with such risks. TAK is responsible for implementation of the Strategy and Action Plan on Prevention and Fight against Informal Economy, Money Laundering and Financing of Terrorism 2014-18.

Within the institution a Division on Training and Development has been established, which is responsible for drafting annual training plans for the TAK staff, and in average the number of trained staff per year is 926.

Through the Government Decision No 07/39 of 22 July 2015, the Initial Plan for Establishment of the Income Agency has been approved. This decision is based on the following needs: (i) improvement of services to taxpayers; (II) reduction of 'tax gaps' through simpler and more effective structures in tax collection; (iii) increasing the effectiveness in terms of tax collection and reduction of costs of such a process; (iv) strengthening the autonomy of the institutional structures dealing with tax collection; (v) creation of effective institutional structures for the implementation of tax and customs policy; (vi) the fulfilment of the necessary criteria in the European integration process.

Donor Support

TAIEX has supported TAK in the field of implementation of Agreements for Elimination of Double Taxation by two daily missions. The outcome of these two missions are recognition of international practices in addressing complex cases during the implementation of these agreements, it was managed to be created a draft AEDT which represents the position of Kosovo in relation to contracting countries. And it was managed to be informed with the latest outcomes from the OECD BEPS report.

Another TAIEX mission in Kosovo was the one in the field of Price Transfer. This mission was very needed as TAK this year established Price Transfer Unit, and assisted in capacity building of the new staff, which enabled functionalization of the unit as a new area.

GIZ has continued to support TAK in functionalization of the Office for Administrative Fines and Penalties, an office which was taken as a good practice from the Tax Administration of Bavaria. In this

area it is managed to organize various workshops with the TAK staff, the establishment of this office in regional offices was assisted by German experts, and were designed forms and guidelines to deal with complaints from this office. It was also provided assistance in the purchase and use of electronic control modules for large companies, which has had an impact on reducing the time for conducting these controls.

Medium-term Priorities

- Law 03/L-162 Corporate Income Taxes, harmonized with the Code of Conduct for Business Taxation;
- Law 03/L-161 Personal Income Taxes, harmonized with the Code of Conduct for Business Taxation;
- Drafting a regulation in relation to the mandatory information sharing system in the area of taxation, in harmony with Council Directive 2014/107/EU, of 19 December 2014, amending Council Directive 2011/16/EU of 15 February 2011, dealing with common measures for prevention of tax evasion and double taxation;
- Close monitoring of the changes introduced to *acquis*, as well as harmonizing national legislation with the eventual changes in the area of taxation, taking into account the Code of Conduct for Business Taxation adopted by the Council and the Representatives of the Member States, in accordance with the conclusions of the ECOFIN Council meeting of 01 December 1997, in relation to taxation policy (98/C 2/01);
- Full replacement of the IT system;
- Launching the electronic service 'E-Invoicing'
- Measurement of the taxation gap;
- Further development of electronic services, with the main aim of service digitalization towards e-taxation;
- The implementation of the strategy on prevention and fight against informal economy, money laundering and financing of terrorism 2014-18;
- Capacity building for the staff, especially in relation of risk management;
- Increasing of revenue collection;
- Strengthening of fight against corruption, including the internal control of institutional performance
- Kosovo Republic will continue strengthening and restructuring the Kosovo Tax Administration, as one of the two most important agencies in public revenue collection, towards ensuring greater affectivity in internal tax collection and effective fighting of the fiscal evasion.

3.18. Acquis Chapter 17: Economic and Monetary Policy

Acquis in the area of economic and monetary policy consists in specific rules requiring the independence of central banks in Member States, by prohibiting direct financing of the public sector by the central banks and by prohibiting privileged access for the public sectors in financial institutions. Member States are expected to co-ordinate their economic policies and are subject to the Stability and Growth Pact on fiscal surveillance. New Member States are also committed to complying with the criteria laid down in the Treaty in order to be able to adopt the euro in due course after accession. Until then, they will participate in the Economic and Monetary Union as a Member State with derogation from the use of the euro and shall treat their exchange rates as a matter of common interest.

Acquis in the economic and monetary policy derives from Title VIII (Article 119-114) of the Treaty on the Functioning of the European Union (TFEU), and from the respective implementing legislation.

SAA Requirements

Kosovo's main responsibilities in legislation alignment with the EU *acquis* derive from Article 74 of the

SAA. Also, the Article 94 of the SAA highlights that the EU and Kosovo will facilitate the process of economic reforms through cooperation in order to improve the understanding of their respective economy fundamentals, as well as formulation and implementation of market economy policies.

This chapter provides information on the general developments from the angle of monetary and economic policies, in the context of strategy and Government defined objectives. As Kosovo uses Euro as its own currency, which it has adopted since 2002 unilaterally, it has no monetary policy; hence the focus of this chapter will be on the section of Economic Policy. Moreover, by not being able to use monetary policy as a development alternative, the economic policy gains even more importance. The chapter will provide additional information which should help in analysing and achievement of institutions' objectives, always in the context of the Stabilization and Association Process with the European Union and Member States, where one of the priorities is also ensuring macroeconomic stability.

Based on the EC Kosovo Report 2016, on issues related to economic policy, the report highlights the continuous trade deficit, which reflects a weak production basis and lack of international competitiveness. Ineffective public sector and ad hoc fiscal policies are a great financial risk; especially the decision on benefits of war veterans may challenge fiscal sustainability and relation with international financial institutions.

Monetary Policy

The Central Bank of the Republic of Kosovo (KCB), transformed from the Kosovo Central Banking Authority, is a public legal entity based on the Articles 11 and 140 of the Constitution and the provisions of the law, enjoying administrative, financial and management autonomy.

Based on Article 6 (independence and autonomy) of the Law on Central Bank of Republic of Kosovo, the Central Bank, the members of the decision making bodies or the personnel of the Central Bank, will not receive instruction from a person or another subject, including government entities. The independence and autonomy of the Central Bank is respected at all time, and no person or entity will try to influence the members of the decision making bodies or the personnel of the Central Bank, in carrying out their responsibilities or intervene in the activities of the Central Bank. Moreover the Central Bank legislation envisages that the accounts, records and financial records of the Central Bank are audited at least once a year, in compliance with International Audit Standards, by independent international auditors, who should be well renowned and should possess international expertise in auditing large international financial institutions.

Currently, the Law on Central Bank of the Republic of Kosovo is partially in line with the European Union *acquis*. Even though many provisions are approximated, there is still a need for further legal efforts in order to ensure full compliance with the general principles of the European Union *acquis*.

In 2002, Kosovo unilaterally adopted Euro as its legal currency, and since then Euro has been the de facto currency in Kosovo, hence the Kosovo monetary policy is pretty limited. The only traditional instrument of the monetary policy which is available to the Central Bank is the bank reserve requirements. Since the beginning of the functioning of the banking sector in Kosovo, banks have always retained abundant reserves, hence, during this time it was not deemed necessary to change the mandatory reserve norms.

The use of Euro limits the role of the Central Bank in its function as lender of last resort, in providing short term credit to banks that could face lacking liquidity. With this in mind, the Government of Kosovo and the KCB have established the Emergency Liquidity Assistance, which is an emergency fund to be activated in case of lack of liquidity in the banking sector. In addition, the Government of Kosovo also retains an adequate level of banking balances, which should serve as an absorbing mechanism in case of risks to the economy.

Effective nominal and real exchange rates (annual average)

Description		2010	2011	2012	2013	2014	2015	2016/ October*
Index	NEER	100.8	101.1	101.2	102.1	101.9	101.3	102.0
	REER (Total)	104.8	105.8	106.6	107.2	106.0	104.7	104.9
	REER(CEFTA)	105.8	106.6	106.9	107.7	107.4	106.5	106.7
	REER (EU)	106.4	106.9	108.6	107.8	107.3	107.1	105.8

Source: CBK

** last month data available at www.bqk-kos.org*

Medium-term Priorities

- Capacity building for administering emergency situation, in case of crisis and providing solutions to banks in trouble.

Economic Policy

In general there is consensus on the essence of economic policy with a special focus on its orientation towards creating conditions for sustainable economic growth and also generation of sustainable employment.

Kosovo Government has as its main objective in its fiscal policy to maintain macroeconomic stability, which is closely linked to obligations deriving from the Stabilization Association Agreement, which is related to preserving the macro fiscal stability and harmonization of the policies with the EU. An indicator of the Government's commitment in this direction is the adoption of the fiscal rule, which limits the deficit level at 2% of GDP. The goal of setting up such a mechanism was the stabilization of the debt under the level as envisaged by law (40% of GDP).

At the end of 2014, the Government has adopted the Government Programme 2015-2018³⁴, which is focused on stimulating economic growth and improvement of citizen welfare. This programme is the basis for drafting the National Development Strategy (NDS). The strategy will reflect to a large extent, the proposed measures in the government programme, as well as measures that strengthen competitive abilities of the Kosovo economy in the regional and broader markets. The main objective of the Government is sustainable economic growth, which ensures macroeconomic, fiscal and social stability, as well as structural economic reforms, where national production, export and knowledge promotion will enable a gradual reduction of the trade deficit. Of special interest is investment promotion, by lowering the costs for businesses through ensuring an adequate road and railway, telecommunication, energy and water infrastructure.

Legal Framework

Applicable legal and subsidiary legal acts:

- Law No 03/L-048 on Management of Public Finances and Responsibilities, amended by Law no 03/L-221, Law no 4/L-116 and Law no 04/L-194.
- Law no 03/L-175 on Public Debt
- Law No. 05/L -109 on Amending and Supplementing Law No. 05/L-071 on the Budget of the Republic of Kosovo 2016
- Law No. 05/L-071 on the Budget of the Republic of Kosovo 2016
- Law No. 04/L-008 on Economic Social Council
- Regulation No. 01/2015 on the work of the National Council on Kosovo Economic Development

³⁴ Government Programme 2015-2018, <http://www.kryeministri-ks.net/?page=2,1>.

The decisions of 2015, which resulted from initiating changes to the taxation policy in line with the Government Programme 2015-18, are as in the following:

- Decision 02/20 of 24/03/2015 on Adoption of Draft-Law on VAT;
- Decision 03/20 of 24/03/2015 on Adoption of Draft Law on Corporate Income Tax
- Decision 04/20 of 24/03/2015 on Adoption of Draft Law on Personal Income Tax
- Decision 16/20 of 24/03/2015 on application of the excise duties norm at an amount of 0.25 Euro for heating oil, containing sulfuric ingredients exceeding 0.1%, of the weight but not more than 1% of the weight in compliance with the AI no 07/2012 of 27/04/2012 with the tariff code 2710196410 and 2710196490;
- Decision 16/20 of 24/03/2015 on setting up excise duties rate on tobacco and alcoholic beverages (specified in customs codes) and exemption from excise duties for etilic alcohol for medical use
- Decision 16/20 of 24/03/2015 on reimbursement of excise duties payment for the amount of oil used in production processes
- Decision 04/21 of 01/04/2015 on the amendment of the government decision on excise duties for new and used cars as well as improvement of excise duties duty calculation for one of tobacco products;
- Decision 02/32 of 03/06/2015 on approval of Draft Law for Public Debt Cancellation
- Decision 8/12 of 05/02/2015 on approval of concept document for prevention of money laundering and financing of terrorism
- Decision 04/39 of 22/07/2015 on excise duties duty on firework products, amendment of the decision 16/20 on excise duties on tobacco, excise duties on casinos, sport bets etc.
- Decision 11/64 of 16/12/2015 on setting up excise duties on tobacco according to the calendar.
- Decision 04/109 of 04/10/2016 on Administrative Instruction on goods exempt from excise duties, amended and supplemented by Administrative Instruction (GRK) No. 07/2016.

Policy Framework

The Government Programme is the main document in defining the orientation of the Government policy, which also is the basis for decision on the priority policies in MTEF. The Government Programme is of political nature, and includes Government plans and commitments for the midterm period. The Government needs to adopt a priority statement, which serves as a policy basis for preparing the Mid Term Expenditure Framework, Budget and the Annual Government Work Plan. The MTEF is the mechanism the Government uses to set up its fiscal policy and it serves as the main document in planning the policies in Kosovo. The fiscal framework includes planning on revenues and expenditure for the next three years, sets expenditure limits for all budget organizations, defined based on government priorities, as well as financing of the deficit and the banking balance level.

During the first months of 2015, we ensured the amendment of the taxation laws, so as to reflect the fiscal reform in the government programme. More specifically, the main changes to be mentioned here are as in the following:

- Removal of barriers to fiscalization for all businesses, through changes introduced to the AI no 15/2010 for fiscal equipment, with a view to liberalization of the market for the mentioned equipment. This measure aims at increasing the number of market operators, which in turn will bring the prices down for the equipment and their maintenance for the businesses. Through this measure, we are at completing the fiscalization process for all businesses, which will in turn allow for the creation of an environment which is more equal for all businesses operating in the Republic of Kosovo. At the same time, the Ministry of Finance has designed a number of incentives for consumers to collect fiscal coupons through a separate AI. Such a measure aims at reducing the fiscal evasion and prevention of unfair competition and at the same time to protect the consumers.

- Changes to the system of VAT, through lowering the threshold for registration for VAT from 50.000 Euro to 30.000 Euro, scaling of VAT rate to 8% for basic products and 18% for other products, removal of VAT for production lines and basic inputs for local producers.
- Aiming at reduction of administrative barriers, we have shortened the administrative procedures, and here we could mention cancellation of the request for export and import certificate, as now all the businesses in Kosovo are in possession of a unique fiscal number.

The Government of Kosovo has maintained a relatively simple taxation system, with tax revenues in proportion to the GDP at 20%. During this year, changes have been introduced to the tax rates. In this context, given that the expansion of the taxation base makes for the most effective growth of budget revenues, the Government has undertaken measures to prevent and reduce informal economy and to increase the effectiveness of agencies responsible for tax revenue collection. Specifically, at the beginning of 2014, the Government approved the Strategy for Prevention and fighting informal economy, money laundering and financing of terrorism as well as the action plan for the implementation of this strategy. During 2015, we assessed the informal economy, and we also revised the action plan for the implementation of the strategy.

The Government is committed to preserving the macro-fiscal stability and at the same time in preserving the budget product expenditure. In this context, it is worth mentioning the fact that at the start of the year the Government negotiated a 22 month programme with the IMF. As Kosovo is not facing any fiscal risks in balance of payment, as well as it has no monetary policy, this programme will be more focused on the economic development of the country. More specifically, taking into account the low level of public debt in relation to the GDP as well as Kosovo's need to strengthen infrastructure and economic growth, the agreement was concluded with IMF in order to create a basis for investment as part of LPFMR, which allows the Government to finance projects outside the fiscal rule through credit by International Financing Institutions.

In order to ensure public financial sustainability as well as in order to maintain the budget expenditure structure, the Government plans to establish a separate rule within LPFMR, which will regulate and anchor the increase of the public sector wages with the increase in productivity. In compliance with such limitations in current expenditure, the Government is committed to maintain a high level of capital expenditure during 2016-2018. The construction of new roads and the further improvement of the existing roads as well as the railway infrastructure, investments in energy efficiency, expansion of irrigation systems etc, will make up for the largest part of capital investment in the forthcoming period of time.

All the measures and orientations will be bases on the following budget fundamental principles: (i) budget sustainability and macro-fiscal stability in the public finance management; (ii) coherence between revenues and budget expenditure, by following a policy of low taxation benefiting the private sector development. The strengthening of the private sector will continue to be implemented through designing policies, which will derive from the public-private dialogue, so as to ensure that fiscal and trade policies support the attraction of foreign investment, improvement in business environment and development of the labour power, which in turn should promote the growth of the private sector and generation of new jobs.

The SAA will impact the customs revenues. The merging of TAK and Customs into a single revenue authority will be implemented in harmony with the integration processes, since the customs tariffs will be eliminated for most of the main trade partners, upon entry into force of the Stabilization and Association Agreement and the ratification of the free trade agreement.

An integral part of the institutional cooperation between Kosovo and the EU in 2014, is also the invitation to Kosovo to get involved in the structured dialogue for economic governance, which takes place

regularly between candidate countries and the EU, especially the Council and the Commission. The basis for such a dialogue is the Economic Reform Programme, which represents the first document of this kind in Kosovo. The ERP is an instrument with the purpose of ensuring clear instruction for the implementation of reform, bringing together a macroeconomic analysis, fiscal framework as well as the general economic policy priorities.

On the other hand, 2015 is the year when the new programme with the IMF started, which contains structural targets, needed to be achieved within 22 months, which is almost two years of this government³⁵. In other words, the macro-fiscal framework in Kosovo will be determined (in broad terms) by the targets set in IMF programme. However, given that that 'Expenditure effectiveness, public sector size and fiscal rules' are part of the Government Programme, the negotiated programme with IMF is fully in line with the Government objectives.

Institutional Framework

The Ministry of Finance leads the process of preparing the MTEF and Kosovo Budget. The MTEF is the basic document for the budgetary processes. With the aim of determining the Bidet of the Republic of Kosovo for the fiscal year, the Kosovo Assembly adopts each year the Law on Kosovo Budget. As per demands of civil society organisations dealing with gender equality, it is more than necessary that institutional responsibilities are met in the development and adoption of the Kosovo budget in order to serve the needs and interests of both men and women citizens and that gender responsive budgeting is applied, in line with the requirements of the Law on Gender Equality, and that gender responsive budgeting be applied in all phases of planning and execution.

Within Ministry of Finance, there is the department of economic and public policy and international financial cooperation, which consist in three divisions: division of macro economy, division of fiscal and public policy and division of international financial cooperation. The department is responsible to draft the macroeconomic and fiscal policies in compliance with the government objectives on economic development, preservation of financial sustainability as well as ensuring social welfare. Moreover, the department is responsible for macro-fiscal projections for the midterm period, so as to determine the general macroeconomic framework and the parameters for the budget. This department oversees the secretariat as a coordinating mechanism for the implementation of the strategy and action plan for prevention and fighting informal economy, money laundering and financing of terrorism.

The Ministry of Finance also has the Treasury Department. Its main responsibilities are provided for in the Public Finance Management and Accountability Law. These responsibilities consist of the following: management of the Kosovo consolidated fund; management of bank accounts, management of fund expenditure, setting up public money collection processes, establishment and maintenance of accounting records; preparation of financial records and rules oversight. The Ministry of Finance has established the Division on Management of Public Debt (DMD), as part of the Treasury Department, and it functions in coordination with the Department of Economic and Public Policies and the Budget Department, as well as the Central Bank of the Republic of Kosovo, as a fiscal agent of the Government. DMD is mainly responsible for the state loans risk assessment, negotiating financial conditions, management of loan strategies, as well as for state debt reporting, recording and services.

The Budget Department is part of the Ministry of Finance. The general budget of the Republic of Kosovo is made up of the central and local level budget, involving all budget organizations. The municipal budget is made up of general grants determined in compliance with formulae as defined in the Law on Local Finances, as well as education and health grants. In addition, the municipal budget involves

³⁵ For more details, refer to <https://www.imf.org/external/np/sec/pr/2015/pr15362.htm>.

expenditures financed from own revenues collected at local level. The central level budget is made up of all budget organizations (except for municipalities).

As part of the Office of Prime Minister, the Office for Strategic Planning coordinates policies and provides advice to the Prime Minister on matters important in terms of policy, which are presented to Government for approval, and which are directly linked to Government priorities.

The line ministries are responsible to formulate policies in their sectors, and need to closely coordinate with OPM and MoF before they present proposals to the Government.

Except for the existing structure for policy formulation, the Government has established councils, consultative in nature, such as:

- National Investment Council, which has the role of providing a broad review of priorities and to ensure prioritised investments in competitiveness sector. In this form the Council will determine the long term investments, which will influence the development rate of the country.
- Economic and Social Council, focused on setting up and developing social dialogue in Kosovo with the employers and employees, on important issues, related to their economic, social and professional rights, through resolving contest through bilateral or multilateral agreement.
- National Council on Economic Development, which, in close cooperation with the representatives of the business sector, aims at reviewing the economic policy so as to address the growth challenges in the country.

Short-term measures

- Law no 03/L-048 on Management of Public Finance and Responsibilities, amended through Law No 03/L-221, Law No 04/L-116 and Law no 04/L-194.
- Law No. 05/L -109 on Amending and Supplementing Law No. 05/L-071 on the Budget of the Republic of Kosovo 2016
- Law No. 05/L-071 on the Budget of the Republic of Kosovo 2016

Medium-term Priorities

- Favourable fiscal policy including scaling of VAT, lowering of the VAT thresholds, tax exemptions, integration of TAK and Customs,
- Competitive trade policy and improvement of business environment, including market opening, functioning free trade zones, fighting informal economy, elimination of legal barriers and reduction of bureaucracy
- Support to small and medium enterprises, through the creation of the guarantee fund for credit and other relaxing administrative efforts
- Investment promotion, setting up strategic partnerships in the area of investment, promotion of Diaspora investments, advancing public private partnership;
- Development of human capital, covering basic education, advancement of TAP and tertiary education, inclusion of Diaspora as well as ensuring its profit being comprehensive;
- A functioning infrastructure towards economic growth, covering energy, transport, natural resource utilization, while taking full account on environmental protection.

3.19. Acquis Chapter 18: Statistics

The *acquis* in the area of statistics requires the existence of a statistical infrastructure based on principles such as impartiality, reliability, transparency, confidentiality of individual data and dissemination of official statistics. National statistical institutes act as reference and anchor points for the methodology, production and dissemination of statistical information. The *acquis* covers methodology, classifications and procedures for data collection in various areas such as macro-economic and price statistics,

demographic and social statistics, regional statistics, and statistics on business, transport, external trade, agriculture, environment, and science and technology. No transposition into national legislation is needed as the majority of the *acquis* takes the form of regulations.

SAA Requirements

The statistics chapter is covered by the Articles 74 and 95 of the agreement. SAA envisages the development of an effective and sustainable statistical system in Kosovo, which is able to ensure reliable, objective and accurate data, which are comparable to European statistics, needed to plan and monitor transition and reform processes in Kosovo. Such a system needs to enable the Kosovo Statistics Agency to better perform its duties and meet its clients' needs (public administration of private sector). The statistical system needs to be in compliance with the principles of the European Statistics Code of Practice, and the basic principles of the UN statistics, the European Statistics law, and should develop towards the implementation of *acquis* in the area of statistics.

The **EC Kosovo Report 2016** concludes that Kosovo is in the early phase of preparations in the field of Statistics. The Agency should continue to produce reliable statistics, in time and in accordance with European standards and international methodologies. Statistics agency faces significant shortages in terms of administrative capacity, lack of capacity in KAS prevent the production of reliable statistics and timely policy-making based on evidence. Production of essential macro-economic statistics and business remains limited. Availability of basic data for evidence-based policies should be treated as a priority. The report notes that the law on official statistics should be approved. As per demands of civil society organisations dealing with gender equality, this law needs to be in line with requirements of the Law on Gender Equality in order to ensure disaggregation of statistics by gender.

The SAPD conclusions from 2015 require that the amendments to the Law on Official Statistics are adopted, and to continue strengthening the legal frameworks in such areas as coordination and budget earmarking. Take measures to strengthen capacities of KAS, including the allocation of sufficient financial resources. There is also a need to further develop national accounts, business statistics and economic statistics and ESA2010.

State of Play

Legal Framework

Official statistics in the Republic of Kosovo are regulated through the Law on Official Statistics of the Republic of Kosovo 04/L-036, which clarifies the basic principles in order to govern official statistics. Some of these principles are relevance, impartiality, accuracy, spending effectively, professional independence and transparency.

The activities in the statistics area in the Republic of Kosovo are regulated on the basis of the Law no 04/L-036 on the Official Statistics in the Republic of Kosovo (Official Gazette of Republic of Kosovo, No 26/25 November 2011, Prishtina). The Law on official statistics is partially in harmony with the European Parliament Regulation no 223/2009, which deals with statistics at EU level, while respecting the provisions of the law on official statistics on data confidentiality, and basic principles of official statistics (E/2013/24 (2013/21).

In order to implement the above mentioned Law, the Government of Kosovo has also approved subsidiary legislation, which consists in a number of AIs and three regulations, including the Regulation 11/2013 on the implementation of the standard and classification of economic operations in nace-rev.2 version, which is in compliance with the European Parliament regulation (nr. 1893/2006).

Law no 03/1-237 on Population and Housing Census (official Gazette of the Republic of Kosovo/Prishtina, year v/no 84/3 November 2010). This law is in harmony with the European statistics conference on population and residence census 2010, and was prepared in cooperation with Eurostat.

Law on Agricultural Census, no 04/L-127 (official gazette, no 1/2012/17.01.2013), law no 04/01-253 on amendment of Agricultural Census, no 04/1-127 (official gazette, no 32/2014/15.05/2014). While the legal framework that is related to statistics consists in the following legal acts:

- Law no 03/1-209 on Central Bank of Republic of Kosovo (official gazette of Republic of Kosovo/Prishtina: year v/no 77/16 August 2010);
- Regulation on statistics on balance of payments and foreign investment;
- Regulation on monetary financial statistics and financial accounts;
- Law no 03/1-048 on Management of public finances and responsibilities, supplemented by the Law no 03/1-221, Law no 04/1-116 and Law no 04/1-194;
- Regulation mf no 03/2014 on annual financial records for budget organizations.

Institutional and Policy Framework

The implementation of the commitments deriving from the legislation in force in the area of statistics is under the responsibility of the institutions, which are part of the state statistical system:

- Kosovo Statistics Agency;
- Central Bank of Republic of Kosovo;
- Ministry of Finance;
- Other bodies authorized by the KAS.

Kosovo Agency of Statistics – KAS, according to the Law on Official Statistics, coordinates the state statistical system and is responsible to harmonize official statistics data. KAS is also responsible to define the user needs and to filter them according to relevance. Moreover, they transform the relevant needs from the users in measurable concepts so as to ease up the data collection and their dissemination. KAS is the main coordinator amongst the statistics producers and ensures coherence and compliance with the statistical system and the agreed standards. Currently KAS is focused mainly on collection of information from real sectors as well as developing as much as possible statistics in relation to them.

KAS is responsible to produce statistical products that provide information on economic, social, population, agriculture, environment and energy areas. The most frequent product ICK is published on monthly basis. KAS is responsible to get information on GDP, the budget of household economic units, employment and the structure of agriculture. Such information is made available to users, each year. At the end of the year, KAS announces the publication of the calendar, providing information on the delivery of the statistical products for the next year.

KAS is responsible to create, manage, maintain and update the following:

- Population census
- Registry of family economies
- Registry of houses and apartments
- Statistical register of businesses
- Registry of spatial units and
- Registry of agricultural economies and other registers in accordance with the plans and decisions.

KAS is responsible that the statistics methodologies used in Kosovo are approximated to those used in the countries of the region and Europe. In order to be able to implement such objectives, KAS continuously updates the procedures in the use of nomenclatures, data collection, data processing and their dissemination.

Central Bank of Republic of Kosovo – from the angle of statistical responsibilities, acts on the basis of the Law on Central Bank of the Republic of Kosovo and the Law on Official Statistics of the Republic of Kosovo.

The responsibilities of the Bank in terms of statistics are regulated in the regulation on monetary and financial statistics and financial accounts as well as in the Regulation on Statistics on Payment Balance and International Investment Position.

The statistics falling under the auspices of the KCB are statistics in the monetary and financial sector and those of the external sector. These statistics are in compliance to the standards developed by the International Monetary Fund, European Central Bank, Eurostat etc. The monetary and financial statistics include data produced by the KCB, second level banks, insurance companies, pension funds, and institutions of financial assistance. Statistics of the external sector include statistics of the payment balance, as well as international investment position and external debt.

Ministry of Finance has as its mission to conduct projections and analysis so as to support the decision making processes in relation to formulation of economic policy. The implementation of this mission is linked to the tasks and responsibilities of Treasury and the Department for Economic Policy, and international financial cooperation. The statistics for the fiscal sector and those related to public debt are compiled and published by the Treasury within Ministry of Finance.

Other authorised bodies by KAS – there are also secondary providers of information used to compile official statistics in Kosovo. The Ministry of Education, Science and Technology is responsible to register the number of schools, students and teachers at all teaching levels. Ministry of Health and Public Health Institute are responsible to register health institutions, patients, doctors and illnesses. Ministry of Labour and Social Welfare is responsible to provide information on the number of employment seekers, while ministry of Agriculture, Forestry and Rural Development is in charge of ensuring administrative data such as: subsidies to farmers and other administrative data. Ministry of Economic Development is in charge of drafting the Balance of Energy, in line with EU requirements, while the Ministry of Environment and Spatial Planning is in charge of collecting data on natural resources in Kosovo and biodiversity. Ministry of Trade and Industry provides administrative data on registered businesses. All of this data is used by the KAS in particular periods of time to inform the public on the current situation in all the respective areas. However, KAS tries to combine the information received in this fashion with independent surveys it conducts.

Medium-term Priorities

Organizational productive efficiency and with the following main objectives:

- Reorganizing KAS as an agency in the centre of the system, with a view to strengthening its planning process;
- Achieving long-term productivity of the system, by 3-5% on an annual basis;
- Implementing the regulation on reorganization of KAS and strengthening the capacity of its human resources

Quality and usefulness of the product, with the following main objectives:

- Documenting methods and describing annual planning processes;
- Improving the quality of production through interaction with users and training;
- Improving the reliability and accessibility of data generation;
- Increasing the number of products, in line with the OSP;
- Applying the principles and quality standards on which the statistical system is based;

- Building a sustainable and reliable statistical system.

One of the strategic goals of the 2015-2019 Strategic Plan in relation to the area of statistics is to enrich research and statistical activities on the status and development of the economy and the financial system. CBK will enrich the statistical and research activities on economy in general and the financial system in particular through the following strategic actions:

- Further advancement of comprehensive monetary and financial statistics (MFS) and external sector statistics (ESS);
- Further development of the economic analysis and research function;
- Assessment of the financial stability and identification of systemic risks.

3.20. Acquis Chapter 19: Social Policy and Employment

The *acquis* in the social field includes minimum standards in the areas of labour law, equality, health and safety at work and anti-discrimination. The Member States participate in social dialogue at European level and in EU policy processes in the areas of employment, social inclusion and social protection.

SAA Requirements

Pursuant to SAA Article 82 and 106, the cooperation in this field aims to facilitate the employment policy in Kosovo. It will also seek to promote social dialogue as a fundamental drive to economic growth as well as gradual legal approximation of legislation on labour, health, safety at work and equal opportunities for women and men, for persons with disabilities and for persons belonging to minorities and other vulnerable groups. This may also include alignment of Kosovo legislation with EU *acquis* in the area of labour law, with special focus on women's working conditions and to promote adoption of social inclusion and anti-discrimination policies in Kosovo. A social protection system able to support employment and inclusive growth needs to be established.

Based on the 2016 SAPD conclusions concerning social policy and employment, unemployment in Kosovo remains a challenge, especially youth and women's unemployment. Kosovo should make greater efforts in terms of implementation of the Labour Law. Kosovo shall adopt the Employment Sector Strategy 2014-2020 and its implementation plan. The budget for extension of labour market active measures is still low and not sufficient to effectively address the needs. The Employment Agency shall be operational. Concerning social dialogue and social partners, the amended Law on Social and Economic Council shall define clear membership criteria. Kosovo shall adopt the amended Law on Social and Economic Council.

As per demands of civil society organisations dealing with gender equality, clear criteria on membership of the Social and Economic Council need to be set out through the amended Law on the Social and Economic Council, while Kosovo also needs to adopt such criteria in line with the requirements of the Law Gender Equality, ensuring equal gender representation.

With regard to the *employment policy*, the 2016 Country Report notes that unemployment in 2015 has dropped to 32.9% compared with the previous year of 35.5%, while youth unemployment (people aged 15-24), compared to the previous year, has dropped from 61% to 57.7%. In the area of *social policy*, the report highlights that the amended Law on Labour needs to be adopted, in line with the EU *acquis*, and that more efforts are needed in its implementation. The Labour Inspectorate should be supported further by increasing the number of inspectors, which can, in turn, have an impact in reducing the number of injuries and deaths at work and tackle informal employment in the country (with particular emphasis in the construction sector). In the area of *social dialogue*, it notes that the amended Law on the Economic and Social Council should be adopted, also setting specific criteria for the selection and membership of the Council and aligning with the EU *acquis*. The report also notes that the Collective Agreement is non-functional. In the area of *social services*, it notes stagnations in terms of service delivery by Municipalities

due to the lack of budget; also noting that the lack of budget has forced the enactment of the new pension scheme. In the area of *gender equality* it notes that better implementation of the Law on Gender Equality is needed in order to tackle high unemployment among women and low representation of women at all levels of decision-making. It also notes the need to prevent discrimination against women in the workplace due to maternity leave, particularly in the private sector.

State of Play

Legal Framework

In the area of social policy and employment, Kosovo has created a basic legal framework which regulates the areas of labour and employment, health and safety at work, labour inspectorate, trade union organizations, social dialogue as well as inclusion and social protection. Moreover, the legislation into force regulates the pensions, social and family services and social schemes for persons with special needs and the elderly people.

Kosovo legislation that regulates the field of employment and social policies is partially harmonized with the EU *acquis* and the main principles of EU law. The level of alignment that has been achieved so far is at an initial stage, taking into consideration that the EU legislation in the area of social policy and employment is very broad and voluminous. The *acquis transposition* process has started in all respective sectors in this field.

Law No. 03/L-212 on Labour adopted in 2011, which is a base for regulation of employment and employment relations, brings Kosovo standards closer to the International Labour Organization standards. Adoption of the Labour Law has regulated the issues of employment to a certain degree; however its high financial cost remains a challenge. Implementation of this law is not satisfactory therefore it should be changed, in particular As regards employment contract, maternity leave, sick leave and oversight of the inspectorate.

The existing legal framework in the area of employment is partially aligned with respective EU directives. So far the Law No. 03/L-212 on Labour and respective sublegal acts have been aligned with the following 10 directives:

- Directive 2003/88/EC of the European Parliament and of the Council of 4 November 2003 concerning certain aspects of the organization of working time;
- Council Directive 94/33/EC of the Council of 22 June 1994 on the protection of young people at work;
- Council Directive 97/80/EC of 15 December 1997 on the burden of proof in cases of discrimination based on sex;
- Council Directive 91/533/EEC of 14 October 1991 on an employer's obligation to inform employees of the conditions applicable to the contract or employment relationship;
- Council Directive 75/117/EEC of 10 February 1975 on the approximation of the laws of Member States relating to the application of the principle of equal pay for men and women;
- Council Directive 2001/23/EC of 12 March 2001 on the approximation of the laws of the Member States relating to the safeguarding of employee's rights in the event of transfers of undertakings, businesses or parts of undertakings or businesses;
- Council Directive 97/81/EC of 15 December 1997 concerning the Framework Agreement on part-time work concluded by UNICE, CEEP and ETUC;
- Council Directive 1999/70/EC of 28 June 1999 concerning the framework agreement on fixed-term work concluded by ETUC, UNICE and CEEP;

- Council Directive 2010/18/EU of 8 March 2010 implementing the revised Framework Agreement on parental leave concluded by BUSINESSEUROPE, UAPME, CEEP and ETUC and repealing Directive 96/34/EC.

As per demands of civil society organisations dealing with gender equality, the purpose of the amendment of this law needs to, *inter alia*, be empowerment of women in the labour market and prohibition of discrimination in the workplace.

Out of the above 10 directives, two of them have been partially transposed:

- Directive 2003/88/EC of the European Parliament and of the Council of 4 November 2003 concerning certain aspects of the organization of working time;
- Council Directive 94/33/EC of the Council of 22 June 1994 on the protection of young people at work.

As regards employment, training and professional rehabilitation of persons with disabilities, the legislation regulating the identification and registration of unemployed and jobseekers as well as the labour market active measures programmes is completed. Law No. 03/0-L19 on Training, Professional Rehabilitation and Employment of Persons with Disabilities is partially aligned with the following directives:

- Directive 2002/73/EC of European Parliament and of the Council of 23 September 2002 amending Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions, and
- Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment and occupation.

In the area of health and safety at work, there has been progress in starting the process of approximation of legislation. This is considered to be the most voluminous and complex area. The Law No. 04/L-161 on Safety and Health at Work, adopted in 2013, is aligned with the Directive 89/391/EEC of the European Council, dated 12 June 1989, on the introduction of measures to encourage improvements in the safety and health of employees in the workplace (Framework Directive). This law creates avenues for transposition of 19 directives arising from this Directive. Two individual directives have been transposed into separate regulations in 2014, the first and the second directive within the meaning of Article 16 (1) of the Directive 89/39/EEC, while nine (9) directives are in the process of being transposed by the end of 2016, which will be transposed into separate regulations in specific areas of safety and health at work.

The legal framework which regulates public employment services has been advanced through the Law No. 04/L-205 on the Employment Agency, adopted in 2014, while the Regulation on organization and systematization of Job Positions within the Agency was issued in 2015.

Kosovo has created its new legislation regulating the provision of services for the unemployed, job seekers and employers. The new Law No. 05 / L -077 on the registration and provision of services for the unemployed, job seekers and employers, and the Law No .05/L-078, amending the Law No. 03/L-019 on Training, Vocational Rehabilitation and Employment of Persons with Disabilities were adopted in 2016. These two new laws remain aligned with the main principles of the EU law and were prepared in line with EU standards and practices. The purpose of both laws is the best possible regulation of employment policies, addressing the issue of new jobs for job seekers and especially employment of persons with disabilities.

In the area of *social dialogue*, the existing legislation regulates the general framework social partners' dialogue. This field is regulated by the Law No. 04/L-008 on the Social and Economic Council which is

aligned with the main principles of EU legislation on social dialogue. Regarding the rights of employees to information and consultation and the establishment of Employer Labour Councils, the Directive 2002/14/EC of the European Parliament and the Council, of 11 March 2002, establishing a general framework for informing and consulting employees in the European Community, is not transposed in the existing legal framework. This Directive will be transposed in the amended Labour Law.

The area of state-funded pensions is regulated by the Law No. 04/L-131 on Pension Schemes Financed by the State, as the first pillar of the pension system, in force since 2014. Implementation of this law since its adoption has encountered numerous problems mainly related to financial assets, the current outdated structure, lack of harmonization of pension schemes financed by the Kosovo budget, administrative overload in implementation of legislation, and many other issues related to Kosovo's pension system. Regarding the efficient management of state-funded pension schemes the initiative for the amendment of this law was undertaken in 2016. Such amendments consist of the most efficient use of the overall budget for meeting needs of people over 65 who are permanently residing in Kosovo and who lack sufficient income for a decent living standard. The draft-law amending the Law No.04/L-131 on Pension Schemes Financed by the State, according to the Legislative Programme 2016, will be adopted by the Government at the latest by the end of November 2016. Adoption of this by the Assembly will pave the way for MLSW to issue the bylaws by the third quarter of 2017.

Otherwise, the main challenge of the pension system in Kosovo regarding the schemes financed from the Kosovo budget, regardless of whether they are special schemes or not, remains its high financial cost. Given the latest trends in the adoption of laws for specific categories of citizens who receive any kind of financial benefits paid from the Kosovo Budget and implemented by MLSW, the state of Kosovo needs to plan, in the near future, starting reforms towards establishing a pension and disability support system by harmonizing all schemes paid by the state and at the same time ensuring that financial benefits are given based on merit and financial possibilities of the budget.

In the area of *social services*, the Law No. 04/L-081 on amending the Law No. 02/L-17 on Social and Family Services is adopted. In addition, the respective AIs on social and family services deriving from amendments to this Law are approved. Moreover, the Law No. 04/L-096 on amending the Law No. 2003/15 on Social Assistance Scheme is adopted and the relevant subsidiary legislation is completed. The social assistance scheme aims to fill the gap caused by the lack of other benefits such as: children benefits, illness benefits and unemployment benefits.

Institutional and Policy Framework

The decentralization of social services is progressing and improving. However this process requires further financial support, in particular for professional capacity building of human resources responsible for this process. Regarding drafting the minimal standards of social and family services, the general number has reached to 22 approved standards.

The legal framework on licensing of social service providers (social workers) at three levels (basic, medium and superior) and legal subjects/organizations, is completed. Licensing of social workers at all three levels is continuing. The number of licensed social workers has reached over 800, whereas the number of licensed NGOs has reached 20.

Concerning implementation of the Law No. 04/L-131 on pension schemes financed by the state, there have been positive results in several directions through issuance of bylaws in 2015 and 2016, thus allowing for the possibility of raising the age-related pensions by contributors, which has, in turn, had an impact in improving the lives of Kosovo pensioners of this category. By applying terms and conditions of this law and relevant bylaws in force, misuse of the budget by those pensioners unable to prove that they are permanent residents of Kosovo has been prevented, a criterion specified in the applicable law. Such

prevention measures are taken through the creation of mechanisms from the intergovernmental and non-governmental sector to notify cases of death of pensioners. All these actions taken in 2016 have improved the efficient use of the Kosovo budget and the rule of law.

In terms of the institutional framework there have been developments towards establishment of the National Occupational Safety and Health Council. The Council was established by the Government in the third quarter of 2016, while the process of making it functional is under way. As for the institutional capacity-building, there has been progress in developing the ToT programme, for which programme 12 trainees, representing institutions, the private sector, as well as employees' and employers' organisations., were selected and will be trained and certified on the area of safety and health at work. A ToT programme on the area of labour (labour relations) will be developed in 2017, with all trainees to be certified by the Kosovo Institute for Public Administration.

The Professional Commission on the Safety and Health at Work exam has been established through decision of the MLSW Minister. The Commission has regulated the necessary infrastructure required to start with implementation of this process. It has also by now started to accept applications and the candidates will be examined within the timeframe provided for by the legislation in force. The Commission has also published, in the MLSW webpage, the documentation needed for the preparation of professional exam in order to make it easier for candidates to get prepared.

The Labour Inspectorate generally faces lack for human capacities for effective implementation and control as required by the relevant legislation in this area, while it is the main institution in charge of enforcement of the Labour Law No. 03/L-212 and the Law No. 04/L-161 on Safety and Health at Work, as well as other laws under its jurisdiction. The number of labour inspectors remains very low, as there are only 50 inspectors dealing with implementation of these laws.

Donor Support

The Active Labour Market Programmes II implemented by UNDP. ALMP is working on three main intervention areas, supporting labour market institutions in developing and strengthening their capacity in terms of policy making, operational processes and business, providing direct support to jobseekers and private sector companies aimed at increasing employment and generating new jobs, enhancing the quality and availability of reliable data to ensure evidence based policy making, and ensuring sustainability of active labour market measures through potential financing mechanisms. This project started in 2014 and will end in 2017.

The Technical Assistance project for Harmonisation of Kosovo legislation in the field of working conditions with EU legislation consists of 1) full transposition/approximation of domestic legislation with the EU acquis in the field of working conditions; 2) strengthening the human capacity of beneficiary institutions to ensure enforcement of legislation; and 3) Increasing public awareness on employee and employer rights and demands resulting from the new legislation.

The EU project Establishment of sustainable partnerships between the government, NGOs and social enterprises to ensure and provide social services for the most vulnerable groups in Kosovo. Its implementation is expected to start during 2017. Expected outcomes include: 1. Technical assistance for the establishment of sustainable partnerships and capacity building; 2. Grant scheme for financial support to NGOs and social enterprises in providing social and family services in terms of day care, home care and community based services.

The EU Technical Assistance project Increasing Employment of Groups in Need. The general objective of the project is to provide support to the development and implementation of policies and active measures

of employment to enhance employability and social inclusion of disfavoured and in-need groups, focusing on beneficiaries of social assistance category II and people with special needs.

The EU Technical Assistance project Supporting the Labour Inspectorate. The general objective of this project is to improve legal compliance of employers and companies with labour laws and legislation related to safety and health at work, in order to improve the health and safety situation of private sector employees. The project started in October 2013 and is expected to close at the end of 2016.

Youth Employment Promotion in Kosovo project financed by the German Government and implemented by GIZ. The aim of the project is to support youth through counselling and intermediation to ensure their employability. The project started in July 2014 and will end in December 2016.

Medium-term Priorities

The main objective of MLSW with regard to legislation is transposition of EU *acquis* in the area of social policy and employment by 2020. In the framework of the IPA 2014 project titled “Local approximation for workers' rights under the EU Acquis”, drafting of the Labour Law is planned to start in 2017, which will transpose 17 directives in the area of labour. The draft of the new Labour Law will be introduced in the Government Legislative Programme in 2018 and 2019 respectively, as part of medium-term priorities. The following directives will be transposed into this amended law:

- Directive 2003/88/EC of the European Parliament and the Council, dated 4 November 2003, concerning certain aspects of the organisation of working time;
- Council Directive 97/81/EC of 15 December 1997 concerning the Framework Agreement on part-time work concluded by UNICE, CEEP and ETUC;
- Council Directive 1999/70/EC of 28 June 1999 concerning the framework agreement on fixed-term work concluded by ETUC, UNICE and CEEP;
- Council Directive 2010/18/EU of 8 March 2010 implementing the revised Framework Agreement on parental leave concluded by BUSINESSEUROPE, UAPME, CEEP and ETUC and repealing Directive 96/34/EC.
- Directive 2014/67/EU of the European Parliament and of the Council of 15 May 2014 on the enforcement of Directive 96/71/EC concerning the posting of workers in the framework of the provision of services and amending Regulation (EU) No 1024/2012 on administrative cooperation through the Internal Market Information System;
- Directive 2008/104/EC of the European Parliament and of the Council of 19 November 2008 on temporary agency work;
- Council Directive 92/85/EEC of 19 October 1992 on the introduction of measures to encourage improvements in the safety and health at work of pregnant workers and workers who have recently given birth or are breastfeeding (tenth individual Directive within the meaning of Article 16 (1) of Directive 89/391/EEC);
- Council Directive 94/33/EC of the Council of 22 June 1994 on the protection of young people at work;
- Council Directive 2001/23/EC of 12 March 2001 on the approximation of the laws of the Member States relating to the safeguarding of employee's rights in the event of transfers of undertakings, businesses or parts of undertakings or businesses;
- Directive 2008/94/EC of the European Parliament and of the Council of 22 October 2008 on the protection of employees in the event of the insolvency of their employer;
- Council Directive 98/59/EC of 20 July 1998 on the approximation of the laws of the Member States relating to collective redundancies;
- Council Directive 91/533/EEC of 14 October 1991 on an employer's obligation to inform employees of the conditions applicable to the contract or employment relationship;

- Directive 2002/14/EC of the European Parliament and of the Council of 11 March 2002 establishing a general framework for informing and consulting employees in the European Community;
- Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment and occupation;
- Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation;
- Directive 2002/73/EC of the European Parliament and of the Council of 23 September 2002 amending Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions.

In the area of equal opportunities, MLSW will continue the approximation of its legislation with the EU Acquis. By 2021, MLSW will have a law regulating the rights of all disabled persons in terms of financial benefits and care by the state. The Kosovo Gender Equality Programme will provide an improved medium-term vision for achieving gender equality. Based on the crosscutting nature of gender issues, the objectives set in this programme will be interrelated. A large number of families in Kosovo face with unemployment and poverty, yet they have a particularly negative impact in the social status of women and girls. Women employment and their participation in the economy have a direct impact on poverty reduction. This process will be led by the Gender Equality Agency, in cooperation with other supporting institutions.

Regarding social policies and social inclusion, the main objective will be to amend the Law on Social Services and the Law on Social Assistance Scheme, which will bring this Law in harmony with the European Commission requirements for countries aspiring membership to the EU. Besides this, the legislation (special law) which regulates the area of providing services for the elderly people and persons with disabilities needs to be drafted. Alternative and innovative forms of family services, daily and residential services for these categories shall be applied. With the aim to increase the quality and control of providing social and family services, the indicators for monitoring of the minimal standards of social and family services by governmental and nongovernmental providers will be developed. Decentralization of social services shall be operational and the financing formula shall clearly define the budgetary amount that municipalities will allocate for social services. Development of partnerships at local level between nongovernmental and government providers of social services as well as implementation of programmes for inclusion of beneficiaries of social categories, of women and men, in employment and vocational training programmes will be a priority. Designing and creating a grant scheme for financing and supporting projects of nongovernmental providers for providing social and family services.

In the area of pensions, MLSW will focus on development of the reform of pension schemes and other benefits financed by the Kosovo Budget. This reforms consists of drafting a basic and systemic law which would regulate all pension and invalid schemes financed by the state with a single law. Concerning the administration of the pension system, this policy would envisage the establishment of an independent or central body within the state administration of the Government of Kosovo for the management and administration of all pension and invalid schemes, including financial support for disabled persons, benefit and pension schemes for war categories, the scheme for blind persons, veterans' scheme, etc.

In the area of social insurance, MLSW will continue to negotiate and reach bilateral agreements with countries provided requirements are met. These agreements will be in compliance with relevant EU regulations and directives for the coordination of social insurance systems. At the same time, MLSW will continue to complete the social insurance systems necessary to reach full agreements based on social insurance.

3.21. Acquis Chapter 20: Enterprise and Industrial Policy

EU legislation for this chapter consists mainly of policy principles and instruments such as communications, recommendations and conclusions of the Council. To a great extent those are implemented through the Competitiveness and Innovation Programme at all EU levels. This chapter contains also sectorial policies. In general, the enterprise and industrial policies are closely related to the EU Strategy 2020.

Through the general policy principles, the EU seeks to promote and enhance competitiveness and industrial strategy. These principles derive from the Article 73 of TFEU aiming to speed up the adjustment to structural changes, encourage an environment favourable for businesses and SMEs as well as domestic and foreign investments, encouraging and supporting innovation and entrepreneurship.

Policy instruments for enterprises and industry are developed through specific programmes that provide support (including financial support) to enterprises and policy makers. These programmes are focused on promoting the access to finance, business related services, Enterprise Europe Network, national policies on innovation and SMEs. Currently this is implemented through the Competitiveness and Innovation Programme 2014-2020. Directive 2011/7/EU is one of the important policy instruments aiming to combat late payments in commercial transactions.

The EU promotes specific sector analysis on competitiveness within the **sectorial enterprise and industrial policies**. This consists on launching the initiatives for particular sectors, different studies, networking initiatives, policy forums, etc.

Formulation and implementation of enterprise and industrial policies requires the necessary administrative capacities in all levels of administrative organization of the state, including also the cooperation and consultation mechanisms.

SAA Requirements

SAA provisions related to this chapter consist of Articles 51, 74, 98, 100, 101 and 102, which mainly provide a cooperation framework and objectives and emphasize the requirements for harmonization with the *acquis*. According to Article 51, upon entry into force of the SAA, Kosovo shall ensure treatment for EU companies no less favourable than that accorded to its own companies in respect to employment conditions, payments and equal treatment of employees and operations legally established in the territory of Kosovo. Article 74 defines the obligations for approximation of legislation for internal market and trade at an early stage. This Article requires also the effective implementation of that legislation.

Article 98 provides a framework of promotion and protection of foreign direct investments and shall aim to bring about a favourable climate of doing business. The cooperation in this field aims to improve the legal framework so as to favour and protect the investments. Article 99 provides a cooperation framework in the area of industrial policy. Among others, this Article aims to promote modernization and restructuring of industry, encouraging and developing the competitiveness and promotion of cross border cooperation on industry development. Article 100 is related to cooperation in the area of SMEs and enterprises in general with aim to create a favourable environment for businesses. The cooperation shall be carried out within the framework of Small Business Act and by taking into account the *acquis* in this area.

Article 101 on Tourism, envisages development of a balanced and sustainable tourism through studying the opportunities for joint operations and strengthening cooperation between tourism enterprises, experts and institutions and their competent agencies in the area of tourism, always taking due account of EU *acquis* in this field.

The **2016 Kosovo Report** obliges Kosovo, among others, to comply with recommendations of the Small Business Act. Furthermore, it requires it to initiate regulatory impact assessments aimed at reducing administrative burden for SMEs. In terms of inter-institutional coordination it requires increased cooperation between ministries and agencies. The Kosovo Investment and Enterprise Support Agency should be completed in terms of number of staff, since the current capacities limit its impact. In the context of implementation it states that strategies and action plans in this area should be implemented in time and monitored. Based on the latter, it specifies that implementation of the (2013-2017) Private Sector Development Strategy and the EU Small Business is very slow.

Moreover, the report highlights that the access to financing, weak contract enforcement and business regulations, administrative barriers, unfair competition from the informal sector, inefficient judiciary and corruption are the main obstacles towards the development of SMEs and in their further growth.

State of Play

Legal Framework

The laws that regulate the industrial policy are: Law No. 04/1-220 on Foreign Investments which seeks to regulate protection, promotion and encouragement of foreign investments in the Republic of Kosovo, to provide basic rights and guarantees for foreign investors so as to ensure them that their investments are protected and treated fairly in accordance with internationally accepted standards and practices.

In addition, the Law on Bankruptcy is adopted and effective since July 2016, whereas the Law No. L-123 on Business Organizations is in the process of amendment.

The primary legislation that regulates industrial policy in the construction sector is the Law on Construction Products No. 04/L-18, adopted on 13 June 2013. The Law is fully aligned with the requirements of Regulation 305/2011/E. While the subsidiary legislation includes 7 AIs and 3 regulations that are also fully harmonized with the above mentioned regulation.

Textile sector is regulated by the Law No. 2011/04-L-039 on Technical Requirements for Products and Conformity Assessment and the regulations below:

- Regulation No. 11/2012 on the content of raw material and textile labelling
- Regulation no. 12/2012 on methods of quantitative analyses of binary textile fibre mixture
- Regulation no. 1/2012 on methods for the quantitative analyses of ternary textile fibre mixtures

The Law and Regulations are fully aligned with the Directive 2009/48/EC. The primary and subsidiary legislation that regulate the shoe sector consists of the Law No. 2011/04-L-039 on Technical Requirements of Products and Conformity Assessment and the Regulation no. 10/2012 on labelling of main parts materials of shoe dedicated for sale to consumers. The regulation is partially aligned with the requirements of Directive 94/11/EC.

The tourism sector is regulated by the Law on Tourism no. 04/L-176, which has partially transposed the Directive 90/314 of the European Union.

While the privatization process is regulated by the Law no. 04/L-034 of Kosovo Agency for Privatization, which has the competence over all publicly owned enterprises.

Policy Framework

Small and Medium Enterprises (SMEs) constitute the major part of the private sector economy in Kosovo. According to data by the Business Registration Agency in Kosovo (BRAK), out of 9807 companies registered in 2015, 99% were small and medium enterprises. Based on the information of TAK (Tax Administration of Kosovo) in 2017 there were around 31,921 active private sector enterprises which employed around 145,736 people. The wholesale and retail trade constitute a dominating sector, with 50.5% of enterprises and 37% of employment. Manufacturing, business services and construction constitutes another predominant economic sector.

One of the basic documents of the policy framework is the **Strategy on Development of Private Sector 2013-2017** which aimed to serve as an important tool for increasing the activity of the private sector, including foreign and domestic investments as well as promoting the creation of new jobs. Creation of globally competitive enterprises and promotion of investments and exports were as objectives of this strategy. In 2015, Ministry of Trade and Industry aims to update this strategy covering the period 2016-2020, giving priority to direct foreign investments as an important segment. This updated strategy will be in line with the **National Development Strategy 2016-2020**, taking into consideration that development of private sector constitutes one of the fundamental pillars of the economy. While the national strategy aims to be a development comprehensive and steering document for Kosovo. Moreover, **Government Programme 2015-2018** highlights the fact that the main generator of economic growth and jobs will be the private sector, in particular small and medium enterprises, through policies that enable increase of investments of businesses, particularly in production and services of great added value. The main priority objectives of the programme are related to improving the business environment, support the SMEs, promotion of investments, particularly foreign investments, development of tourism and competitive trade policies.

Other relevant documents of the policy framework are the Economic Reform Programme 2016-2018, the main objective of which is to strengthen economic growth by accelerating economic reforms and further improving the business environment to ensure it is more favourable for the private sector, and the European Reform Agenda, which is related to MTI with its second priority Competitiveness and Investment Climate.

As regards industrial policy, Kosovo has completed the phase of conceptual framework of the **first industrial policy**. The Industrial Policy Concept describes a platform of objectives and measures aiming at intensification of strategic cooperation among all stakeholders (government, industry and private sector in general, academia and donor community) so as to use the competitive advantages of Kosovo and gradually transform from a low added value economy to a more advanced knowledge based economy. Industrial Policy Concept is designed to tackle the cross-sectorial limitations towards economic development and in particular to facilitate development of internationally competitive groups. This document will be included in the Strategy for Private Sector Development 2016-2020 of the Ministry of Trade and Industry.

In addition, the analysis of competitiveness has been completed. It has identified six major industries with greater potential for development, including: wood processing, metal, textile, wood industry, information technology and tourism. Ministry of Trade and Industry has organized six roundtables, with businesses, associations and all other concerned stakeholders.

Moreover, the **Plan on Tourism Sector Development** 2015-2020 is finalized. The goal of this plan is to develop tourism and it will be an integral part of the Private Sector Development Strategy 2016-2020.

Kosovo is now a full member of a number of regional organisations. Kosovo is currently in the process of membership to the following organisations: South East European Cooperation Process, International Committee of the Sava River Basin, Network of Women Entrepreneurs, Centre for Security Cooperation (RACVIAC), Regional Anti Corruption Initiative (RAI), Regional Centre of Employers, 12 and 13 Adriatic

Centre (AREC), Regional Environmental Centre for Central and Southern Europe (REC), Advisory Board of the Southeast European Prosecutors (SEEPAG), Regional Initiative on Migration, Refugees and Asylum (MARRI), Convention on Police Cooperation (PCCSEE), Disaster Preparedness and Prevention Initiative (DPPI) and Health Network (SEEHN).

Kosovo is also a member of **Horizon 2020** (for additional information see Chapter 24 on Science and Research). Kosovo was invited to participate in the Enterprise Europe Network. However Kosovo was not able to participate due to the high membership costs. Currently, Kosovo does not have the legal status that would enable to participate in different EU programmes, including COSME. These opportunities, including COSME, will be used after SAA signature and its entry into force.

Referring to the level of **Direct Foreign Investments in Kosovo** (DFI), promotion of investments and competitiveness of private sector are the key priority measures of the National Development Strategy which is being drafting. Direct foreign investments have reached an average of 77.93 million euro from 2007 to 2015, reaching the highest level from 440.74 million euro in June 2007 and a record drop of -19.2 million euro in April 2014.

Kosovo Privatization Agency (KPA) is a responsible body for the privatization process, whereby during 2014 has distributed funds in the amount of 16,023,941 EUR for 32,143 qualified employees of 209 socially owned enterprises (SOE). The Agency administers 599 socially owned enterprises. During the process of liquidation and privatization, 769 new enterprises were created and 534 assets were sold.

The current situation of privatization is as the following:

- | | |
|--------------------------------------------------|------------------|
| • Socially owned enterprises privatized to date: | 329 |
| • Socially owned enterprises to be privatized: | 270 |
| • Total of the privatization process: | 630 million euro |
| • Registered investors in the KPA database: | >15,000 |
| • "Pre-qualified" number of investors: | >4,000 |

Institutional Framework

The responsible institution for development of industrial policies in Kosovo is Ministry of Trade and Industry, through the Department of Industry and its Division of Industrial Policies. This Department is composed of 6 officials involved in policy making activities. The policies are implemented through MTI executive agencies, in this case KIESA (Kosovo Investment and Enterprise Support Agency). KIESA is composed of two directorates:

- Directorate for Private Sector Development; it is composed of the Division for SMEs and Division for Economic Zones. There are 6 employees working in this Directorate
- Directorate for Private Sector Promotion; it is composed of the Division for Investment and Division for Exports. There are 5 employees working in this Directorate, whereby 3 of them are part of the sector for promotion of exports and 2 part of the sector for promotion of investments.

In addition, there is a high level consultative forum for addressing the challenges in business environment called National Council for Economic Development. The Council is composed of government representatives, business associations and civil society. It has 4 separate working groups broken down in thematic areas with the aim to facilitate the discussions. The Council discusses and recommends to the government on the necessary legislative and policy changes.

Kosovo Privatization Agency is an independent body established by Kosovo Assembly with competencies for privatization and management of socially owned enterprises. It functions based on two

pillars: Selling and liquidation and those are managed by the Deputy Managing Director of KPA. The agency is composed of six (6) departments, including:

- Finances and Budget Department
- Regional Coordination Department
- Sales Department
- Coordination and Liquidation Department
- Legal Department
- Administration Department
- Public Procurement Department.

The headquarters of the Agency is in Prishtina, while there are 5 other regional offices (Prishtina, Peja, Prizren, Mitrovica and Gjilan) and 3 offices (Graçanicë, Shtërpçë, Leposaviq).

Donor Support

Projects on business environment and Investment support

- USAID Partnership for Development 2014-2018, which aims to enhance the enabling environment for private sector to expand employment opportunities in Kosovo.
- Projekti për rritje te konkurrueshmërisë dhe eksportit, i cili ka për qellim identifikimin e mangësive ne sektorët e NVM-ve dhe ofrimin e ndihmës me asistencë profesionale në eliminimin e mangësive, si dhe ngritjen e kapaciteteve institucionale (KIESA<DI) ne ofrim te shërbimeve për NVM-të.

Projects on Access of Industrial Sector

- Competitiveness of the Private Sector in Rural Areas (COSiRA) financed by German Government has started in 2014 and its duration is by 2016. The project facilitates development of the sector in the areas as the following: tourism, metal processing, ICT, winery as well blackberries and herbs.
- USAID EMPOWER Private Sector has started in 2014 and will be completed in 2019. EMPOWER project provides various services to SMEs, in particular the sectors of tourism, food processing, textile, ICT, wood processing and energy. EMPOWER will commit in total 2 million \$ for financing up to 50 grants until the end of 2015. Most of the companies are focused in fulfilling the domestic requirements.

Projects supporting the SMEs

- "Support for youth entrepreneurs"
- "The most successful business woman of the year 2015" – KIESA in cooperation with Women Business Association aims to promote and increase the participation of women in entrepreneurship.
- "Triple Helix Competition" – The competition is launched by OECD and its partners in Kosovo for the best innovative idea from academia, business and public sector.
- "Days of Small Businesses" – a campaign which aims to increase the awareness on the role of SMEs and sustainable development as well as encouraging public-private dialogue.
- The Credit Guarantee Fund will increase access to finance for SMEs by covering 50% of the collateral required for SMEs to take credit from a bank. This guaranteed collateral will reduce the risk to banks by enabling them to lower their interest rate and make their credit products more affordable. USAID, KfW and SECO will contribute around EUR 18 million and the Ministry of Trade and Industry will contribute EUR 1 million to create the fund. MTI will then continue to complete the fund with EUR 1 million each year until 2020.

Medium-term Priorities

- Increase the internal competition through cluster development - support to development of clusters through creation of an institutional framework;
- Facilitating the creation of networks and sub-contracting of supply through organization of networking events Government to Business (G2B);
- Strengthening the provision of Business Advisory Services (BAS) seeking to improve the SMEs competitiveness - development of the BAS unit in 5 economic regions and provision of qualitative, effective and standard BAS packages;
- Extension of the scope of certification body on quality standards through small grants for SMEs. Provision of grants and technical support for 2,000 qualified beneficiaries from SMEs sector on quality standards by 2020, ensuring gender equality, where possible;
- Further development of existing business incubators and creation of an additional business incubator to facilitate the business environment, ensuring gender equality, where possible;
- Make the credit guarantee fund operational and its increase by 20% by 2020;
- Support establishment of the natural groups;
- Opening of three new “one stop shops”, focusing on Serb majority municipalities;
- Operationalization of the Brezovica tourist centre;
- Categorization of touristic facilities;
- Identification of new international markets;
- Establishment of innovative centres in three other cities with industrial potential;
- Further reduction of barriers in doing business;
- Strengthening of Kosovo fund for credit guarantee;
- Improving the functionality of economic zones.

3.22. Acquis Chapter 21: Trans-European Networks

This chapter covers Trans-European Networks known also as the main pillar of internal development of European markets. The aim of this chapter is to create the necessary transport, energetic and telecommunications network that connects European states with the possibility of including other states also. It enables creation of a modern infrastructure that connects regional and national networks, ensuring free movement of goods, services, capital and workers, with aim of creating and empowering an equal society.

Kosovo is a regular member and active participant in the meetings at the level of ministries, steering committees and technical groups of SEETO (South East Europe Transport Observatory). The aim of these meetings is to develop infrastructural strategic documents and development of basic and comprehensive infrastructure network in Southeast Europe, as an integral part of the Trans-European Network.

Upon signature of the memorandum of understanding in 2004, all Southeast European states have committed to develop basic and comprehensive networks that will be an integral part of the basic and comprehensive Trans-European Network.

Kosovo has adopted the Multimodal Transport Strategy which contains five main goals related to development of the basic and comprehensive SEETO network. The main goal of the strategy is: “Improvement, development and maintenance of transport infrastructure that is integrated in the Pan European corridors and is in conformity with European Standards”. The basic and comprehensive SEETO network includes also the infrastructure projects of Kosovo that are part of the Southeast European network composed of infrastructure projects: road, railway and air transport.

The priority projects presented and identified in the multi annual plan of Southeast Europe as well as in Trans-European Network are the following: Route 6 which connects Prishtina with Macedonia, Corridor

VIII, Route 7 which connects Kosovo with Albania as well Corridor X in Serbia, R6a (Prishtina-Mitrovica) and R6b (Prishtina-Peja).

As regards railway infrastructure, Kosovo has identified the project of Railway Line 10, which connects our country with Serbia, Corridor X and with Macedonia Corridor VIII.

Investments in road infrastructure - The Republic of Kosovo has completed nine (9) priority segments of Route 7, financed by the budget of Republic of Kosovo, while the last remaining segment (Besi-Merdare) is in the phase of feasibility study, a study that was supported by WBIF (Western Balkan Investment Framework) and EBRD. The Terms of Reference for drafting the preliminary study of the Besi-Merdare segment are defined. It is planned to start in early 2017 and last 9 months. After the project is completed, the definition of further steps for financing this project will continue.

Ministry of Infrastructure (MI) has started also the construction of road project Route 6 in the direction of the border with Macedonia, a distance of 62 km. The cost of this project is 600 million euro, while the timeframe for completion of this road according to the dynamic plan is 42 months.

MI is also continuing with the extension of the road axis R6a/N2 (Prishtina-Mitrovica) MI has managed to secure a loan of 60 million dollars from Islamic Bank for Development, Saudi Fund for Development OFID-I. All the loan procedures will be finalized during 2015 and implementation of this project is foreseen to start in 2017.

As regards road axis R6b/N9 (Prishtina – Peja/Border with Montenegro), in cooperation with WBIF and EBRD, the feasibility study and environment impact assessment for the segment Kijeve – Zahaq a distance of 32 km are completed, and the most suitable track for which the preliminary project will be drafted has been defined.

In cooperation with WBIF and EIB/EBRD, the Terms of Reference for drafting the preliminary project for the segment Kijeve – Zahaq (32 km) have been finalized. It is planned to start in early 2017. Further steps of financing this project will be defined after the project is finalized.

On railway infrastructure, Kosovo has made progress in the separation of Kosovo Railways into two companies: *Infrakos*, responsible for managing and maintaining the railway infrastructure, and *Trainkos*, which deals with transport of passengers and goods. The Republic of Kosovo has established the Railway Regulatory Authority, which deals with regulation of the market in the territory of Kosovo. According to reports issued by SEETO, Kosovo has made progress in implementation of laws and standards required by ensuring that the railway market is opened to foreign operators.

One of the priority projects, also identified by SEETO, is the Railway Line 10, which is also part of the Trans-European Network linking the Republic of Kosovo with Serbia and Macedonia, respectively corridors X and VIII.

Regarding the Railway Rout 10A, with the support of OECD, BEI and WBIF, Kosovo has worked on completing the Detailed Technical Design Project for the first phase of this railway route (Fushë Kosovë – Hani i Elezit) aimed at general rehabilitation of this railway line. The design project for this phase will be completed by the end of January, whereas the rehabilitation of this segment is expected to start in 2017. The Detailed Technical Design Project for the second phase (Fushë Kosovë – Mitrovicë) will start this year. The general rehabilitation and modernization of the Railway Route 10 is planned to be completed by 2020.

3.23. Acquis Chapter 22: Regional Policy and Coordination of Structural Instruments

This chapter covers all aspects of structural and cohesion funds that the EU grants to acceding countries as part of the enlargement package aiming to harmonize the level of development of the respective country in all its territory in order to achieve development convergence with other regions. This is necessary so that the future member state is able to operate in all its territory in compliance with the criteria set out by the *acquis* and other relevant standards. In more concrete terms, this chapter includes drawing up, approving and implementing Structural Funds and Cohesion Fund programmes reflecting each country's territorial organisation. These programmes are negotiated and agreed with the Commission, but implementation is the responsibility of the Member States. This is relevant only after membership, while during the accession process it is necessary to undertake the preparatory measures in this direction. The *acquis* under this chapter consists mostly of framework and implementing regulations, which do not require changes to national legislation but only transposition of legal provisions of the EU into Kosovo legislation, in order to ensure the implementation of EU financial instruments in accordance with the rules set out by the EU.

In this context, in the pre-accession period, before granting the candidate status, Kosovo shall set out the legal, institutional and administrative framework so that by the time of accession Kosovo is able to successfully and appropriately implement these programmes. Therefore, this chapter provides an overview of the needs of Kosovo with regard to such measures, as well as the needs to prepare for further benefit from the EU assistance during the accession process. Based on these needs, Kosovo needs to develop conceptual policies for structural funds and regional policy and plan their sustainable administrative capacity building for their implementation.

The Stabilisation and Association Agreement, respectively Articles 121, 122, 123, 124 and 125 enable Kosovo access to assistance provided by the EU as part of the European integration process of the country. EU assistance is conditional upon the fulfilment of the political criteria for EU integration process and obligations of the stabilization and association process and will focus on aligning legislation with the EU, economic development and improved governance. It will be based on annual or multi-annual programmes agreed between Kosovo and the EU, within a multiannual indicative framework. EU assistance could also be provided in the form of macro-financial assistance, in coordination with international financial institutions, in the context of the implementation of programmes between Kosovo and the International Monetary Fund.

To meet its obligations under the SAA, Kosovo needs to ensure that financial cooperation will continue to support democratic, economic and institutional reforms, in line with the stabilization and association process. Kosovo needs to strengthen donor coordination and financial assistance of the EU should be closely coordinated with other sources from member states and other countries outside the EU as well as international financial institutions. Kosovo is obliged to provide regular information on all sources of assistance.

Since 2007, the European Union (EU) has provided financial assistance to candidate and potential candidate countries for EU membership under the Instrument for Pre-Accession (IPA), in accordance with Council Regulation (EC) No. 1085/2006 dated 17 July 2006 establishing the Instrument for Pre-Accession (hereinafter: the Framework Regulation), in accordance with Article 17 of the Framework Regulation and Article 7 of Regulation (EC) No. 718/2007 on the application Council Regulation (EC) No. 1085/2006. Each recipient country has reached a framework agreement with the European Commission in order to set rules and principles of cooperation foreseen in the Framework Regulation. The assistance provided through the IPA has been extended for the period 2014-2020 by the regulation 231/2014 of the European Parliament and the Council establishing an instrument for pre-accession (IPA 2), namely the regulation on the implementation of the IPA 2. The Government of the Republic Kosovo and the European Commission (EC) signed the Framework Agreement which came into force on 16 April 2015. Based on the Framework Agreement, for each IPA annual program a financial agreement will be signed.

State of Play

Legal Framework

As stated above, the *acquis* in this chapter consists mostly of framework and implementing regulations, which do not require changes in national legislation, but need to be implemented through domestic legislation, in order to ensure the implementation of financial instruments of the EU in accordance with EU rules. However, the proper application of these funds requires transposition of the *acquis* in related fields, such as state aid, environment and public procurement. Measures in this regard are covered by the relevant chapters of this program.

Institutional Framework and Programming

The Ministry of European Integration is responsible for planning and coordinating donor assistance in Kosovo. MEI, namely the Department of Development Assistance has the role of NIPAC (National IPA Coordinator), while the Secretary General of MEI is designated as NIPAC. MEI, according to its mandate, organizes the meetings of the High Level Forum and Sectoral Working Groups, which serve as the structure for donor coordination in the political and technical level. Sub-Sector Working Groups are coordinated at technical level by line ministries.

Programming of EU assistance through the IPA is based on the Strategic Indicative Document 2014-2020, which defines the sectors and long-term priorities for 2014-2020. Programming is sector based, based on sectoral planning documents containing information relevant to the sectors in which programming occurs. 5 documents are drafted in the following sectors: i) the rule of law, ii) energy, iii) agriculture, iv) public administration reform; and v) competitiveness. The assistance provided under the IPA 2014-2020 includes an amount of over 600 million euro. Within the sector of public administration, Kosovo is expected to benefit from direct budget support starting from the programming year of 2016.

To coordinate all the infrastructure investments in the Republic of Kosovo, financed from internal and external resources, the Government established the National Investment Council (NIC) by the decision of 8 July 2015. NIC at the end of 2015 will adopt a priority list of projects at the national level, which will include the sectors of environment, energy, transport and the social sector. NIC is co-chaired by the Minister of Finance and Minister of European Integration, while NIPAC Office plays the role of Technical Secretariat, in cooperation with the Ministry of Finance and the Office for Strategic Planning within the Office of the Prime Minister. On 25 August 2016, the Government of Kosovo approved the infrastructure Single Project Pipeline consisting of 55 projects amounting to EUR 2.7 billion in four (4) sectors: Transport, Environment, Energy and Social sectors.

In the context of cooperation with other countries, multiannual programmes (IPA 2014-2020) for Cross Border Cooperation Programme with countries in the region, namely Kosovo-Albania, Kosovo and Montenegro, Kosovo and Macedonia are approved. Moreover, signing of annual financial agreements (for 2016) for Cross Border Cooperation Programme between Kosovo and Albania, as well as between Kosovo and Macedonia are in the process. During this period, due to the fact that Montenegro is expected to advance to a decentralized management, the signing of a bilateral agreement between Kosovo and Montenegro for the cross border cooperation program is initiated and is expected to be signed during the year 2016.

Operational structures - responsible for the implementation of the IPA Cross-Border Cooperation Programme II consist of the Joint Technical Secretariat (JTS) and the Joint Monitoring Committees (JMC) for each participating state in this program. General Secretary of MLGA plays the role of strategic coordinator of cross-border cooperation component, delegated by NIPAC.

Monitoring

To ensure the monitoring of implementation of programmes and projects funded by IPA resources there is the IPA Joint Monitoring Committee, which meets on an annual basis. Monitoring of donor assistance in general and EU assistance in particular is done in two ways: use of regular reporting to donors within the Aid Management Platform (AMP) and the participation of officials in the meetings of Projects' Steering Committees.

Short-term measures

In order to fulfill the obligations arising from the SAA and other EU integration documents and mechanisms within the scope of Chapter 22, the following short term measures will be implemented:

- Drawing up the Single Project Pipeline at the national level (deadline: Q4 2017)
- Updating the Single Project Pipeline at the national level – Budget: 28,200 EUR (wages and salaries; BRK 4,200 EUR; donors 24,000 EUR) (deadline: Q4 2017)
- Negotiation of the program and the signing and ratification of the financing agreement for IPA 2016 – Budget: BRK (wages and salaries) 550 EUR (deadline: Q4 2017);
- At the level of development of national policies, due to the absence of government strategic documents, a concept document for regional development will be drafted and approved, setting out the definition of the term "Regional Development" and the definition for establishment of new structures for regional development in the territory of Kosovo, as well as necessary capacity for effective absorption of EU funds and various programmes – Budget: BRK 3,500 EUR (wages and salaries category) (deadline: Q1 2017)
- Start the preparations for determining the classification of regions by NUTS system – Budget: 3,500 EUR from BRK (wages and salaries category) (deadline: Q1 2017);
- Drafting the sector planning document for public finance management aimed at providing sector budget support – Budget: 13,100 EUR; BRK: 1,100 EUR (wages and salaries); donors: 12,000 EUR (Q1 2017).

Medium-term Priorities

In order to fulfill the obligations arising from the SAA and other EU integration documents and mechanisms within the scope of Chapter 22, during the period 2017 to 2020 the following midterm priorities are foreseen:

- Negotiation of the programme and the signing and ratification of the financing agreement for IPA 2016 (Q4 2017)
- Negotiation of the programme and the signing and ratification of the financing agreement for IPA 2017 (Q4 2018)
- Negotiation of the programme and the signing and ratification of the financing agreement for IPA 2018 (Q4 2019)
- Negotiation of the programme and the signing and ratification of the financing agreement for IPA 2019 (Q4 2020).

3.24. Acquis Chapter 23: Judiciary and Fundamental Rights

Chapter 23 of the *acquis* covers the following areas: judicial system, anti-corruption policies and fundamental rights. The European Union policies in the area of judiciary and fundamental rights aim to maintain and further develop the Union as an area of freedom, security and justice. The establishment of an independent and efficient judiciary is of a paramount importance. Impartiality, integrity and a high standard of adjudication by the courts are essential for safeguarding the rule of law. This requires a firm commitment to eliminating external influences over the judiciary and to devoting adequate financial

resources and training. Legal guarantees for fair trial procedures must be in place. Equally, Member States must fight corruption effectively, as it represents a threat to the stability of democratic institutions and the rule of law. A solid legal framework and reliable institutions are required to underpin a coherent policy of prevention and deterrence of corruption. Member States must ensure respect for fundamental rights and EU citizens' rights, as guaranteed by the *acquis* and by the Fundamental Rights Charter.

SAA Requirements

SAA requirements in the area of judicial system

According to obligations and requirements of the EU accession process deriving from the SAA (Art. 83), it is required to intensify the cooperation with the EU in the area of judiciary, focusing on strengthening the institutions with the view to consolidate the rule of law by strengthening the independence, impartiality and accountability of the judicial system. Cooperation will focus in particular on the administration of justice, developing adequate structures of courts and prosecutions, and other judicial bodies, to adequately prepare them for cooperation in civil, commercial and criminal matters and to enable them to effectively prevent, investigate, prosecute and adjudicate organized crime, corruption and terrorism.

SAA requirements in the area of anticorruption policy

According to the obligations arising from the SAA, Article 83 (Reinforcing of institutions and rule of law) and Article 91 (Preventing and combating organized crime and other illegal activities), is required to develop adequate structures for the police, prosecutors and judges and other judicial and law enforcement bodies in order to effectively prevent, investigate, prosecute and adjudicate corruption activities (Article 83). Also, according to Article 91 the parties shall cooperate with the aim to reinforcing the Kosovo structures for combating and preventing criminal activities particularly corruption and other forms of serious crimes with a cross-border/boundary dimension. In this regard it is required that Kosovo respects the relevant international conventions and instruments in this field. At the level of prevention, Kosovo is required to target the implementation of measures that are equivalent to those laid down in the relevant legislation of the EU, and to abide by the relevant international conventions and instruments related to this field.

SAA requirements in the area of fundamental rights, protection of minorities and cultural heritage

Regarding the protection of fundamental rights and protection of minorities, according to SAA Requirements, the respect for democratic principles and human rights, as declared in the Universal Declaration of Human Rights of 1948 and as defined in the Convention for the Protection of Human Rights and Fundamental Freedoms of 1950, the Helsinki final Act and the Charter of Paris for a New Europe (Article 3), must be ensured. Moreover, Kosovo institutions should ensure respect for international law and instruments, including those related to the protection of human rights and fundamental rights up to protection of persons belonging to minorities, without discrimination on any grounds (Article 4).

SAA requirements in the area of protection of personal data

Based on the obligations deriving from Article 84 of SAA, the institutions of the Republic of Kosovo shall ensure that the personal data protection legislation achieves a level of protection of personal data by Kosovo corresponding to that of the EU *acquis*. Protection of personal data shall be developed in the way that it is in compliance with the EU legislation in this area.

Other EU accession requirements

Other EU accession requirements in the area of judicial system

According to the findings in the EC 2015 Kosovo Report, there are a number of challenges in relation to the judiciary: the Kosovo judiciary is at an early phase of developing a functional justice system, the justice administration is slow, accountability on the part of judicial officials is insufficient, questionable appointments and unclear mandates have damaged the activity of key institutions, such as Kosovo

Judicial Council, Kosovo Prosecution Offices, and the Office of State Prosecutor and rule of law institutions suffer from the lack of sustainable financing.

Based on requests from the meeting of the Stabilisation and Association Process Dialogue, KJC and KPC shall conclude the ongoing processes for the recruitment of judges and prosecutors; KJC and KPC shall ensure that performance assessment of judges and prosecutors should be carried out regularly and systematically based on the criteria of transparency and objectivity and in accordance with European standards and other relevant standards; to ensure that the training of judges and prosecutors is of a high standard; and the Ministry of Justice shall ensure proper public consultation throughout the process of drafting the Law on Academy of Justice.

KPC is also required to provide information on prosecutions and adjudications of electoral frauds for the years 2010, 2011, 2012, 2013, 2014; (This is a joint action of KPC/KJC); to continue the efforts to combat smuggling and corruption in the correctional institutions and continue the efforts to investigate all cases of corruption in the correctional services; to continue the efforts to improve the programmes for future reintegration into society and vocational rehabilitation; to continue with the recruitment and capacity building of KCS to a sufficient level.

Furthermore, in accordance with the 2016 Kosovo Report part on accountability and transparency and the SAA plan on capacity building, assessment and functioning of courts, KJC needs financial support, additional budget from the Ministry of Finance and the Ministry of Public Administration, in order to increase the administrative staff and to enable the monitoring of KJC decisions.

Another requirement from the sixth meeting of SAPD JFS, within judicial reform/review and legislative plans, is that the Ministry of Justice shall ensure that, in accordance with the regulation, all concept documents for all legislation and amendments to legislation.

Other EU accession requirements in the area of anticorruption policy

According to the findings of the 2016 Kosovo Report, the following challenges were identified in relation to fight against corruption: Kosovo is at an early stage in fighting corruption, progress has been limited, and strong political will is needed to start this phenomenon adequately. Also, the report requires a comprehensive strategic approach in ensuring results in fighting corruption in Kosovo. Kosovo's expertise is limited in terms of dealing with complex financial investigations as well as confiscation of criminally obtained assets effectively.

According to the obligations arising from the SAPD JFS, the Republic of Kosovo is strongly committed to strengthen its structures to effectively combat, prevent, investigate, prosecute, and adjudicate corruption. In this regard, the Assembly should approve amendments to the Law on Prevention of Conflict of Interest, ensuring alignment with the Criminal Code; to improve reporting by the focal points (in all different institutions responsible for implementing the activities of the action plan) to the Kosovo Anti-Corruption Agency regarding the implementation of the Anti-Corruption Action Plan; Kosovo Prosecutorial Council shall increase the number of prosecutors in the basic prosecutions, especially in the office in Prishtina; Kosovo Prosecutorial Council shall provide information about seized/confiscated assets related to corruption.

Other EU accession requirements in the area of fundamental rights

Based on the findings of the 2016 EC Kosovo Report, greater efforts are needed for implementing applicable legislation. The establishment of a judicial tracking mechanism for cases of discrimination and ensuring women's property rights should be a priority for Kosovo institutions. The Government of Kosovo should ensure sufficient budget for implementing the law on child protection. In addition, the strategic framework in the field of human rights and minority protection should be updated, as well as active measures should be undertaken to include communities in the labour market.

According to obligations resulting from SAPD, institutional commitment is necessary to implement the package of laws on human rights, more specifically to adopt sublegal acts for their implementation, to organize awareness campaigns and to approve the Human Rights Strategy, taking into account recommendations of the Ombudsperson. Moreover, law enforcement institutions should be proactive by raising awareness and providing capacity building training to enable effective execution of court cases against discrimination.

In addition, according to obligations deriving from the SAPD, the strategic framework covering the area of human rights, including the rights of children, should be updated. The institutions should continue the fight against domestic violence and create a uniform database system for regular collection of data on the cases of gender-based violence in all institutions. Responsible institutions should ensure proper implementation of legislation to promote the rights of persons with disabilities, including the allocation of sufficient resources. The coordination on enhancing the enforcement of property rights shall be improved as well.

Other EU accession requirements in the area of protection of minorities and cultural heritage

According to the obligations derived from the SAPD, the policy framework for the integration of Roma, Ashkali and Egyptian communities should be completed, including allocation of sufficient budget. Further commitment of municipalities is necessary in relation to land allocation for minority communities, as well as improved coordination between the central and local level. In addition, the Office for Good Governance should provide sufficient budget means at central and local level to ensure appropriate implementation of new political commitments, by setting clear objectives.

However, according to the obligations derived from the SAPD, finalization of the policy framework for the integration of Roma, Ashkali and Egyptian communities is required, including allocation of sufficient budget. Further commitment of Municipalities is required to ensure land allocation for minority communities, and improve coordination between the central and local levels. The Office for Good Governance should needs to ensure sustainable budgetary means, for both national and local levels, for proper implementation of the new political commitments by setting clear objectives.

Other EU accession requirements in the area of personal data protection

Based on the 201 EC Kosovo Report, there is a need for further advancement of the capacities of NAPD, including staff qualification and necessary financial allocations.

In addition to harmonization of legislation with the EU *acquis* in the area of personal data protection, cooperation with all institutions to implement the legislation in processing of personal data shall be intensified and sanction mechanisms in case of non-compliance shall be established. Moreover in order to achieve the objectives outlined in the national strategy for personal data protection, sufficient human and financial resources should be provided.

State of Play

Legal Framework

Legal framework in the area of judicial system

The Republic of Kosovo has consolidated its legal framework in the area of judiciary with aim to strengthen the rule of law and institutions at all levels (in the area of administration in general and the administration of law enforcement/justice in particular), strengthening the independence, impartiality, accountability of the judiciary and improving the efficiency, development of appropriate structures for the police, prosecutors, judges and other judicial and law enforcement bodies, reducing the backlog of

cases, implementation of judicial reform, security measures for judges, prosecutors, court staff, witnesses, etc., and providing suitable premises where the trials are held in accordance with court procedures.

The functioning of the judicial system is regulated by four framework laws on judiciary: the Law on Courts, the Law on State Prosecution, Law on Prosecutorial Council and Law on Judicial Council. Besides these, the following are additional legal acts that regulate the judiciary system in the Republic of Kosovo: Constitution of the Republic of Kosovo, Law on Bar Examination, Law on Notaries, Law on Legal Aid, the Criminal Code of Republic of Kosovo, Criminal Procedure Code of the Republic of Kosovo, Law on the Bar, Law on Execution of Criminal Sanctions, Law on Mediation, Law on Execution Procedure, Law on the Kosovo Judicial Institute and other bylaws in this field.

In order to ensure an independent judicial and prosecutorial system the legal framework of four laws has been adopted, ensuring harmonization of legal provisions regulating the same issues in the judiciary and prosecutorial system, increasing the transparency of the work of the judicial system to the public, and increasing the efficiency and effectiveness of the courts and prosecution offices. The SAA Article 83, the Progress Report on Visa Liberalization and SAPD identify the need for amending the package of judicial laws. Consequently the aim of the amendments and changes to these laws in broader lines is:

- Harmonization of laws As regards appointment and dismissal criteria of judges and prosecutors; and
- Increasing the independence and accountability, through the institutionalization of mechanisms for ensuring independence, impartiality and accountability of the work of courts and prosecution offices.

Independence of the Judicial Council and Prosecutorial Council has been strengthened by ensuring the financial independence, whereby the Councils besides managing their budgets, will also prepare the annual budget proposal and will submit it for adoption by the Assembly of the Republic of Kosovo. Moreover, the establishment of Commissions for Performance Assessment of judges and prosecutors was envisaged, whereby the assessment may serve as a basis for promotion, demotion and dismissal of judges and prosecutors.

Law on Courts regulates the organization, functioning and jurisdiction of courts in the Republic of Kosovo. This law has defined the conditions for nomination of candidates for judges (the general and specific conditions) that are prepared in accordance with the best practices of EU countries. In this context also the harmonization of criteria for appointment and dismissal of judges has been carried out. One of the most important aspects of this law is the increase of transparency of courts by making the publication of final decisions obligatory.

Law on State Prosecutor establishes and regulates the organization, jurisdiction, functioning, competences and duties of the State Prosecutor. With the view to harmonization with the Law on Courts, the provisions on organization and clear definition of the levels of prosecution and determination of the exercise of functions within these levels of the state prosecutor are amended. One of the main changes in Law on State Prosecutor relates to the appointment of new prosecutors. Also, the simplification of procedures for the selection of prosecutors and the role of the Council are made compatible with European standards taking into account the needs and obstacles in the ground as well as the fulfilment of the goal to increase the number of new staff that become part of the judicial system.

Law on the Kosovo Judicial Council regulates the organization and functions of the Kosovo Judicial Council (KJC), including procedures for recruitment, appointment, reappointment, transfer, discipline, evaluation, promotion and training of judges and lay judges; the management and administration of courts, drawing up and overseeing the budget of the judiciary; and the establishment of new courts and branches.

Law on Prosecutorial Council regulates the Kosovo Prosecutorial Council, a fully independent institution in exercising its functions. The Council shall ensure that all persons have equal access to justice and prosecutors exercise their function independently, professionally and impartially. The Council ensures that the State Prosecutor reflects the multi-ethnic character of Kosovo and the principles of gender equality. The Council is responsible for recruiting and proposing candidates for appointment and reappointment in prosecutorial office and evaluates, promotes, disciplines, dismisses, transfers and provides support for training of prosecutors. Jointly with State Prosecutor, the Council is responsible for submitting and managing the budget of the Council and the State Prosecutor.

Law on Bar Exam regulates the conditions, criteria, procedures and the programme for the bar exam.

Law on Notary regulates the organization and functioning of the notary, conditions and methods of work and other issues important for exercising the notary activity, as a public activity in Kosovo.

Law on Free Legal Aid aims to establish a functional system for free legal aid in civil, administrative, minor offences and criminal procedure by which it shall be ensured effective approach in justice for the citizens that have no sufficient financial means.

Law on the Bar shall regulate conditions to practice bar, ways and methods of work, rights, obligations and responsibilities of lawyers and law interns; organization and work of the Kosovo Chamber of Advocates (hereinafter KCA) and other important issues for the performance of bar.

Law on Execution of Penal Sanctions: the purpose of this law is execution of penal sanctions, sanctions on offences and measures of mandatory treatment, and application of detention measure.

Law on Mediation regulates the procedure of mediation in general, the establishment, organization, functioning of the Mediation Council, as well as the rights, duties and qualifications of mediators. The law establishes rules of mediation procedure in contested relationships, in legal assets matters, of natural and legal persons, commercial, family, labour, other civil, administrative and criminal relationships, on which the parties can freely act with their good will, if otherwise not foreseen the exclusive responsibility of a court or other competent body with a separate law.

Law on Executive Procedure shall provide for the procedure in which courts and private enforcement agents determine and carry out enforcement, on the basis of the enforcement titles and authentic documents, unless if with the special law is foreseen otherwise. The provisions of this law shall also apply for the enforcement of given decision in administrative and minor offences procedure, by which are foreseen obligation in money, except in cases when for such enforcement, by the law is foreseen the jurisdiction of other body. Provisions of this law are also applied for the enforcement on ships and aircrafts, unless if with special law is not foreseen otherwise. The present law shall also regulate the activities of private enforcement agents.

Law on Kosovo Judicial Institute establishes the Kosovo Judicial Institute as an independent professional body that enjoys the status of legal entity. The KJI may enter into working agreements, cooperation and scientific and professional activities with other local and international organizations. The KJI as the main institution for training within the judicial system of Kosovo should perform its functions based on principles of legality, impartiality and efficiency. KJI is an independent body which acts in corporation with KPC or with its legal successors in the coordination of needs for professional training of judges and prosecutors of Kosovo, for training of candidates for judges and prosecutors and for other issues related to the judicial system of Kosovo.

Criminal Code of the Republic of Kosovo - Criminal offenses and criminal sanctions are foreseen only for those actions that infringe and violate the freedoms, human rights and other rights and social values

guaranteed and protected by the Constitution of the Republic of Kosovo and international law to the extent that is not possible to protect these values without criminal sanctions. The criminal offenses and the types of measures and the severity of the criminal sanctions for the perpetrators of criminal offenses are based on the necessity of criminal justice enforcement and the proportionality of the level and nature of the danger for human rights and freedoms and social values. The Code has partially transposed the following EU *acquis* acts:

- Framework Decision on combating organized crime (Framework Decision 2008/841/JHA);
- Framework Decision on the establishment of criminal sanctions against counterfeiting of Euro's (Framework Decision 2000/383/JHA, as amended by Framework Decision 2001/888/JHA) and Council Decision on the protection the euro against counterfeiting (Decision 2001/887/JHA);
- Framework Decision on combating fraud and counterfeiting of non-cash means of payment. (Framework Decision 2001/413/JHA);
- Directive 2011/36 of the EU on preventing and combating trafficking in human beings;
- Directive 2011/92 The EU on combating the sexual abuse and sexual exploitation of children;
- Council Framework Decision 2004/757/JHA on the minimum provisions on the constituent elements of criminal acts and penalties in the area of illicit drug trafficking;

Criminal Procedure Code of the Republic of Kosovo determines the rules of criminal procedure mandatory for the proceedings of the courts, the state prosecutor and other participants in criminal proceedings as provided for in the present Code. This Code sets forth the rules which are to guarantee that no innocent person shall be convicted, and that a punishment or any other criminal sanction shall only be imposed on a person who commits a criminal offence under the conditions provided for by the Criminal Code and other laws of Kosovo which provide for criminal offences and on the basis of a procedure conducted lawfully and fairly before the competent court. The freedoms and rights of the defendant may be restricted before a final judgment has been rendered only under the conditions defined by the present Code. This Code is approximated with the EU legislation in matters related to criminal procedure. To reflect the EU *acquis* the Code was approximated with the following:

- Directive 2010/64/EC on the right to interpretation and translation in criminal proceedings;
- Directive 2012/13/EC on the right to information in criminal proceedings;
- Directive 2013/48/EU, on the right of access to a lawyer in criminal proceedings and in European arrest warrant proceedings, and on the right to have a third party informed upon deprivation of liberty and to communicate with third persons and with consular authorities while deprived of liberty

Law on Liability of Legal Persons for Criminal Offences- This law regulates the liability of legal persons for criminal offences; penal sanctions that may be imposed to legal persons and special provisions that regulate the applicable procedure against the legal person.

Legal framework in the area of anticorruption policy

The area of anticorruption policy in the Republic of Kosovo is regulated by the following laws:

Law on Declaration, Origin and Control of Property of Senior Public Officials and on Declaration, Origin and Control of Gifts of all Public Officials is harmonized with the Criminal Code so that non declaration of property is classified as a criminal offence.

Law on Prevention of Conflict of Interest in Discharge of Public Functions defines mandatory rules for public officials in discharge of public functions to prevent conflicts of interest between public and private interests, and defines the basic restrictions for public officials in discharge of public functions and the functions of other character than public. By amending this law, it was harmonized with the Criminal Code.

Law on Anti Corruption Agency defines the status and responsibilities of the Anti-Corruption Agency in the area of combating and preventing corruption, especially in the area of reporting, detection and investigation of corruption, the implementation of the Strategy and Action Plan on Anti Corruption. This law is harmonized with the Council Conclusions of 8 May 2003 (2003 / C 137/01) and the provisions of the UN Convention against Corruption adopted by the General Assembly Resolution 58/4 of 31 October 2003.

Prohibition of corruption offenses is also regulated by the *Criminal Code of the Republic of Kosovo 04/L-082*, chapter XXXIV Official Corruption and Criminal Offences against Official Duty, whereby the following are considered as criminal offence: abuse of power and official authority, misuse of official information, conflict of interest, misappropriation in office, accepting bribes, bribing etc.

Law on Protection of Informants creates the legal basis for encouragement of the officials to present the unlawful actions. In the meaning of this law, an informant (whistle blower) is considered any person, who, as a citizen or an employee reports in good faith the respective authority within public institution at central or local level, institutions, public enterprises or private for any reasonable doubts about any unlawful actions.

Criminal Code of the Republic of Kosovo - criminal offenses and criminal sanctions are foreseen only for those actions that infringe and violate the freedoms, human rights and other rights and social values guaranteed and protected by the Constitution of the Republic of Kosovo and international law to the extent that is not possible to protect these values without criminal sanctions. Criminal offenses and the types of measures and the severity of the criminal sanctions for the perpetrators of criminal offenses are based on the necessity of criminal justice enforcement and the proportionality of the level and nature of the danger for human rights and freedoms and social values. This Code has partially transposed the following EU acts:

- Framework Decision on combating organized crime (Framework Decision 2008/841 / JHA);
- Framework Decision on corruption in the private sector (Framework Decision 2003/568 / JHA);
- Convention pursuant to Article K.3 (2) (c) of the Treaty on European Union to combat corruption involving officials of the institutions of the European Union or officials of Member States of the European Union.

Code of Ethics and Professional Conduct of Judges is adopted taking due account of internationally recognized human rights standards and principles, and fundamental freedoms which in particular guarantee to everyone the right to equality before the law, the presumption of innocence, and the right to a fair and public hearing within a reasonable time by an independent and impartial tribunal established by law. This Code defines the standards of ethics and professional conduct that should be observed by judges. A breach of this Code may constitute grounds for sanctions.

Code of Ethics and Professional Conduct of Prosecutors also defines the above mentioned standards and is based on the general principles of respect for the highest standards of professional and personal behaviour, carrying out the tasks of the prosecutor in conformity with the internationally recognized human rights standards and avoiding any behaviour or situation that may pose at risk the integrity and impartiality of the prosecutor.

Based on the content of these laws, we may conclude that the major part of the work of the Agency is related to corruption prevention:

- The declaration of assets by public officials and the declaration of gifts from all public officials;
- Preventing conflict of interest in public sector;
- Prevention of corruption in public procurement;
- Education of the public, women and men;

- Implementation of Anti-Corruption Strategy.

Law on Financing Political Parties regulates the manner, conditions of funding, administration and observation, incoming report of political party and also foresees gained transparency and reporting expenditure of funds of political subjects in Republic of Kosovo.

Law on Public Procurement ensures the most efficient, cost-effective, transparent and fair use of public funds, public resources and any other funds and resources of contracting authorities in Kosovo by establishing the requirements and rules that shall be observed, the procedures that shall be followed, the rights that shall be respected, and the obligations that shall be performed, by persons, economic operators, undertakings, etc. This law also aims to ensure the integrity and accountability of public officials, civil servants and other persons conducting or involved in a procurement activity.

Law on the Civil Service regulates the status of Civil Servants and the terms and conditions of their employment relationship with the institutions of the central and municipal administrations and sets the rules for the overall management and organization of a politically neutral and impartial Civil Service, the rules on the admission to the Civil Service, working conditions, the rights and obligations of staff, personal conduct, career progression and professional development of Civil Servants.

Legal framework in the area of fundamental rights

The fundamental rights and freedoms in Kosovo are protected and governed by the principles set forth by the Constitution. The main **international conventions and instruments that guarantee these rights** are directly applicable and prevail in cases of conflict with the domestic legislation. European Convention for the Protection of Human Rights and Fundamental Freedoms (ECHR) and its protocols, the Universal Declaration of Human Rights, the International Convention on Civil and Political Rights and its Protocols, the Framework Convention of the Council of Europe for the Protection of National Minorities, the Convention on the Elimination of All Forms of Racial Discrimination, the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), the Convention on the Rights of the Child, the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, are guaranteed by the Constitution and are directly applicable in Kosovo.

In order to advance the protection of human rights, adoption of the Law on Protection from Discrimination, the Law on the Ombudsman and the Law on Gender Equality has completed the legal framework on protection of these rights. The package of laws aims at preventing and combating discrimination, raising the level of effective equality and the realization of the principle of equal treatment before the law of persons in Kosovo, ensuring the protection and promotion of gender equality between the sexes as a fundamental value for a democratic development of society, establishing the legal mechanism for protection, monitoring and promotion of the rights and freedoms of natural and legal persons by the illegal or irregular actions or failure to act of public authorities, public administration bodies, other state bodies, and the establishment of the National Mechanism for prevention of torture and other cruel, inhuman and degrading treatment and punishment, which are guaranteed by national legislation and international acts into force.

Law on Protection from Discrimination establishes a general framework for prevention and combating discrimination based on any grounds with the aim to implement the principle of equal treatment. This law is in accordance with Council Directive 2000/43/EC of 29 June 2000 on implementing the principle of equal treatment between persons regardless of racial or ethnic origin of the Council of the European Union; Council Directive 2000/78/EC of 27 November 2000 on establishing a general framework for equal treatment in employment and occupation of the Council of the European Union; Council Directive 2004/113/EC of 13 December 2004 on implementing the principle of equal treatment between men and women in the access to and supply of goods and services of the Council of the European Union; Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006 on implementation of the

principle of equal opportunities and equal treatment of men and women related to employment and occupation.

Law on Ombudsperson aims to establish a legal mechanism for protection, supervision and promotion of fundamental rights and freedoms of natural and legal persons from illegal actions or failures to act and improper actions of public authorities, other bodies and organizations exercising public authorizations for their account in the Republic of Kosovo.

Law on Gender Equality preserves, treats and establishes gender equality as a fundamental value for the democratic development of the society. The law is in accordance with the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW); fully aligned with Directive 2000/78/EC establishing a general framework for equal treatment in employment and occupation and Directive 2004/113/EC implementing the principle of equal treatment between men and women in the access to and supply of goods and services; and partly aligned with Directive 2006/54/EC implementing the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation; Directive 79/7/EEC progressive implementation of the principle of equal treatment of women and men in matters of social security; Directive 2010/41 on the application of the principle of equal treatment for women and men engaged in an activity in a self-employed capacity.

Law on Family regulates engagement, marriage, relations between parents and children, adoption, custody, protection of children without parental care, family property relations and special court procedures for disputes of family relations.

Law on Protection of Domestic Violence aims to prevent domestic violence, in all its forms, through appropriate legal measures, of the family members, that are victims of the domestic violence, by paying special attention to the children, elders and disabled persons, as well as treatment for perpetrators of domestic violence and mitigation of consequences.

Criminal Code of the Republic of Kosovo defines criminal offenses and criminal sanctions that are foreseen only for those actions that infringe and violate the freedoms, human rights and other rights and social values guaranteed and protected by the Constitution of the Republic of Kosovo and international law to the extent that is not possible to protect these values without criminal sanctions. This Code partially transposed the following EU *acquis*:

- Directive 2011/36 of the EU on preventing and combating trafficking in human beings;
- Directive 2011/92 The EU on combating the sexual abuse and sexual exploitation of children.

Criminal Procedure Code of the Republic of Kosovo determines the rules of criminal procedure mandatory for the proceedings of the courts, the state prosecutor and other participants in criminal proceedings. This Code sets forth the rules which are to guarantee that no innocent person shall be convicted, and that a punishment or any other criminal sanction shall only be imposed on a person who commits a criminal offence under the conditions provided for by the Criminal Code and other laws of Kosovo which provide for criminal offences and on the basis of a procedure conducted lawfully and fairly before the competent court. To reflect the EU *acquis* the Code was approximated with the following:

- Directive 2010/64/EC on the right to interpretation and translation in criminal proceedings;
- Directive 2012/29/EC on the right to information in criminal proceedings;
- Directive 2013/48 / EU, on the right of access to a lawyer in criminal proceedings and in European arrest warrant proceedings, and on the right to have a third party informed upon deprivation of liberty and to communicate with third persons and with consular authorities while deprived of liberty;

Juvenile Justice Code regulates the procedure of imposing and execution of measures and sentence against the minor, court procedure and mediation procedure for the minor. Juvenile Justice Code is drafted in line with the Convention of Rights of the Child. Juvenile Justice Code is approximated with:

- United Nations Standard Minimum Rules for the Administration of Juvenile Justice ("The Beijing Rules"), adopted by General Assembly resolution 40/33 of 29 November 1985;
- Convention on the Rights of the Child, adopted and opened for signature, ratification and accession by General Assembly resolution 44/25 of 20 November 1989;
- Opinion of the European Economic and Social Committee for the prevention of juvenile delinquency; Ways of dealing with juvenile delinquency and the role of the juvenile justice system in the European Union;
- Convention for the Protection of Human Rights and Fundamental Freedoms (European Convention on Human Rights), the European Social Charter;
- European Convention on Nationality;
- European Convention on the Recognition and Enforcement of Decisions concerning Custody of Children and on Restoration of Custody of Children;
- European Convention (Lanzarote) for the Protection of Children against Sexual Exploitation and Abuse;
- Council of Europe Convention on contact concerning children (2003);
- European guidelines for child-friendly Justice;
- European rules for juveniles subject to sanctions or measures;
- Recommendation 2000 (20) of the Council of Europe on the role of early psychosocial intervention in the prevention of criminality;
- The Hague Convention on the Civil Aspects of International Child Abduction
- IV Geneva Convention for the Protection of Civilian Persons in Time of War;
- Protocol I to the Geneva Conventions relating to the Protection of Victims of International Armed Conflicts
- Protocol II of the Geneva Convention relative to the Protection of Victims of Non-International Armed;
- Observations of the Committee on the Rights of the Child, Comment No. 10 (2007) on children's rights for Juvenile Justice.

Law on the Civil Aspects of International Child Abduction aims to secure the prompt return of children who have been wrongly removed from or retained outside their State of habitual residence and to ensure respect for rights of custody of and access to children who are residents in Kosovo or a Requesting State. The law is in accordance with the Hague Convention and with the best practices provided by the Hague Conference on Private International Law.

Law on the Electronic Supervision of Persons Whose Movement is Limited by the Decision of the Court aims to regulate the use of electronic supervision in the criminal justice process in order to enhance public safety and ensure effective execution of decisions of the court, by fully respecting the rights of the persons involved.

Law on Free Legal Aid aims to establish a functional system for free legal aid in civil, administrative, minor offences and criminal procedure by which it shall be ensured effective approach in justice for the citizens that have no sufficient financial means.

Law on Vocational Ability, Rehabilitation and Employment of People with Disabilities regulates and determines the rights, conditions, forms of Vocational Ability, Rehabilitation and Employment of People with Disabilities, for their integration in open labour market according to general and special conditions laid down by applicable legislation. This law is partially aligned with Directive 2002/73/EC of the European Parliament and the Council of 23 September 2002 amending Council Directive 76/207/EEC on the

implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions, and Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation

The *Law on Blind Persons*, which regulates the rights and benefits for blind persons, and defines criteria for categorization of such persons, protects blind persons from all kinds of exploitation, discrimination, abuse, insult, ridicule, and stipulates that they enjoy their rights and freedoms equally with others, in line with international human rights standards.

Law on Material Support for Families of Children with Permanent Disability regulates the right to material support for families that protect and care for children with permanent disability and the realization form of this material support.

The *Law on the Status and Rights of Tetraplegic and Paraplegic Persons*, which regulates the rights and benefits of tetraplegic and paraplegic persons and defines the criteria for their categorization. It also protects tetraplegic and paraplegic persons from all kinds of exploitation, discrimination, abuse, insult, ridicule and stipulates the enjoyment of their rights and freedoms on an equal basis with others, in line with international human rights standards. This law was adopted on 24 May 2016 by the Assembly of the Republic of Kosovo, and it is implemented as of 1 January 2017.

Law on Protection of Journalism Sources regulates the issue of the protection of the right of journalists to protect their sources of information, based on Articles 40 and 42 of the Constitution of the Republic of Kosovo.

Labour Law aims at regulating the rights and obligations deriving from employment relationship and provisions of this Law shall be applicable for employees and employers in the private and public sector in Republic of Kosovo. Labour law and subsidiary legislation are aligned with approximately 10 directives (refer to Chapter 19 "Employment and Social Policies").

Law on Safety and Health at Work sets the measures for improving the level of safety and health of employees at work and contains general principles for prevention of occupational hazards, elimination of hazardous and accidents factors, information, consultation, balanced participation in improving the level of safety and health at work, treatment of employees, their representatives and general guidelines for implementing such principles. The new Law on Safety and Health at Work, adopted in 2013, is aligned with Council Directive 89/391/EEC of 12 June 1989 on the introduction of measures to encourage improvements in the safety and health of workers at work (Framework Directive). This Directive is transposed to a great extend in the new Law for Safety and Health at Work. This law has set the pace for transposition of 19 individual directives arising from this directive. So far two directives are transposed individually in separate regulations, the first and second directive within the meaning of Article 16 (1) of Directive 89/391/EEC. (Refer to Chapter 19 "Employment and Social Policies").

Legal framework in the area of protection of minorities and cultural heritage

There is a solid legislative framework on protection of minorities. Council of Europe Convention for the Protection of National Minorities and the international convention on the elimination of all forms of racial discrimination apply directly to the republic of Kosovo in accordance with the constitution. The laws that cover the protection of minorities and cultural heritage are as the following:

Law on the Protection and Promotion of the Rights of Communities and their Members in Kosovo shall guarantee full and effective equality for all people and it is in line with the Framework Convention of the Council of Europe for the Protection of National Minorities. All persons belonging to communities shall be entitled to enjoy individually or jointly with others the fundamental and human rights and freedoms established in international legal obligations.

Law on the Use of Languages ensures the use of the official languages, as well as languages of communities whose mother tongue is not an official language, in Kosovo institutions and other organizations and enterprises that carry out public functions and services. Ensures equal status of Albanian and Serbian as official languages of Kosovo and the equal rights as to their use in all Kosovo institutions and the right of all communities in Kosovo to preserve, maintain and promote their linguistic identity. The law is drafted based on the International Convention on Civil and Political Rights, the European Convention for the Protection of Human Rights and Fundamental Freedoms and its Protocols, the Framework Convention for the Protection of National Minorities, the European Charter for Regional or Minority Languages, and taking into account the Hague Recommendations regarding the Education Rights of National Minorities and the Oslo Recommendations regarding the Linguistic Rights of National Minorities, the Guidelines on the Use of Minority Languages in the Broadcast Media, and aiming to regulate the use of languages.

Law on Special Protective Zones ensures protection of Serbian Orthodox Monasteries, Churches, other religious sites, as well as historical and cultural sites of special significance for the Kosovo Serb community, as well as other communities in Republic of Kosovo, through the establishment of Special Protective Zones. With the view to monitoring and implementation of the Law on Special Protective Zones, the Implementation and Monitoring Council is made operational.

Legal framework in the area of personal data protection

The Article 36.4 of the Constitution of the Republic of Kosovo guarantees that every person has the right to protection of personal data. In this regard, the Republic of Kosovo has adopted the basic Legal and Policy Framework in the area of personal data protection. More specifically, the Law no. 03/L-172 on Personal Data Protection was adopted in April 2010. Pursuant to Article 53 of the Constitution of the Republic of Kosovo, the judicial decisions of the European Court of Human Rights are directly applicable in our country. The European conventions and directives that regulate the field of data protection and privacy are the following: Convention 108 /EC and its additional protocols (for protection of individuals with regard to automatic processing of personal data); Directive 95/46/EC; Directive 2002/58/EC (e-privacy and electronic communication).

Law on Protection of Personal Data determines the rights, responsibilities, principles and measures with respect to the personal data protection and establishes an institution responsible for monitoring the legitimacy of data processing. This law is partially aligned with the EU *acquis*:

- Directive 95/46/EC on protection of individuals with regard to the processing of personal data and the free movement of such data;
- Council Framework Decision 2008/977/JHA on the protection of personal data.

Policy Framework

Policy framework in the area of judicial system

The policy framework in the field judiciary consists of Strategies and Action Plans as the following:

The *Strategic Plan 2016 – 2018 and Action Plan of the Strategic Plan of the Kosovo Prosecutorial Council* determines objectives designed to execute the Council's constitutional and legal mandate. It also includes the Action Plan for implementing the strategy to ensure achievement of the Council's strategic objectives within the planned period and to ensure reform sustainability.

National Backlog Reduction Strategy and Action Plan – The purpose of this document is to provide an overall strategic vision for addressing the backlog of cases pending in Kosovo courts. The Strategy will guide the development of policies, internal regulations, procedures, standards, and implementation initiatives, interventions, and activities. The overarching premise of this Strategy is to develop a three-prong approach to addressing backlog reduction through following organizations:

- Kosovo Judicial Council – The Council will provide overall policy development, leadership, and internal and external coordination support for implementation of the Strategy and its associated initiatives and activities.
- Secretariat of the Kosovo Judicial Council – The Secretariat will provide operational, budgetary, technical, administration, and logistical support for implementation of the Strategy and its associated initiatives and activities.
- Kosovo Courts – The Courts will provide day-to-day judicial and managerial oversight for implementation of the Strategy and its associated initiatives and activities.

KJC Strategic Plan on Information and Communication Technology 2012 -2017 - the vision of the strategy is that the information and communication technology in place shall support the vision of the Kosovo Judicial Council to establish a judicial system that is efficient, transparent, accountable about its work and accessible for all. The main development pillars of the strategy are the following: preparation of legal and regulatory basis, provide sponsorship and support decision-making, ensure adequate hardware and software infrastructure of ICT and competent human resources to maintain the systems and to support the users in operating with the infrastructure. The main projects intended to be implemented through the implementation of the strategy are the *Case Management System, Audio Recording System of Criminal Proceedings*, as well as ensuring and making use of advanced audio and video in seven basic courts in order to enable direct protected witness hearings. So far, the strategy has been achieved by ensuring the implementation of the Case Management System, a project that is being implemented. While the audio recording system and witness protection systems are not implemented due to the lack of funds for this purpose.

The preparatory work plan for the project on electronic case management – The first phase or preparatory phase of the project has started in January 2014 and has been successfully completed in June 2015. All the objectives envisaged to be implemented during the preparatory phase were completed and reported to the donor, in this case the Norwegian Ministry of Foreign Affairs. Based on the results achieved in the preparatory phase, the agreement on the grant for the main phase of the project is signed. The new phase already started and its duration is for three years. This phase intends to replace the manual work in the courts and prosecutions with the electronic system, which will enable processing and management of the matters in electronic form. It will create better working conditions, in accordance with actual trends and developments in technology and society in general. Case management system will allow increasing the efficiency of courts and prosecutions, increasing transparency and accountability, as a legal obligation. This will be achieved through proactive management of courts and prosecutions based on accurate data in real time available through the system.

The Strategy for Reduction of Cases and Alternative Procedures – aims to reduce the cases in courts in such way that minor offences cases will be completed in prosecutions without further proceedings in courts. Based on this approach, the focus of prosecutors will prioritize and handle more severe cases such as corruption, economic crime, confiscation and investigation of persons in higher positions.

Rule of Law Assistance Strategy of Kosovo 2016-2019 – aims to improve the conditions for sustainable Rule of Law and subsequently, advancement of European integration process through planning, programming, and improving the effectiveness of donor assistance in accordance with national strategic priorities.

Policy framework in the area of anticorruption policy

The policy framework in the area of anticorruption policy consists of the following:

The Strategic Plan (2016 - 2018) and Action Plan of the Kosovo Prosecutorial Council for improving the efficiency of the prosecutorial system in fighting corruption and economic crimes, including the sequestration and confiscation of illegal wealth. KPC aims to improve efficiency and reduce the number of unsolved cases of corruption and economic crimes. This plan intends to reduce the number of

unsolved cases, increase the efficiency in the dissolution of new cases, improve the level of cooperation with institutions, build capacity, accountability and transparency through training.

Anti Corruption Strategy and Action Plan 2013-2017 – The strategy is adopted. This document contains anti corruption policies that shall be implemented by responsible central and local level institutions of the Republic of Kosovo. The overall goal of the Anti Corruption Strategy is to contribute to progressive and sustainable reduction of corruption, strengthening of integrity and building the trust of citizens in public governance institutions and to promote the principle of zero tolerance to corruption, implementation of international standards on anti corruption, that support the effective and functional rule of law in Kosovo. In addition, the Strategy will support the government structures to change the institutional culture on anti corruption and the attitude towards the results oriented approach. This requires proactive approach by all public institutions, other independent bodies, civil society and international community. This Strategy has followed the structure of the previous document, while it contains horizontal objectives as well as specific objectives for each vertical priority sector, meaning: public sector, local government, central administration, rule of law – prosecution – judiciary – public finance, public procurement, private sector/business environment, civil society and media as well international and regional cooperation.

Anticorruption Action Plan contains concrete measures on anti corruption that shall be implemented by institutions of central and local level. Anti Corruption Agency (ACA) in cooperation with other public institutions and civil society organisations, has prepared the actual Strategy on Anti Corruption and its Action Plan (2013-2017). These documents envisage concrete, focused objectives and measures on prevention and fighting corruption during the third strategic cycle in Kosovo, following that of 2004-2007 and 2009-2011.

The Revision Process of the Anti Corruption Action Plan 2013-2017 has changed the activities or measures of the Action Plan, where some of the activities have been modified, deleted or new activities were added. The changes have included all the sectors. The deadline of the measures was changed as well. In addition to the internal evaluation and risk assessment in key priority areas, the last European Commission Progress Report for Kosovo, as well as other international and independent assessments in the areas sensitive to corruption in Kosovo were used as a good base for drafting the new Strategy and Action Plan.

Annual Corruption Risk Assessment has been completed in April 2015 covering public sector, local government, central administration (particularly focusing on the high risk zones, such as spatial planning, education and health and tax authorities), prosecution, judiciary and financial policies and public procurement. This assessment has served to revise the Anti Corruption Action Plan 2013-2017 which is finalized in July 2015. The annual corruption risk assessment has highlighted:

- Amending the legislation in various fields to avoid legal gaps that could potentially generate corruption
- Increase the cooperation between the justice mechanisms with institutions
- Avoiding conflict of interest
- Increasing the accountability and supervision at work
- Strengthening the control over the public procurement system and processes related to budget expenditures (effectiveness and efficiency of use of budgetary funds)
- Supplementing and improving the legislative framework on anti corruption.

Tracking mechanism for the establishment of inter-institutional cooperation – Kosovo Prosecutorial Council has created the database/tracking mechanism with the aim to harmonize the statistical reports among criminal charges adduction subjects. This has enabled to enhance the inter institutional cooperation and unification of statistics. In this line, KPC has drafted the Plan on Enhancing the Efficiency of the Prosecutorial System on anti corruption. KPC has also appointed national coordinators and has

established the commission for overseeing and verification of submitted data by Basic Prosecutions and Special Prosecution of the Republic of Kosovo related to implementation of the Plan on Enhancing the Efficiency of the Prosecutorial System.

Policy framework in the area of fundamental rights

The policy framework in the area of fundamental human rights consists of the following strategies and actions plans:

National Strategy on the Rights of Persons with Disabilities 2013-2023 aims to provide a sustainable framework of concrete actions that tackles the challenges and obstacles, promote an inclusive society, as well as will serve the process of coordination and integration of all policies and initiatives relevant to the field of Disability. The Strategy will also serve as an important mechanism to ensure that the principles enshrined in the Convention of the United Nations on the Rights of Persons with Disabilities are incorporated in policies and programmes that have an impact on improving the quality of life of persons with Disabilities in the Republic of Kosovo.

While as regards the field of gender equality and protection from domestic violence, the strategic documents on this field are the following:

The Action Plan for implementation of Resolution 1325 provides for the promotion and implementation of Resolution 1325 on Kosovo. Through the measures and actions envisaged in this plan Kosovo will contribute to implementation of Resolution 1325 at the local, regional and global levels by coordinating joint actions of the state, civil society and stakeholders to implementing this Resolution and other programmes promoting gender issues in Kosovo. The plan makes it possible to promote 1325 in Kosovo through joint activities and other forms of public information.

Standard Operating Procedures against Domestic Violence, aim to establish a system to coordinate Kosovo institutions, which shall respond promptly and continuously to cases of domestic violence with the aim of providing quality assistance and protection to victims of domestic violence. Upon drafting and implementing these standard operating procedures, state institutional mechanisms and other partners shall harmonize and coordinate cooperation and coordination in the stages of identification, referral, protection, and rehabilitation. These measures include the protection of family members that are victims of domestic violence, in particular children, persons with disabilities and elderly people.

Policy framework in the area of minorities and cultural heritage

In the framework of efforts to provide opportunities for returned persons the following were adopted:

Strategy for Communities and Return (2014-2018) serves as a guide during the process of return which includes not only the construction of habitation units but also access to public services such as: issuance of personal documents, medical services; security and free movement, education in mother language, employment opportunities and access to infrastructure. The Strategy contains four objectives that MCR aims to achieve during the next five years 2014-2018: 1. Sustainable return of internally displaced persons, displaced person in: Serbia, Montenegro and FYRM; 2. Empowerment and stabilization of communities in Kosovo; 3. Drafting and supplementing the legal framework for communities, their return and integration and 4. Advancing the internal management system of MCR.

In the context of cultural heritage, the *electronic database on cultural heritage* provides information on monuments, archaeological places as well as movable heritage objects. The Serb religious and cultural objects in Kosovo are under protection of the special police unit, this way ensuring the fulfilment of the requirements deriving from the Feasibility Study.

Policy framework in the area of personal data protection

As regards policy framework in the area of personal data protection, the Agency for Personal Data Protection has drafted the *Strategy on Personal Data Protection 2014-2017*, which aims to create the possibilities to achieve the commitment of the Agency towards the citizens and respective state institutions, in a challenging environment. This document serves also to inform the stakeholders as to how the legal obligations of the Agency will be implemented in practice.

Institutional Framework

Institutional framework in the area of judicial system

Institutional framework in the area of judiciary consists of the following institutions:

Ministry of Justice responsible for development of policies and legislation in the area of justice, implements policies to ensure fair and effective access to justice system for all and without discrimination; oversees the notary and mediation system as well as bar examination; administers the seized and confiscated property in cooperation with prosecutions, courts or other competent bodies, in accordance with the law into force etc.

Kosovo Judicial Council is an independent institution which ensures that Kosovo courts are independent, professional and impartial and fully reflect the multi-ethnic nature of Kosovo. KJC is responsible for recruiting and proposing candidates for appointment, their performance assessment, disciplinary procedures and development of policies and general management of the judicial system.

The Kosovo Prosecutorial Council is an institution fully independent in the execution of its functions in accordance with the law. The Kosovo Prosecutorial Council ensures that the State Prosecutor Office is independent, professional, unbiased and reflects the multi-ethnic nature of Kosovo and gender equality principles.

The State Prosecutor is an independent constitutional institution responsible for the prosecution of persons accused of criminal and other offences as defined by law. The State Prosecution Office consists of the Chief State Prosecution Office with authority over the entire territory of the Republic of Kosovo, the Court of Appeals with authority over the entire territory of the Republic of Kosovo; the second instance Prosecution of Appeals with authority over the entire territory of the Republic of Kosovo, the Special Prosecution Office as a specialized prosecutorial body and the basic prosecution offices in seven (7) regions of Kosovo.

Kosovo Judicial Institute is an independent institution which provides trainings for judges, prosecutors and other legal professionals in Kosovo. KJC develops short, mid and long term training plans for an effective, efficient and impartial judiciary. The Institute conducts other professional activities as a research institution for development of the judiciary in Kosovo in accordance with European standards.

Basic courts are the courts of the first instance. The internal organization of these courts, with aim to distribute the issues according to the nature, has the following departments:

- Commercial department which operates within the Basic Court in Prishtina for all the territory of Kosovo;
- Administrative department which operates within the Basic Court in Prishtina;
- Serious crimes department which operates within all basic courts
- General department which operates within all the basic courts as well as all branches of basic courts;
- Department for Juveniles which operates within the basic courts.

Court of Appeals is competent to review: all appeals from decisions of the Basic Courts; to decide at third instance, upon the appeal that is permitted by Law and for the conflict of jurisdiction between basic courts; conflicts of jurisdiction between Basic Courts.

Supreme Court is the highest judicial authority in Kosovo and has a territorial jurisdiction over the entirety of the Republic of Kosovo. The Supreme Court is competent to: adjudicate at a third instance against the decisions, as provided by law; requests for extraordinary legal against final decisions of the courts of Republic of Kosovo, as provided by Law; revision against second instance decisions of the courts on contested issues, as provided by Law; defines principle attitudes and legal remedies for issues that have importance for unique application of Laws by the courts in the territory of Kosovo; etc.

The Constitutional Court is the final authority for the interpretation of the Constitution and the compliance of laws with the Constitution. The Constitutional Court is independent in its activity.

The institutions which cover the area of judicial system are also Kosovo Chamber of Notaries, Kosovo Chamber of Advocates, Agency of Free Legal Aid, etc.

Institutional framework in the area of anticorruption policy

The institutional framework in anti corruption policies consists of the following institutions:

Anti Corruption Agency is an independent institution established by Law no. 03/L-159 on Anti-Corruption Agency. It has the mission of preventing and combating corruption. Consequently, the Agency also implements the Law no. 04/L-050 on Declaration, Origin and Control of Property of Senior Public Officials and on Declaration, Origin and Control of Gifts of all Public Officials and the Law no. 04/ L-051 on Prevention of Conflict of Interest in Discharging Public Functions.

Special Task Force on Anti-Corruption of the President of Republic of Kosovo (2010) is responsible for combating of high-level corruption. The mandate of the Task Force is to investigate and combat the negative phenomenon of corruption in Kosovo.

The Unit for Fighting Corruption and Economic Crime within the Prosecutor's Office in Prishtina was established by the Kosovo Prosecutorial Council with the aim of reducing the backlog of cases on corruption and economic crimes.

National Coordinator Against Corruption - State Prosecutor's Office has appointed a coordinator to coordinate the fight of state prosecutor against corruption. The coordinator remains mainly involved in coordinating the reporting of state prosecution office in the fight against corruption.

National Anti Corruption Council was established by the President of the Republic of Kosovo in accordance with the Constitution of the Republic of Kosovo and applicable laws and aims to coordinate the work and activities of the institutions/agencies, within their powers, on prevention and fighting corruption. Other functions of the Council include also coordination of activities in preventing and fighting corruption, identification of activities that support the implementation of the national strategy on anti corruption, setting up priorities and policies for the implementation of the legislative agenda in increasing effectiveness in the fight against corruption and raising the awareness of society to prevent and combat corruption.

Basic Prosecutions are responsible for investigating and prosecuting corruption, including in relation to organized crime, while *the basic courts* have the responsibility to adjudicate the cases of corruption, including in relation to organized crime. In this line, KPC is responsible for overall policy aspects of operational management and overall monitoring and reporting on the work of basic prosecutions in the

investigation and prosecution of corruption. KJC has the same responsibilities in relation to the Basic Courts in this field.

Institutional framework in the area of fundamental rights

The institutional framework in the area of fundamental rights consists of the following institutions:

Office for Good Governance operates within the OPM and is responsible to provide advice to the Government on issues of protection from discrimination and promotion of equality, monitors the implementation of recommendations of the Ombudsman, develops policies, strategies and action plans in the matters related to protection from discrimination. Gives opinion on draft legislation prepared by the Government, in accordance with the applicable standards on human rights and good governance practices and consults with representatives of various interest groups. Based on the needs, it establishes consultative bodies to review the good governance, human rights, equal opportunities and anti-discrimination issues.

On 13 May 2016, the Government of the Republic of Kosovo issued a decision for establishing the Inter-Ministerial Coordination Group on Human Rights chaired by the Prime Minister of the Republic of Kosovo and consisting of relevant ministers, the Ombudsman and Civil Society representatives. The purpose of this institutional human rights mechanism is to strengthen coordination in the area of human rights of all ministries and competent authorities of the Government; to monitor implementation of human rights policies and strategies in Kosovo; to report before the Assembly on protection and respect of human rights in the Republic of Kosovo; to exchange information and data and implement recommendations deriving from reports of competent council and other United Nations bodies, the European Council, the European Union and other international organizations; to budget human rights and give priority to human rights policies; and to give proposals for advancing the legal framework related to human rights and other relevant proposals for promotion of human rights in the Republic of Kosovo. As per demands of civil society organisations dealing with gender equality, this group also needs to ensure gender perspective, and human rights themes and policies also need to be reviewed from the gender perspective.

Ombudsman, as an independent constitutional institution monitors, protects and promotes human rights and freedoms. According to the Law on Protection from Discrimination the Ombudsman is set forth as an appeal mechanism for cases of discrimination on any grounds, while the based on the Law on Gender Equality it serves as an appeal mechanism for cases of gender discrimination. It will also act as the National Preventive Mechanism of torture and other cruel, inhuman and degrading treatment. The Ombudsman has created its own Gender Equality Unit, which is mandated to handle all complaints/cases of violation of gender equality rules against individuals or groups of individuals exercised by public authorities.

Gender Equality Agency, under the Office of the Prime Minister, is mandated to implement and monitor the implementation of the Law on Gender Equality by promoting values and equal opportunities regardless of gender. Initiates and drafts legislative acts in the area of gender equality, in conformity with its mandate. It cooperates closely with institutional mechanisms and civil society in promoting the gender agenda.

Gender Equality Officials in Ministries and Municipalities perform the duties of the coordinator for gender issues. Gender equality officers are responsible for fulfilling the duties in terms of gender equality, within the competence of the ministry, pursuant to the law and in cooperation with the Office for Gender Equality of Kosovo.

Kosovo Property Agency was established as an independent agency competent for settlement of claims relating to private real estate property, including agricultural and commercial property.

National Coordinator against Domestic Violence is an individual body responsible for coordination, monitoring and reporting on the implementation of policies, activities and actions foreseen in the Programme against Domestic Violence. Whereas the Inter-Ministerial Group is composed of representatives of relevant institutions mandated to coordinate implementation of policies, monitoring and reporting periodically on the progress made by the Office of the National Coordinator against Domestic Violence, respectively Secretariat against Domestic Violence.

Inter-ministerial Committee on the Rights of the Child was established to coordinate the policies, programmes and processes related to the issue of children's rights, to facilitate the realization of children's rights and to provide them equal opportunities for active participation in society. This mechanism takes note of the latest developments in the implementation of policies, legislation, programmes and other measures adopted towards the realization of children's rights in Kosovo.

Advisory and Coordinating Group on the Rights of LGBT Community aims to establish partnerships and regular cooperation between local and international institutions and NGOs working on the protection and promotion of community rights (LGBTI) in the Republic of Kosovo. Moreover, the Group serves the purpose of initiating joint activities to prevent and combat discrimination and raise awareness on human rights, with particular emphasis on the rights of the community (LGBT).

Kosovo Correctional Service is responsible for the administration of prisoners, detainees, sentenced, minors in accordance with applicable laws of Kosovo and European conventions and other regulations issued by the respective institutions. KCS is responsible for managing institutions of various security levels and supervision of persons under the auspices of KCS.

Kosovo Probation Service is a central body of the state administration under the auspice of Ministry of Justice, responsible for organization, implementation and supervision of the execution of alternative sanctions and social reintegration of sentenced persons (works probation); execution of diverse measures and educational measures for juveniles; crime risk assessment and determination of the need for treatment of offenders, etc.

MoJ Inspectorate for KCS, has the role of inspecting the work performed in these institutions and the performance of its functions in areas such as discipline and penalties, coercive means, the use of force, use of firearms, complaints of prisoners, receipt and registration of prisoners, separation-categorization, accommodation, personal hygiene, clothing – blankets, etc.

National Mechanism on Prevention of Torture and other Cruel, Inhuman or Degrading Treatment: pursuant to the Law on the Ombudsman, the Ombudsman is designated as National Mechanism for Prevention of Torture (NPM). In accordance with this, Ombudsman organizes regular and unnoticed visits to all premises where persons are deprived of liberty, including police detention, detention, health institutions, customs detention, stopping emigration and any other place where allegedly violation of rights and freedoms might occur; it will make recommendations on the compatibility of laws and other regulations or administrative provisions, guidelines and practices applied in Kosovo, with the Constitution and international standards for the prevention of torture and other forms of cruel, inhuman and humiliating treatment or punishment.

Free Legal Aid Agency is an independent body responsible for providing free legal aid in civil, criminal, administrative and offence areas, for all citizens of Republic of Kosovo, to whom the access to justice is denied to the lack of material means, and who meet the criteria set by law.

Juvenile departments within the courts and prosecutions, deal exclusively with cases where minors are involved in criminal activities.

Kosovo Police, Unit for Human Rights, has the responsibility to develop policies in this area and oversees the observance of human rights, including gender equality. Cases of domestic violence and juvenile delinquency are addressed through Specific Units. Each regional directorate of KP has functional specific units of domestic violence and juvenile delinquency. Moreover, only certified officers in this area handle these cases. Within KP there are functional *special rooms for interviewing the minors*.

Free Legal Aid Agency, provides and ensures equal access to justice for the citizens of the Republic of Kosovo, confirming the readiness of Kosovo's institutions to promote respect for and protection of the principles of human rights and the rule of law in Kosovo. To ensure the observance of fundamental rights, the Agency provides legal assistance in the language of the party.

National Council for Persons with Disabilities is an advisory and guiding body on the priorities and national policies in the area of Disability. The purpose of the National Council on Disability is to work for ensuring equal opportunities, full participation and social integration of persons with disabilities, to ensure that the needs and interests of persons with disabilities are always taken into account when the Government takes a decision that affects the situation of persons with disabilities. Recommendations of the National Council on Disability, in accordance with the Standard Rules of the United Nations on Equalization of Opportunities for Persons with Disabilities and other international instruments on human rights.

Commission on monitoring and reporting on implementation of the national policies for persons with disabilities operates under a monitoring mechanism responsible for the implementation of the Strategy and Action Plan as well as representatives of organizations working for the rights of Persons with Disabilities.

Institutional framework in the field of protection of minorities and cultural heritage

The institutional framework that covers the protection of minorities and cultural heritage is as the following:

The Community Consultative Council, acting under the Presidency of the Republic of Kosovo, has a mandate to assist in the organization and articulation of the views of communities and their members in relation to legislation, public policies and programmes that are of particular importance to them; to provide a forum for consultation and coordination between communities and to ensure the efficient functioning of the community representative organizations, to provide a mechanism for regular exchange between communities and state institutions; to provide the opportunity to communities at an early stage, to participate in legislative or policy initiatives that may be prepared by the Government or Parliament.

Ministry of Communities and Returns, develops policies and promotes and implements the legislation for promotion and protection of the rights of communities and their members, including the right to return in accordance with the Constitution of the Republic of Kosovo; It promotes the creation of conditions for return and ensures an appropriate approach to return; develops and manages programmes and mechanisms to support integration on equal terms to all communities and their members currently residing in Kosovo, and to ensure sustainable return of displaced persons and refugees.

Ministry of Culture, Youth and Sports, has the mandate to develop policies and implement legislation for the promotion of cultural activities, sports and youth and gets in touch with members of all ethnic, religious and linguistic minorities, including those temporarily or permanently living abroad.

Implementation and Monitoring Council, monitors the implementation of the legal provisions of the Republic of Kosovo regarding the protection of Serbian cultural and religious heritage in Kosovo, including in particularly the provisions of the Law on Special Protected Areas, Historic Centre of Prizren and Hoq a e Madhe Village.

Office of the Language Commissioner, operates within the Prime Minister's Office, under the direction of the Language Commissioner, who is responsible for management of the Office and execution of its powers, to advise the Government and institutions under the jurisdiction of the Office concerning the adoption and implementation of measures to ensure the use and equal status of official languages, the use of official languages and languages in official use in the municipalities as well as the protection, preservation and promotion of the languages of communities whose language is not a language. The office is supported by two mechanisms: the Language Policy Board and the Language Policy Network.

Office of Community Affairs, operates under the Office of the Prime Minister and coordinates all issues related to communities, including: Coordination of governmental bodies, independent agencies and institutions/ministerial and municipal level; Coordination of donors and international organizations to ensure that community issues are taken into account effectively throughout Kosovo; eliminate repetition of efforts and ensuring fairness of allocation and effective use of funds.

Local Public Safety Committees are consultative bodies to the police in identifying and addressing the local problems in the community in partnership with the police.

Municipal Councils for Community Security are security forums aimed at increasing the awareness of citizens about the nature of crime, disorder and violent behaviour in the local community and building trust between the police and citizens through building joint partnerships and initiatives to solve the security problems in any community.

Institutional framework in the field of personal data protection

In the area of personal data protection, Kosovo has established:

State Agency for Personal Data Protection, which has the legal responsibility for overseeing the implementation of rules on the personal data protection. The Agency operates as an independent institution directly accountable to the Assembly of the Republic of Kosovo.

Donor Support

Support in the area of judiciary

As regards EU and bilateral assistance in the area of judiciary, the following projects have been implemented:

- *Case Management Information System* – aims to support the justice institutions in Kosovo. This project, supported by Norwegian Ministry of Foreign Affairs, aims to provide technical assistance to the Kosovo Judicial Council (KJC) in introducing the technologies of work in all courts and prosecution offices of Kosovo.
- *The project for the publication of court decisions* - at the request of KJC, TAIEX has approved a project proposal to the KJC to provide assistance in organizing a workshop as a first step in the process of development/drafting of the regulation on the publication of court decisions.
- UNDP Project 2015-2017 - aims to establish an inter-institutional cooperation between the KJC, KPC, KJI and MJ and professional support by closely assist a better functioning of the judiciary as a whole.
- EU Twinning Project "Enhancing the Efficiency, Accountability and Transparency of the Judicial and Prosecutorial System and Capacity-Building of SPRK", which will be implemented over the 2016-2018 period;
- Twinning project "Further Support to Legal Education Reform" during 2016-2018: the overall goal of this project is strengthening rule of law by improving the legal education in Kosovo, in particular further capacity-building in the justice sector by strengthening capacities of the Kosovo Judicial Institute.

Regarding the EU and bilateral assistance in the area of fundamental rights, the following projects are ongoing:

- EU Twinning project "Fight against homophobia and transphobia" which has been implemented since May 2014. This project aims to increase awareness and eliminate violence, prejudice and discrimination against the LGBT community in Kosovo. It also provides capacity building and awareness-raising and improving the professional approach of Kosovo authorities, especially the police, judiciary, teachers and the media to the LGBT community. The project addresses four component areas:
 - Component 1: legislation/policies
 - Component 2: awareness-raising and trainings
 - Component 3: legal and psychological counselling structures
 - Component 4: networks and institutional cooperation.

Medium-term Priorities

Medium-term priorities in the area of judiciary

In order to meet the obligation deriving from SAA and other EU documents and mechanisms as part of the chapter 23, during 2017-2020 we will focus on the following midterm priorities in this field:

- **Review Rule of Law sector.** Under this activity, the Government of the Republic of Kosovo has issued a decision on 23/11/2016 defining the activities for functional review of the Rule of Law sector in Kosovo, aimed at identification and determination of strategic and development objectives for the area of rule of law, increasing the efficiency of state institutions in terms of law enforcement, revision of the legal framework governing the area of rule of law and processes and cooperation between competent law enforcement institutions, evaluation of institutional capacity related to the rule of law, and at preparation of a National Strategy in Rule of Law in Kosovo as a result of the functional review. This process will be led by MoJ, which shall report on the performance, findings and recommendations of the functional review to the Steering Committee consisting of representatives of the following institutions: MoJ, MIA, MoF, KJC, KPC and KIA, as well as representatives of international donors providing technical assistance to the functional review. This Steering Committee is responsible for defining the general lines of the functional review performance based on MoJ recommendations, as well as for reviewing and submitting to the Government of Kosovo a proposal on the National Strategy for the Rule of Law in Kosovo. In this regard, MoJ will reach memoranda of cooperation with independent institutions in the area of the rule of law for cooperation and coordination of activities within this process.
- Revision of the criminal justice system – The purpose of this activity is to conduct evaluation by key institutions in terms of the functioning of the restructured criminal justice system in Kosovo. This process will result in a detailed evaluation of the overall criminal justice system.
- Drafting and adoption of the Civil Code and accompanying legislation. This activity aims to finalize the Civil Code, preceded by comprehensive consultations, information campaigns, awareness raising of relevant stakeholders, including the civil society, etc. It is planned to build comprehensive capacity, including training and provision of guidelines for the professional opinion concerning implementation of the new Civil Code.
- Increase the number of notaries in conformity with changes reflected in the new Law on Notary;
- Implement the Action Plan of the Strategic Plan of the Kosovo Prosecutorial Council

As per demands of civil society organisations dealing with gender equality, gender mainstreaming in these priorities needs to be ensured.

In the medium term, KJC will draft the following sublegal acts aimed at implementation of the Criminal Procedure Code:

- Adopt Regulation on the internal treatment of cases in courts (Articles 212.3, 442.3)

- Adopt Administrative Instruction on Approximate Amount in the criminal procedure (450.3)
- Adopt Administrative Instruction, which further regulates the payment of expenses incurred during criminal procedure in courts (Article 457 of the Regulation on Expenses)

In addition, based on the Strategic Plan, KJC will in the medium term adopt the Regulation on the Commissioner for Oversight of Electronic Communications. KJC will also adopt the Regulation on Judge Norms and the Administrative Instruction on Court Fees and the Instruction on Classification of Documents/Cases (public access).

Moreover, as a midterm measure, Kosovo courts should actively implement the Administrative Instruction on Anonymization of Final Court Judgements. Within the planning of midterm measures, KJC should build the capacity of courts in justice administration. This can be achieved by increasing the number of professional associates pursuant to the Law on Courts and electing judiciary experts in accordance with the Regulation on Court Experts. However, this has not been achieved so far due to lack of financial means and additional budget.

Other important measures that should be completed in the medium term consist of improving policy regarding execution of criminal sanctions and of ensuring uniform policies in terms of imposition of criminal sanctions.

Also, in accordance with the European Reform Agenda (ERA), after analysis it is required to build the capacity of judges and professional associates in the Fiscal Division of the Basic Court in Prishtina (Department for Administrative Affairs). In order to produce and enable higher quality in justice, taking into account in particular the mandatory 12-month training for judges and prosecutors, KJC, KPC and KJI should issue an Administrative Instruction on the training of judges, prosecutors and other administration staff.

During the medium term, KJI also plans to continue with specialized programmes for corruption. This specialized training programme aims to address the professional development needs of judges and prosecutors involved in combating corruption offenses in a careful, detailed and comprehensive manner.

Medium-term priorities in the area of anti corruption policies

Aiming to fulfil the obligations arising from the SAA and other EU accession documents and mechanisms in the area of Chapter 23, during 2017-2020 we will focus on the following midterm priorities in this area:

- In the medium term, KJC plans to adopt the Strategic Plan (2016 - 2018) and the Action Plan of the Kosovo Prosecutorial Council for increasing the efficiency of the prosecutorial system in combating corruption and economic crimes;
- In the medium term, ACA plans to review the mandate of the Agency in 2017 and to revise the *Law 03/L-159 on Anti-Corruption Agency* with the aim to extend the competencies and reorganize the Agency. *Anti-Corruption Agency* will initiate the debate about redefining of the competences of ACA, with the aim to further empower the Agency.
- It is planned to review the Law No. 04/L-050 on Declaration, Origin and Control of Property of Senior Public Officials and on Declaration, Origin and Control of Gifts of all Public Officials, aimed at regulation by law of the issue of property origin and establishment of mechanisms to verify the origin of this property;
- Review the Anti-Corruption Strategy and Action Plan 2018-2022. The organizational structure of the Agency may change based on recommendations for the mandate after analysis and legislation amendment.
- Analysis of ACA;s mandate and mission (at the end of 2016). Law amendment procedures will be based on this analysis. The legal basis is expected to be adopted during the period of 2017-2018.

- Review the Agency's mandate in 2017 aimed at conducting a genuine and comprehensive analysis of the achievements and the need to restructure the Agency. Revision of the Agency's mandate is related to the general risk assessment and primarily to the consolidation of the State Prosecution Office. It is also necessary to consider a mechanism for conducting preliminary investigations, which are now carried out by the Agency, or whether such investigations should be empowered with additional competences. The analysis will include all stakeholders of anti-corruption mechanisms, Agency officials and international experts who will present international experiences of mechanisms with a similar mission as the Agency.

Medium-term priorities in the area of fundamental rights

Aiming to fulfil the obligations arising from the SAA and other EU accession documents and mechanisms in the area of Chapter 23, the priorities of the Government of Kosovo in the area of fundamental rights during 2017-2020 will consist of implementation of current laws and focusing on updating and implementing strategies for human rights, by ensuring a long-term approach in this regard. Based on budget planning, the Law on Paraplegia and Tetraplegia will start in 2017.

In the medium term 2017-2020, it is planned to harmonize the provisions of the Law on Gender Equality regarding gender quota with the Law on Elections. Moreover, the provisions of the Anti-Discrimination Law with the provisions of the Law for Blind Persons in order to ensure the access of blind persons to public documents.

It is also planned to review legislation governing the execution of criminal sanctions aimed at reforming all sectors of justice, related to improving the management of execution of criminal sanctions, awareness-raising of courts to increase imposition of alternative sentences to imprisonment.

Another priority is to advance the sector of property rights, aiming at clear definition of property rights by law and providing more efficient, accessible and affordable mechanisms through which citizens will be able to gain legal recognition of their rights, and then formalize their rights through registration in the Kosovo cadastre, with a view to, inter alia, advancing women's rights to inheritance and joint ownership, as only 15% of women in Kosovo enjoy property rights. This activity will promote property and other rights and will also regulate the rights of citizens and EU companies for the purchase of immovable property in Kosovo, rules for construction land and public property.

In the medium term, KJI plans to continue with the training programs in the field of human rights and freedoms deriving from the European Convention on Human Rights and Freedoms and domestic legislation.

Medium-term priorities in the area of protection of minorities and cultural heritage

Ministry of Communities and Returns will be committed to the sustainable return of displaced persons from Kosovo and reintegration and stabilization of communities in Kosovo. The priority of the Government in the area of education will be to implement the Action Plan for Integration of RAE and the National Plan against Dropout.

In midterm, actions for inclusion of marginalized groups and minority communities in higher education will be taken. At the same time the efforts to improve the access of refugees and displaced persons to their properties and public services and to provide with greater economic opportunities shall be continued.

In the medium term the following will be adopted:

- Law on Restitution of Illegally Acquired Cultural Heritage Objects;
- Law on Export of Cultural Goods.

In addition, the Government of Kosovo will be committed in raising funds for the restoration of, historical, cultural and religious monuments. During the period 2017-2020 the following will be adopted:

- List of Cultural Heritage under Permanent Protection;
- Action Plan on Prevention of Trafficking with Cultural Heritage Objects;
- National Registry of Cultural Heritage.

With the view to protection, preservation and promotion of cultural heritage, special attention will be paid to cross-border cooperation and inclusion of heritage sites in Kosovo in regional development agendas of cultural tourism.

Medium-term priorities in the area of personal data protection

Furthermore, during the period 2017-2020 KJI will include in its training curriculum training for judges and prosecutors on protection of personal data.

3.25. Acquis Chapter 24: Justice, Freedom and Security

Chapter 24 (Justice, Freedom and Security) of the *acquis* consists of the following areas: border management, migration, prevention and control of irregular migration, visa policy, document security, combating organized crime and police cooperation, combating money laundering and the financing of terrorism, the fight against terrorism, fight against narcotics and judicial cooperation in criminal and civil matters. The area of justice, freedom and security is among the most dynamic policy areas within the EU and EU policies in this area aim to maintain and further develop the EU as an area of freedom, security and justice and guarantee the security, rights and freedom of movement within the EU. The EU *acquis* in this area is based on general principles deriving from the Treaty on European Union, Treaty on the Functioning of the European Union, and by the case law of the Court of Justice of the European Union.

The areas covered include the harmonization of private international law, extradition between member states, policies of internal control and external borders, visas, migration, asylum policy, judicial and police cooperation and the fighting against crime (including fight against terrorism, organized crime, drug trafficking, human trafficking, cyber crime, etc.). Kosovo, as acceding country, should make gradual transposition of the *acquis* in this field and develop and implement an appropriate policy and institutional framework with the capacity to implement the transposed *acquis*. At the same time, Member States are required to have the necessary administrative capacity within the law enforcement agencies and other relevant bodies, which must attain the standards required in these areas. Even though the most detailed EU policy on justice, freedom and security is the Schengen *acquis*, including the lifting of internal border controls in the EU, however, for the new Member States, substantial parts of the Schengen *acquis* are implemented following a special decision to be taken by the Council.

In the *rule of law*, the SAA requirements and other EU accession mechanisms consist of strengthening and consolidating the rule of law institutions. This is especially noted in Article 83 of the SAA which states that cooperation in this area will focus particularly on strengthening the independence, impartiality and accountability of the judiciary. In this regard, it is particularly necessary to develop professional capacities of the police, prosecutors and judges to prevent, investigate, prosecute and adjudicate offenses of organized crime, corruption and terrorism.

SAA Requirements

SAA explicitly establishes a set of obligations for Kosovo contained in Title VII, respectively, in Articles 83-93 of the SAA.

According to the SAA in the area of border management, Kosovo will ensure the alignment of the relevant legislation with the EU *acquis*, the intensification of regional cooperation, exchange of information, institutional capacity building and combating transnational crime. *Regarding visa policy*, in

short term period, Kosovo shall ensure the transposition of national legislation in line with EU *acquis*. In particular, Kosovo shall ensure to expand and make operational the visa issuing network system.

Regarding *migration* in general, Kosovo shall harmonize the national legislation with the EU *acquis*, regarding the conditions of entry and legal residence of foreigners in Kosovo, the conditions of their employment, family reunification, long-stay, study, research, qualified workers, seasonal workers, the mobility of workers within enterprises and penalties on employers. Regarding management of regular migration, Kosovo shall respect the principle of fair and equal treatment of women and men foreigners, including promoting their integration.

Regarding the prevention and control of irregular migration, Kosovo will continue to take necessary measures for prevention and control of illegal migration, including trafficking and smuggling of migrants, and will also ensure the protection of the fundamental rights of migrants and provision of assistance to migrants in need.

Kosovo will continue the repatriation and return of Kosovo citizens, nationals of third countries and stateless persons who have entered the territory of any state to the EU via Kosovo or who have entered the territory of Kosovo via an EU member state. Kosovo shall also start negotiations for signing of agreements in order to determine the specific procedures for the repatriation of these persons. In addition, Kosovo will provide its citizens with appropriate identity documents and will facilitate the administrative process for this matter. Kosovo will continue its efforts to sign readmission agreements with countries that are part of the Stabilisation and Association Process, and will take necessary measures to ensure the rapid and flexible implementation of these agreements.

Regarding asylum policy, Kosovo shall guarantee the international standards in accordance with the Geneva Convention relating to the Status of Refugees 1951 and Protocol relating to the Status of Refugees, 1967. Special attention shall be paid to the rights of asylum seekers, thereby to ensure that the principle of "non- refoulement" is respected. In the short term, Kosovo shall ensure the harmonization of national legislation with the EU *acquis*, especially regarding the acceptance of asylum seekers, the treatment of asylum requests and management of return process of asylum seekers to their country of origin.

With the view to prevent and combat organized crime and other illegal activities, Kosovo shall harmonize its legislation with the EU *acquis* and strengthen mechanisms to prevent and combat all forms of organized crime. Kosovo shall participate and cooperate with regional and international mechanisms to combat organized crime and to adhere to international conventions and instruments in this field.

As regards money laundering and terrorist financing, Kosovo shall take the necessary measures in order to prevent the use of financial systems for proceeds from criminal activities and financing of terrorism. Kosovo shall harmonize national legislation with the EU *acquis* and strengthen the mechanisms for combating money laundering and financing of terrorism, while simultaneously adopting the international standards in this field, especially the standards recommended by the FATF (Financial Action Task Force).

Regarding cooperation in combating illicit drugs, Kosovo shall continue to collaborate to ensure a balanced and integrated approach towards drug issues, by harmonizing the legislation with the EU *acquis* and strengthening structures for combating illicit drugs. Kosovo shall also focus on the management of health and social consequences of drug abuse and effective control of precursors, in line with the common principles of the EU strategy on drugs and other relevant documents.

In the area of combating terrorism, Kosovo shall continue with the harmonization of legislation with the EU *acquis* and to strengthen institutional mechanisms for prevention, combating and financing of terrorism, ensuring the rule of law, human rights, fundamental freedoms, international law on refugees and

international humanitarian law. Kosovo shall observe international conventions and instruments in this area.

Requirements from other mechanisms

In the area of border management, the 2016 EC Kosovo Report highlights that there is a need to implement the Intelligence-Led Policing, including the entire use of NCBM potential as well as there needs to be clearer communication at the national, regional and local level on intelligence queries. Also, work towards better implementation of the development plan for the National Border Management Centre (NBMC) is needed.

In the area of asylum, the 2016 EC Kosovo Report highlights that there is a need to effectively identify countries of origin and profiling of persons that need international protection.

In the area of migration, the 2016 EC Kosovo Report identifies challenges, including the high number of asylum seekers from Kosovo in MS, as well as there is a need for long term effective measures so as to prevent similar situations in the future. Moreover, readmission and sustainable reintegration of these persons needs to continue. To this end, the report stresses the need to spend the means from the Reintegration Fund more effectively, in order to use the full resources available for this process, and the importance of capacity-building at the municipal level in order to achieve an effective management of the reintegration process at this level.

In the area of money laundering and terrorism financing, the 2016 EC Kosovo Report highlights the importance of cooperation between Financial Intelligence Unit in Ministry of Finance and key bodies in money laundering, as well as cooperation and coordination between Police and Prosecution. In the area of fight against terrorism financing, the report mentions that the legal framework for confiscation does not contain prevention measures so as to enable the authorities to take the necessary prevention measures in terms of freezing them if need be, as well as to confiscate them without delay, in line with the UN relevant resolutions.

In the area of fight against narcotics, the 2016 EC Kosovo Report highlights that the lack of safe storage of seized narcotics and precursors before their destruction remains a concern. The report also states the lack of an adequate method for handling, storing and destruction of precursors. Furthermore, further implementation of intelligence-led policing is needed and Kosovo should intensify the fight against drug cultivation and trafficking.

In the area of combating organized crime, Kosovo is at an early stage in this regard. The report states that the number of final convictions, financial investigations and final confiscation of assets remains low, while the freezing of assets has increased. Organized crime goes unpunished in the north. In general, there has been little progress in meeting the recommendations identified last year.

As regards the fight against terrorism, the 2016 EC Kosovo Report states that Kosovo should develop specialized training in investigation techniques for prosecutors and police officers, and that the agencies of law enforcement in Kosovo also do not have the expertise and equipment to investigate complex cases of terrorism. Another challenge is the lack of programs for de-radicalization and reintegration given the high number of Kosovo citizens returning from conflict zones.

In terms of international cooperation in criminal and civil matters, the 2016 EC Kosovo Report highlights the lack of agreement conclusions in the area aiming at intensifying the international judicial cooperation.

State of Play

Legal and Policy Framework

Legal and policy framework in the area of border management

Regarding the legislative framework in the area of border management and its compliance with the *acquis*, an analysis of the situation was made in 2013. As a result, in September 2013 the *Law no. 04/L-214 on amending the Law no. 04/L-072 on State Border Control and Surveillance* was adopted, ensuring the inclusion of the provisions of Regulation No. 562/2006/EC (the Schengen Borders Code) and Regulation (EC) 1931/2006 of the European Parliament and the Council establishing rules on local border traffic. These two regulations are transposed in the AI no. 08/2010 on the Form, Content and Manner of Placing Warning Signs and Written Signs in the Border Crossing Points and in the Border Zone, AI no. 03/2010 on marking the Border Line and AI no. 30/2012 on Local Border Traffic Rules. The *Law no. 04/L-216 for Cooperation between the Authorities Involved in the Integrated Border Management* is also adopted and it reflects the Guidelines for Integrated Border Management on external cooperation of the EU.

In the area of visas, the Republic of Kosovo has adopted the basic legal framework. Namely the Law no. 04/L-219 for Foreigners and AI no. 01/2014 on procedures of issuing visas to foreigners from the diplomatic and consular missions of the Republic of Kosovo that reflect the provisions of Regulation (EC) no. 810/2009 (Visa Code).

Regarding the policies in the field of IBM, the Government of the Republic of Kosovo has adopted the National Strategy 2013-2018 for IBM, which is based on national legislation and legislative acts and EU strategic documents such as; Council Conclusions 4-5 December 2006 on Integrated Border Management (2768th meeting of the Council of Justice and Home Affairs, held in Brussels), Guidelines for Integrated Border Management in the EU External Cooperation in 2009, the recommendations of the Schengen catalog on the control of external borders, (recommendation of the council of EU 7864/09), EU Blueprint document for Customs) and Regulation (EC) no. 810/2009 of the European Parliament and of the Council of 13 July 2009 establishing a Community Code on Visas (Visa Code) and the best practices of the EU.

Legal and policy framework in the area of migration management

Regarding the migration management, the Republic of Kosovo has adopted the relevant legislation, namely Law no. 04/L-219 for Foreigners, Law no. 03/L-208 on Readmission, Law no. 04/L-217 on Asylum and the Law no. 04/L-215 on Citizenship and the Law on Preventing and Combating of Trafficking in Human Beings and Protection of Victims of Trafficking.

Law on Foreigners regulates the conditions of entry, movement, residence and employment of foreigners in the territory of Kosovo. This law transposes the following EU acts:

- Regulation (EC) no. 810/2009 of the European Parliament and the Council "on the establishment of the Community Code on Visas" – partially transposed;
- Directive 2009/52/EC of the European Parliament and the Council on "providing for minimum standards on sanctions and measures against employers of illegally staying third-country nationals" – fully transposed;
- Directive 2009/50/EC of the Council "on the conditions of entry and residence of third-country nationals for employment purposes" – fully transposed;
- Directive 2008/115/EC of the European Parliament and the Council, "On common standards and procedures in member countries for returning illegally staying third-country nationals" – fully transposed;
- Directive 2005/71/EC of the Council "on the specific procedures for the admission of third-country nationals for purposes of scientific research" – partially transposed;
- Directive 2004/81/EC of the Council, "On residence permits issued to third countries nationals who are victims of trafficking in human beings or who have been the subject of an action to facilitate illegal immigration, who cooperate with the authorities competent "- partially transposed;

- Directive 2004/114/EC of the Council, "On the conditions of admission of third-country nationals for the purpose of study, student exchange programmes, free training or voluntary service" - partially transposed;
- Directive 2003/109 /EC of the Council, concerning the status of third-country nationals who are long-term residents - partially transposed;
- Directive 2003/86 /EC this Council, "On the right of family reunification," - the fully transposed;
- Directive 96/71/EC of the European Parliament and the Council, **concerning the posting of workers in the framework of the provision of services** - fully transposed;
- Directive 2011/98 / EU of the European Parliament and the Council, " on a single application procedure for a single permit for third-country nationals to reside and work in the territory of a Member State and on a common set of rights for third-country workers legally residing in a Member State- partially transposed;
- Directive 2001/51/EC of the Council supplementing the provisions of Article 26 of the Convention implementing the Schengen Agreement of 14 June 1985- partially transposed;
- Directive 2002/90/EC of the Council defining the facilitation of unauthorised entry, transit and residence - fully transposed.

Law on Readmission establishes the rules and procedures for readmission of a person who is a citizen of the Republic of Kosovo or foreigner who does not fulfil the conditions for entry or residence on the territory of the requesting State. Implementing legislation for readmission has advantages in terms of cooperation on readmission with the countries with which Kosovo has not yet signed a bilateral readmission agreement. This law is aligned with the following EU and international acts:

- Directive 2008/115/EC of the European Parliament and of the Council on common standards and procedures in Member States for returning illegally staying third-country nationals;
- The provisions of this Directive are transposed also in AI no. 09/2014 on Return of Illegal Resident Foreigners in the Republic of Kosovo
- European Convention on Human Rights;
- UN Convention on the Status of Refugees (Geneva Convention, 1951) and its Implementation Protocol (the Protocol of New York, 1967);
- UN Convention on the Rights of the Child; and
- European Charter of Fundamental Rights

Moreover, up to date the Government of the Republic of Kosovo has signed 21 bilateral readmission agreements.

The Citizenship Law prescribes the rules and procedures for the acquisition and loss of the citizenship of Republic of Kosovo.

Equally, there are a number of strategic documents such as the National Strategy and Action Plan 2013-2018 on Integrated Border Management, which is based on the national legislation and legislative acts and EU strategic documents such as: the Council conclusions of 4 -5 December 2006 on Integrated Border Management (Meeting of the Council for Justice and Home Affairs, held in Brussels), Guidelines for Integrated Border Management in EC External Cooperation of the EU 2009, the Recommendations of Schengen Catalog related to with external border control (recommendation of the Council of the EU 7864/09), EU Blueprint document for Customs and Regulation (EC) no. 810/2009 of the European Parliament and of the Council of 13 July 2009 establishing a Community Code on Visas (Visa Code), as well as the best practices of the EU. Moreover the National Strategy and Action Plan for 2013-2018 and National Strategy on Reintegration of Repatriated Persons 2013-2018 which are based on the national legislation and international instruments such as the Universal Declaration of Human Rights, the Geneva Convention 1951 relating to the Status of Refugees and its Protocol of 1967, the New York Convention on Stateless Persons, the UN Convention on the Elimination of All Forms of Discrimination Against Women,

the UN Convention of 1984 against Torture and Other Cruel, Inhuman and Degrading Treatment or Punishment, European Convention on Protection of Fundamental Human Rights and its Protocols, UN Convention on the Rights of the Child and the International Covenant on Civil and Political Rights and its Protocols.

In addition, also the Extended Migration Profile for 2012 and 2013 was adopted, a comprehensive document with standard data on migration and data on other areas which potentially affect the phenomenon of migration such as: social and economic situation, labour market, human capital, education, trade, etc. The aim of this document is to build a solid background for the development of coherent policies on migration and development.

Legal and policy framework in the area of asylum

In the area of asylum, the Republic of Kosovo has adopted the basic Legal and Policy Framework. More specifically it has adopted the *Law on Asylum* in July 2013. This Law is partially harmonized with the Directive 2003/9/ of Council on the Conditions for Reception of Asylum Seekers; Directive 2004/83/EC of the Council on Minimum Standards for the Qualification and Status of Third Country nationals or stateless persons as refugees or persons in need of international protection (the Qualification Directive); Directive 2011/95 / EU of the European Parliament and of the Council on Standards and Qualifications of third country nationals or stateless persons as beneficiaries of international protection, for a uniform status for refugees or for persons eligible for subsidiary protection n (Recaş); and Directive 2005/85/EC of the Council on Asylum Procedures.

Legal framework in the area of combating money laundering and terrorism financing

The legal basis in the fight against money laundering and financing of terrorism are the provisions of the Criminal Code no. 04/L-082 of the Republic of Kosovo, Law no. 05/L-096 on the Prevention of Money Laundering and Combating Terrorist Financing which repealed the Law no. 03/L-196 on the Prevention of Money Laundering and Terrorist Financing and the Law no. 04/l-178 on amending and supplementing the Law no. 03/L-196 on the Prevention of Money Laundering and Terrorist Financing , Law no. 03/L-15 on Declaration, Origin and Control of Property.

Law on the Prevention of Money Laundering and Terrorist Financing, aims to implement the EU Directive 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering and terrorist financing, amending Regulation (EU) no. 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/E and with the international standards set by the Financial Action Task Force (FATF).

Law on Declaration, Origin and Control of Property regulates the procedure on declaration and control of property, declaration of revenues and obligations of senior public officials and of their family members and also regulates defined sanctions. This Law regulates as well the procedure on declaration, control and origin of gifts received by all public officials.

Regarding the policy framework in the area of money laundering and financing of terrorism, the Government of Kosovo has approved the *National Strategy for Prevention and Fight Against Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2014-2018*. This strategic document serves as a guide for activities of the respective institutions about potential risks in the future as regards the informal economy, money laundering, terrorist financing and financial crimes in Kosovo.

Legal framework in the area of fight against narcotics

The basic legal basis regarding narcotics criminal offenses is regulated by the provisions of Chapter XXIII of the Criminal Code no. 04/L-082 of the Republic of Kosovo and the Code no. 04/L-123 of Criminal

Procedure. Moreover, the Law no. 02/L-128 on Narcotic Drugs, Psychotropic Substances and Precursors, and AI no. 10/2010 on the management and use of methadone programmes holder.

Law on Narcotic Drugs, Psychotropic Substances and Precursors aims to define the general preventive measures and the fight against abuse of narcotic plants, narcotic drugs, psychotropic substances and precursors. Given that this law was adopted in 2008 it did not take into account the EU legislation during its preparation, but the law was based on the following conventions:

- Single United Nations Convention on Narcotic Drugs (New York 30 March 1961), as amended by the Protocol of 1972 (Geneva, 25 March 1972);
- United Nations Convention on Psychotropic Substances (Vienna, 21 February 1971);
- United Nations Convention against illicit traffic in narcotic drugs and psychotropic substances (Vienna, 20 December 1988). This Convention shall apply also to judicial cooperation in criminal matters.

As regards the policy framework in the fight against narcotics, the Republic of Kosovo has drafted and adopted the *National Strategy and Action Plan against Narcotics 2012-2017*. The aim of this strategy is the development of policies on undertaking the responsibility to protect the individual and the society, and the problems resulting from the abuse of drugs and awareness rising of individuals and society in general, in order to enable the decision making and responsibilities relating to misuse of drugs.

Legal framework in the area of fight against crime and police cooperation

The key legal acts on prevention and combating of organized crime in the Republic of Kosovo are the following:

Criminal Code of the Republic of Kosovo, which in order to reflect the EU *acquis* it has been partially aligned with the following acts:

- Framework Decision on combating organized crime (Framework Decision 2008/841/JHA)
- Framework Decision on criminal sanctions against counterfeiting of euro (Framework Decision 2000/383/JHA, as amended by Framework Decision 2001/888/ JHA), and
- Framework Decision on combating fraud and counterfeiting of non-cash means of payment (Framework Decision 2001 / 413.JHA)
- Directive 2001/36 EU on preventing and combating trafficking in human beings
- Directive 2011 / 93E EU on combating sexual abuse and sexual exploitation of children
- Council Framework Decision 2004/757/JHA on the minimum provisions on the constituent elements of criminal acts and penalties in the area of illicit drug trafficking.

Code of Criminal Procedure, which in order to reflect the EU *acquis* it has been aligned with the following European legislation on matters of criminal procedure:

- Directive 2010/64/EU on the Right to interpretation and translation in criminal proceedings; Directive 2012/29/EU on the Right to Information in Criminal Proceedings;
- Directive 2012/29/EU establishing minimum standards on the rights, support and protection of victims of crime and replacing Council Framework Decision 2001/220/JHA;
- Directive 2013/48/EU, on the right of access to a lawyer in criminal proceedings and in European arrest warrant proceedings, and on the right to have a third party informed upon deprivation of liberty and to communicate with third persons and with consular authorities while deprived of liberty
- Council Framework Decision 2005/212/JHA and Council Framework Decision 2000/383/JHA.

Law on Prevention of Money Laundering and Terrorist Financing defines measures, authorities and procedures for detecting and preventing money laundering and terrorist financing.

Law on Witness Protection regulates special and extraordinary measures, ways and procedures for witness protection and cooperators of justice.

Law on Prevention and Combating Cyber Crime aims to prevent and combat cyber crime by concrete measures, prevention, detection and sanction of violations through computer systems, by providing observance of human rights and the personal data protection.

Law on Administration of Seized and Confiscated Property no. 03/L-141 is aligned with Council Framework Decision 2005/212/JHA, Council Framework Decision 2007 / 845 / JHA, Council Framework Decision 2006 / 783/JHA.

Law on International Judicial Cooperation in Criminal Matters regulates the conditions and procedures for international judicial cooperation in criminal matters between the Republic of Kosovo and other states. This law is aligned with Council Framework Decision 2003/577/JHA, Council Framework Decision 2006/783/JHA on the application of the principle of mutual acceptance of confiscation orders, the Council Framework Decision 2007/845/JHA; Council Framework Decision 2001/413/JHA; and Council Framework Decision 2007 / 845 / JHA.

Law on Protection of Whistleblowers aims to create the legal basis for encouragement of the officials to present the unlawful actions, whereby the meaning of informant is any person, who, as a citizen or an employee reports in good faith the respective authority within public institution at central or local level, institutions, public enterprises or private for any reasonable doubts about any unlawful actions

Law on Police regulates the authorizations and duties of Police of the Republic of Kosovo, its organization and other issues related to activities and actions of the Police of the Republic of Kosovo.

Law on Narcotic Drugs, Psychotropic Substances and Precursors regulates the production, wholesale and retail sale circulation, import, export, transit passing, transportation, purchase, supply, selling, possession, consuming, usage and plants propaganda from which the narcotics, narcotic medicaments, psycho-trope and precursors substances can be obtained; b) It determines the obligations of the competent authorities who are related with these substances; c) Makes the classification of plants, narcotic medicaments, psycho-trope substances and precursors based on these substances' dangerousness, while using them in medicine and veterinary; d) Determines the general measures for prevention and fighting against the abuse of plants, narcotic medicaments, psycho-trope substances and precursors; e) Determines the punishable measures in case of violations the provisions of this Law, and normative acts according to this Law. This law is partly aligned with Regulation (EC) No 1258/2013 of the European Parliament and Council of 20 November 2013 which amends Regulation (EC) 273/2004 of 11 February 2004 on precursors.

Law on Preventing and Combating Human Trafficking and Protecting Victims of Trafficking is partly aligned with Directive 2011/36/EU on preventing and combating trafficking in human beings and protecting its victims.

Law on Crime Victim Compensation, which has the purpose of establishment and the functioning of the Crime Victim Compensation Program. This Law is in compliance with the Council Directive 2004/80/EC of 29 April 2004 relating to compensation of crime victims, whereby the law reflects the application of the directive concerning the procedures for compensation of crime victims in cross-border cases and the establishment of decision-making and assisting authorities in cases of compensation of victims.

Law on State Border Control and Surveillance which regulates the border control, police powers inside the state, cooperation between state bodies which have competence in border management.

Law on Execution of Penal Sanctions which regulates the execution of penal sanctions, sanctions on offences and measures of mandatory treatment, and application of detention measure.

Law on Kosovo Intelligence Agency, which on the basis of Articles 65 (1) and 129 of the Constitution of the Republic of Kosovo shall establish the Agency for Kosovo Intelligence which shall collect, analyze and disseminate this intelligence in a vigorous and responsible manner.

Law on State Prosecutor regulates the organization, jurisdiction, functioning, competencies, and duties of the State Prosecutor.

Law on Classification of Information and Security which aims to establish a uniform system for classifying and safeguarding information related to Kosovo's security interests and for security clearances of all persons who have access thereto.

Law on Courts regulates the organization, functioning and jurisdiction of courts in the Republic of Kosovo.

Law on Personal Data Protection determines the rights, responsibilities, principles and measures with respect to the protection of personal data and sets up an institution responsible for monitoring the legitimacy of data processing.

Law on Interception of Electronic Communications regulates the procedures and conditions for interception of electronic communications carried out for criminal procedure needs by state institutions established by law, and procedures and conditions of interception for security needs of the Republic of Kosovo and its citizens established by Law.

As regards respective strategies and policies, Kosovo has adopted the necessary strategic documents for combating organized crime:

- National Strategy and Action Plan of the Republic of Kosovo against Organized Crime 2012-2017;
- National Strategy and Action Plan of the Republic of Kosovo against Narcotics 2012-2017;
- National Strategy and Action Plan of the Republic of Kosovo for Crime Prevention 2012-2017;
- National Strategy and Action Plan Against Trafficking in Human Beings 2015-2018;
- Intelligence Led Police Strategy 2014-2017;
- Strategy on Control and Collection of Small and Light Arms 2013-2017.

Legal framework in the area of combating terrorism

As regards the fight against terrorism, the basic legal framework is in place, namely the Criminal Code no. 04/L-082 of the Republic of Kosovo and the Criminal Procedure Code no. 04/L-123. Moreover, the Law no. 04/L-178 on amending and supplementing the Law No. 03/L-196 on the Prevention of Money Laundering and Prevention of Terrorist Financing and the Law no. 05/L-002 on Prohibition of Joining the Armed Conflicts Outside State Territory were adopted.

Law on Prevention of Money Laundering and Financing Terrorism defines prevention measures, authorities and procedures for detecting and preventing money laundering and terrorist financing.

Law on Prohibition of Joining the Armed Conflicts Outside State Territory determines criminal offence of joining or participating in a foreign army or police, in foreign paramilitary formations, in organized groups or individually, in any form of armed conflict outside the territory of the Republic of Kosovo.

As regards the policy framework in the area of money laundering and financing of terrorism, the Government of Kosovo has adopted the following:

National Strategy of the Republic of Kosovo against Terrorism 2012-2017, which aims to strengthen the institutional mechanisms dedicated to the prevention and combating of terrorism, the establishment of institutional cooperation and coordination at the country level but also the establishment of international cooperation.

National Strategy for Prevention and Fight against Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2014-2018 serves as a guidance in terms of steering and controlling the activities of the respective institutions about potential risks in the future as regards the informal economy, money laundering, terrorist financing and financial crimes in Kosovo.

Strategy on Prevention of Violent Extremism and Radicalization leading to Terrorism 2015 - 2020, aims to address the driving and appealing factors that influence the radicalization of the population, in particular young people. The Government of the Republic of Kosovo aims to prevent and reduce the risk of radicalization and violent extremism through the achievement of four strategic objectives: Early identification - the causes, factors and target groups; Prevention - of extremism and violent radicalization; Intervention - in order to prevent the risk of violent radicalization; De-radicalization and reintegration - of radicalized people, and their specific objectives / measures.

Legal framework in the area of international legal cooperation in civil and criminal matters

The following are the main acts in the area of international legal cooperation in civil and criminal matters in the Republic of Kosovo.

Law on International Judicial Cooperation in Criminal Matters, which establishes conditions and procedures pertaining to the provision of international legal assistance in criminal matters, unless otherwise provided for by international agreements or in the absence of an international agreement. The law stipulates that international legal cooperation can be realized in relation to international organizations or institutions, when it is needed. In absence of an international agreement between Kosovo and a foreign country international legal assistance is to be administered on the basis of the principles of reciprocity. 3. International legal assistance procedures are provided for with provisions of Criminal Procedure Code, unless otherwise provided for by this Law. This law is harmonized with:

- Council Framework Decision 2003/577/JHA on the execution of orders freezing property or evidence in the European Union;
- Council Framework Decision 2006/783/JHA on the application of the principle of mutual recognition to confiscation orders;
- Council Decision 2007/845/JHA of 6 December 2007 concerning cooperation between Asset Recovery Offices of the Member States in the area of tracing and identification of proceeds from, or other property related to, crime
- Council Framework Decision 2001/413/JHA of 28 May 2001 on combating fraud and counterfeiting of non-cash means of payment.

Institutional Framework

Institutional framework in the area of border management

The main agencies of the Republic of Kosovo involved in the IBM, categorizing them according to their function, control of persons and control of goods, are the following: Kosovo Police, Kosovo Customs and Food and Veterinary Agency (FVA).

Kosovo Police, more specifically the Department of Kosovo Border Police operates with 1.317 employees and is responsible for the management and control of the BCP, along the Green and Blue borders, within the Republic of Kosovo regarding border issues; security at international airports in cooperation with the airport operator and relevant authorized authorities; prevention of terrorist acts in partnership with all

law enforcement agencies; checking the right of every person wishing to enter or leave Kosovo in regards to visa and entry; temporary closure of borders (based on the decision of the Government) and granting of temporary permission to cross the Green and Blue border. This department is organized at central, regional, and local levels. At the regional level, the department consists of North, East and West Regions, Prishtina International Airport, Police stations at all border crossings points and Police stations for green/blue border surveillance.

Kosovo Customs has the responsibility to implement the procedures and operations that are required by the Customs and Excise Code for goods that enter, leave and transit through the territory of Kosovo, and to address any irregularity in this regard (including the imposition of fines)

Food and Veterinary Agency, among others tasks, has the responsibility to control the animals and other food stuff that enter, leave and transit through the BCP of the Republic of Kosovo.

In order to ensure adequate cooperation and coordination between these agencies, there are well established structures for this purpose; the Executive Board which consists of National IBM Coordinator, Director of Border Police, General Director of Kosovo Customs, Chief Executive of the Kosovo Food and Veterinary Agency, General Secretary of MEI, and representatives from other institutions as necessary.

Moreover, IBM is supported also by the National Centre for Border Management that has the function of coordinating the activities and operations arising from the requirements of the authorities involved in IBM, supporting and facilitating them in the exchange of information. NCBM is tasked to monitor the activities of Border Crossing Points (BCP) through photographing, registration and CCTV camera surveillance, timely inform those responsible for suspicious activities in the BCP and the Green/Blue line, and coordinate the actions of the authorities involved in border control and surveillance. Within the centre there is also a Joint Unit for Intelligence, Analysis of Risk and Threats (JUIARTH) which has the duty of collection, evaluation, analysis, comparison and harmonization of data and information between all authorities involved in IBM and based on this information designs common risk and threats analysis on a weekly, monthly and yearly basis.

Regarding international cooperation in the area of border management, so far there are 23 cooperation agreements and protocols signed in the area of Border Police Cooperation with Albania, Macedonia, Montenegro and Serbia. On the other hand there are 12 agreements signed on customs cooperation with Albania, Montenegro, Finland, Hungary, Macedonia, Slovenia, Turkey, France, Italy, Poland, Austria and Great Britain.

Besides the need for approximation of national legislation with the EU, there are a number of other aspects that need to be improved to make the border management more efficient. In technical terms, the Integrated Border Management System has now advanced and its advancing has been implemented, relating and interacting with databases of other systems inside and outside the Kosovo Police and there is the possibility of liaison of this system in the future with other systems based on the needs and schedules. This system is far more efficient and safe in controlling of the documents since now all the biometric documents can be read and recorded by this system. In addition, given the importance of NBMC as a facility that brings together officials from the Police, Customs and Food and Veterinary Agency, there is a need for this centre to advance further, both technically and in terms of capacity-building, through drafting of adequate development plans.

Institutional framework in the area of visa policy

The main responsible institution for the implementation of the visa regime is the *Ministry of Foreign Affairs* (MFA). Since 1 July 2013, the Government of the Republic of Kosovo has established a visa regime for citizens of 88 countries who plan to enter the Republic of Kosovo. *Consular Department* respectively *Visa Division* of this Ministry is responsible for issuing the decision regarding the approval, denial,

revocation or cancellation of visa (after having received the recommendation of the Directorate of Migration and Foreigners, DCAM and assessment of the case as a whole). Visa regime is implemented through a completed legislation and KVIS functional system in 15 Kosovo diplomatic missions and 7 BCP.

Institutional framework and capacities in the area of migration management

The Republic of Kosovo has advanced its institutional framework in the area of migration in order to meet the international standards and to improve the regional and international cooperation.

The responsible institutions for overseeing and implementation of migration policy in the Republic of Kosovo are the following:

Ministry of Internal Affairs (MIA) is responsible for preventing and combating irregular migration through border integrated management, control of foreigners in the visa application procedure, in close cooperation with other relevant institutions of border control on the conditions and criteria to enter, stay and transit in the Republic of Kosovo, for providing the foreigners with a residence permit; to control the legality of stay of foreigners in the territory and taking voluntary departure measures, returning by force, deportation, detention of illegal foreigners in the territory and return to their country of origin or transit country from where they have come; implementation of readmission agreements with other countries, as well as informing them of the opportunities to benefit from the reintegration program in Kosovo, regional cooperation and beyond in the area of exchange of statistical data on irregular migration, identification and treatment of victims of trafficking in cooperation with other institutions.

The Structures of MIA that carry out the obligations and responsibilities in the area of migration are: the Department for Citizenship, Asylum and Migration (Division of Migration, Division for Citizenship, Division on Asylum, Division on Readmission and Return, Division of Planning, Strategy and Statistics), the Department for Reintegration of Repatriated Persons and the Kosovo Police (Directorate for Migration and Foreigners, Department for Investigating Organised Crime etc.). Moreover there is a functional database for management migration data.

Department for Citizenship, Asylum and Migration (DCAM) formulates the policies, strategies, action plans and ensures close coordination with other relevant institutions and organizations as well as develops administrative, procedural and operational directives in cooperation with the Legal Department. In addition it contributes to the development and implementation of bilateral agreements on migration. It carries out the task of readmission of persons returning from the sending countries, reviews and decides on applications for citizenship and decides on denied cases and asylum, international protection and entry permit applications. DCAM also oversees Asylum Centre and the detention centre for foreigners and coordinates and cooperates with the relevant ministries and municipalities regarding the readmitted persons.

Department for Reintegration of Repatriated Persons (DRRP) is responsible for managing the program for reintegration of repatriated persons, coordinates the re-integration process at national and local level, including the provision of services for the sustainable reintegration of repatriated Kosovo citizens. Under this department there it operates also the Case Management System (CMS) where the data are entered and the cases of beneficiaries of the Program for Reintegration of Repatriated Persons operating since 2010 are tracked. The decision-making and coordination structures dealing with reintegration of repatriated persons in central and local level are the following: Reintegration Department within the Ministry of Interior, Municipal Office for Returns and Communities and Municipal Committees for Reintegration. There is also the Commission for review of complaints of repatriated persons at the central level. Moreover, the Case Management System aiming to manage the issues of reintegration was made operational.

Border Police - is responsible for the management and control of borders against irregular migration and human trafficking. Border Police cooperates and interacts with the competent bodies in matters of asylum, refugees and residence of foreigners in order to achieve effective control and management of migration, as well as oversee the border crossings and the Green and Blue line. Department of Migration and Foreigners is responsible for filing of the initial request for asylum seekers.

Directorate for Migration and Foreigners (KP) - as a specialized directorate within the Border Police, is in charge of dealing with the irregular stays within Kosovo, control of entries and movements in the Republic of Kosovo. This Directorate conducts inspections of suspicious sites with the aim of preventing and identifying irregular stay of foreign nationals. Directorate on Migration and Foreigners is responsible for the filing of the initial request for asylum seekers and also the execution of decisions to deport foreigners.

Directorate for Investigation of Trafficking (KP) - is a specialized body of the Kosovo Police mandated with the responsibility of investigation, arrest and prosecution of traffickers and perpetrators of criminal acts of trafficking.

Institutional framework and capacities in the area of asylum

Regarding the institutional framework, a responsible institution for managing the field of asylum is the *Department for Citizenship, Asylum and Migration* within the Ministry of Internal Affairs, specifically the Asylum Division. Within this department there is the Asylum Seekers Centre which is operational, with a capacity to accommodate up to 50 asylum seekers. The centre provides accommodation for asylum seekers as well as medical checks, medical and social assistance to women and men seeking international protection. The centre is open, meaning that accommodated asylum seekers are free to move while respecting the internal rules of the Centre. The facility operates 24/7 with full capacity.

Institutional framework and capacities in the field of money laundering and terrorist financing

The main institutions involved in preventing and combating money laundering and terrorist financing are the following:

Financial Intelligence Unit established by Law No. 03/L-196 as a national central independent institution responsible for requesting, receiving, analyzing and disclosure of information regarding potential money laundering and terrorist financing to competent authorities.

Ministry of Finance, through its mechanisms (Kosovo Customs and Tax Administration) that exercise control function regarding goods and persons at border crossing points and within the territory of Kosovo contributed to the prevention, identification, reporting, investigation and blocking the sources of funding of terrorist activities and money laundering.

Ministry of Internal Affairs, through the KP Directorate for Economic Crimes, is responsible for investigating and combating all forms of economic crime, including money laundering and terrorist financing.

Special Prosecutor of the Republic of Kosovo and the State Prosecution as defined in the Law on PML/CTF the criminal offenses of money laundering and terrorist financing as described in Article 56 and 57 of this Law are in the exclusive competence of the Special Prosecution of the Republic of Kosovo, established by the Law on Special Prosecution of the Republic of Kosovo. Meanwhile, other criminal offenses described in this law are in the jurisdiction of state prosecutors as described in the Law on State Prosecutor and the Criminal Procedure Code.

National Coordinator for Combating Economic Crimes, which provides administrative and operational support to designing, reviewing, approval, implementation and monitoring of the National Strategy for Combating Economic Crimes 2014-2018.

Institutional framework and capacities in the area of combating drugs

The main institutions involved in the area of preventing and combating drugs in the Republic of Kosovo are the following:

Ministry of Internal Affairs, which through the Kosovo Police as a law enforcement agency under MIA, has the overall responsibility in the fight against the use, purchase, possession, sale, distribution, import, export, processing, cultivation and preparation of substances or preparations that are declared dangerous as drugs. KP Directorate for Investigation of Drug Trafficking is responsible to conduct investigations related to drugs. The Department consists of 96 officers working in various teams, including the Prevention and Investigation Unit. This Directorate is supported by other departments of KP and other agencies (Customs, Kosovo Intelligence Agency, Health Inspectors and Kosovo Agency for Medical Equipments and Products, Kosovo Forensic Agency and Forensic Medicine Department, etc).

National Coordinator, who is responsible to coordinate, monitor and report on implementation of policies, activities and actions related to drugs.

MIA Secretariat is a new body responsible for collecting the information and data from other institutions, analyze and evaluate such data and prepare analytical reports for the National Coordinator.

Ministry of Finance – through Kosovo Customs as a law enforcement agency, has the role in controlling all goods entering and leaving Kosovo. Kosovo Customs due its presence throughout the territory of Kosovo and its functional role of controlling the goods at the border, it is an important institution that jointly with the Kosovo Police checks and identifies illegal trades and transport. The National Strategy on Integrated Border Management and Action Plan should be followed in order to strengthen cooperation and coordination of the two main bodies that fight the use, trade, transport and production of illegal drugs.

The Ministry of Justice prepares and develops legislation in the area of justice; 2. Coordinates and develops international judicial cooperation in criminal matters; 3. It will make the agency for the administration of seized or confiscated property fully operational, for efficient management of the seized items, 4. Engages in technical and professional capacity building of correctional service to fight all negative phenomena in prisons, including the fight against drugs, with the aim of creating a secure environment for prisoners. 5. Through the correctional service, it supervises and supports the offenders with alternative sentences and drug addicted persons with mandatory rehabilitation treatment.

Ministry of Health is part of the prevention, medical treatment and rehabilitation process of individuals. This is achieved through laws, strategies, respective plans, clinical protocols, trainings and provision of medicines.

Kosovo Judicial Council ensures that the courts in Kosovo are independent, professional and impartial. KJC is also responsible for the inspection and administration of the courts. Courts – shall ensure to adjudicate criminal cases against persons accused of engaging in trafficking. Kosovo Judicial Council shall identify judges who shall be specialized with the aim of adjudicating the cases related to trafficking.

Institutional framework and capacities in the area of organized crime and police cooperation

With the aim to prevent and combat organized crime in Kosovo, the following institutions are responsible for this area:

Ministry of Internal Affairs has a functional role in achieving certain objectives in the area of preventing and combating organized crime. *Kosovo police* as a law enforcement agency within MIA has the full authority in combating all forms of organized crime. Kosovo Police and Customs, together with other institutions, are key actors in preventing and combating criminal activities not only at the Kosovo border but also in the entire Kosovo territory.

The *directorates* responsible for preventing and combating organized crime within the Kosovo Police are the following:

- Directorate on Combating Organized Crime;
- Directorate Against Drug Trafficking;
- Directorate on Investigation of Trafficking in Human Beings;
- Directorate for Investigation of Economic Crimes and Corruption. The Division of Investigation operating within this directorate is organized as the following: Section on Investigation of Economic Crimes; Section on Corruption Investigation and Section on Financial Crimes Investigation;
- Directorate on Witness Protection;
- Anti Terrorism Unit;
- Directorate on Investigation of Cybercrime.

Ministry of Finance, through Kosovo Customs, Financial Intelligence Unit and Kosovo Tax Administration provides its support in preventing cross-border movement of goods and materials aimed at activities related to all forms of organized crime.

Ministry of Justice - is engaged in strengthening and making operational the rule of law, in creating the necessary conditions for prosecutions in respect to crime prevention and drafts the plans and programmes for the re-integration of prisoners and perpetrators with alternative punishments.

National Coordinator is an individual body responsible for coordination, monitoring and reporting on the implementation of policies, activities and actions related to the fight against organized crime.

The Secretariat has the duty and responsibility to collect the information and data from other institutions, analyze and evaluate such data and prepare analytical reports for the National Coordinator.

Kosovo Intelligence Agency collects, assesses and provides information about threats of criminal activities.

Kosovo Judicial Council ensures that the courts in Kosovo are independent, professional and impartial with the aim to an effective judicial system to fight the organized crime and other forms of criminal activities.

Kosovo Prosecutorial Council ensures that the prosecution system in Kosovo is independent, impartial and professional in prosecuting, investigating and detecting criminal offences as well as to represent on behalf of the state the indictments before the courts.

Prosecutions and Courts are responsible institutions for prosecuting perpetrators, their adequate punishment, confiscation of property and the assets gained through criminal activities.

In addition to harmonization of legislation with the EU *acquis* and strengthening the mechanisms for preventing and combating all forms of organized crime, a priority in this area remains achieving concrete results in the investigation of all forms of crime, including increasing the number of orders for permanent seizure of assets. Another priority in this area remains the interconnection of databases of rule of law institutions and the creation of a database for criminal records and specialization of prosecutors and judges in all fields of organized crime. Despite the fact that Kosovo has achieved results in the area of international police cooperation, as in terms of the exchange of information also in terms of participating

in joint international investigations and operations, membership, law enforcement in international organizations and signing of international agreements with third countries still remain priorities in the area of police cooperation.

Institutional framework and capacities on fight against terrorism

The main institutions involved in preventing and combating terrorism are the following:

Ministry of Internal Affairs, through its mechanisms, assists in providing information and undertaking activities related to prevention, protection, prosecution and response to all terrorist activities.

Kosovo Intelligence Agency, which collects, analyzes and disseminates information to prevent terrorist activities taking place at the expense of the security of the Republic of Kosovo and global security.

Financial Intelligence Unit, which is responsible for seeking, receiving, analyzing and disseminating of information to the competent authorities and make public the information regarding the financing of terrorism.

Ministry of Finance, through its mechanisms, the Kosovo Customs, Financial Intelligence Unit and the Tax Administration, which have the mandate to control the goods and persons at border crossing points and within the territory of Kosovo, contribute to the prevention, identification, reporting, investigation and blocking the sources of funding of terrorist activities.

National Coordinator for the Fight against Terrorism is an individual body responsible for coordination, monitoring and reporting on the implementation of policies, activities and actions related to the fight against terrorism.

Despite the fact that Kosovo has achieved tangible results in the fight against terrorism, the challenge that still remains are the limited capacities in the fight against terrorism as well as the inadequate level of cooperation with neighbouring countries and EU member states on this issue. In order to complete the policy framework in this area, the Republic of Kosovo needs to adopt a strategy on prevention of radicalization and violent extremism.

Donor Support

The Ministry of Internal Affairs currently is supported by the European Commission through IPA instrument and other bilateral donors in the following areas:

Current projects under IPA

Strengthening Effective Migration and Asylum Management

Description: Support for Kosovo institutions to manage migration and asylum flows to and from Kosovo.

Beneficiary: Ministry of Interior, Ministry of Diaspora, Ministry of Labour and Social Welfare

Period: 2016-2018

Further support for the Academy of Public Security

Description: Support for the provision of high quality education in the area of public security in Kosovo by strengthening the training capacities of the Kosovo Academy for Public Safety and public safety agencies, strengthening of the bachelor program in KAPS and establishing the Institute for Research and Development.

Beneficiary: KAPS, Kosovo Police, Kosovo Customs, the Food and Veterinary Agency, Emergency Management Agency, the Police Inspectorate of Kosovo, the Kosovo Correctional Service and Kosovo Probation Service.

Period: 2015-2017

Digitization of civil registry books

Description: Creating electronic archive copies of scanned books returned from Serbia in order for them to be accessible and searchable in the civil registry system, and to increase the quality and reliability of the civil registration system

Beneficiary: Civil Registry Agency

Period: 2015-2016

Strengthening the institutions of Kosovo in the fight against trafficking in human beings

Description: Support the advancement and improvement of the fight against human trafficking. The specific objective of the project is to raise the level of coordination and implementation of measures in the fight against trafficking in human beings. This project, expected to be launched in early 2017, will provide grants to support shelters for victims of trafficking in human beings.

Beneficiary: MIA/MPMS

Period: 2017-2019

Support the fight against financial crime/money laundering

Description: The project aims to increase the capacity of all law enforcement institutions in the fight against financial crime and confiscation of asset recovery and prevention of violent extremism and radicalization.

Beneficiary: MIA/MF

Period: 2017-2019

Increase the capacities of the Kosovo Forensics Agency and of the Kosovo Police in the provision of forensic services

Description: The project aims to increase the capacity and coordination of all forensic services, including capacity building and in DNA analysis, as well as support in the area of explosives and firearms.

Beneficiary: MIA (KFA and KP)

Period: 2017-2019

Support to civil registration and document security

Description: Continuation of the support provided so far to the Civil Registration Agency in the central and municipal level

Beneficiary: MIA / ARC

Period: 2017-2019

Support for police reform in line with EU standards

Description: Assistance in the implementation of police reforms, including the implementation of intelligence-led policing, combating cybercrime, providing training and equipment related to advanced investigation techniques in the area of trafficking in drugs, human beings, etc. creating an early-warning system of new drugs; addressing the issue of reducing the average age of the Kosovo Police.

Beneficiary: MIA/KP

Period: 2017-2020

EU Mission for Rule of Law (EULEX) supports the Kosovo authorities in the rule of law, especially in the police, judiciary and customs. As a technical mission, EULEX monitors and provides advice to Kosovo authorities, while it has a limited number of executive competencies, as in the case of the Special Prosecutor's Office. The task of this institution is to deal with sensitive cases such as cases of war crimes, terrorism, financial crime and corruption and organized crime.

The Ministry of Internal Affairs, besides the support provided by the European Commission, it continuously benefits from projects by ICITAP, supporting Kosovo to strengthen the rule of law in Kosovo and building the capacities of judicial, prosecution and rule of law institutions in combating

organized crime, human trafficking, corruption, money laundering and terrorism. ICITAP program is funded by the Bureau of International Narcotics and Law Enforcement in the Department of State of the United States.

ICITAP is currently supporting Kosovo with the following programmes:

Support to Kosovo police executive management - this program provides advice to the General Director of the Kosovo Police on cooperation with the Serbian Police, extension of the rule of law in northern Kosovo, raising the level of professionalism, accountability and integrity within executive and middle level police.

Support to the Ministry of Internal Affairs to improve the executive management practices, as well as support to the Kosovo Police Inspectorate in building the capacities on crime and corruption investigation and conducting compliance performance inspections.

Support in the field of combating human trafficking and complex criminal investigations, which aims to improve the capacity of the MIA to prevent and combat trafficking in human beings and improving the capacities of the crime investigation department within the KP, to carry out investigations on complex cases using modern investigative techniques.

ICITAP also provides support in the area of integrated border management and in the area of security in community. Moreover, MIA benefits from the support provided by UNDP, particularly through the project on minimization of the risk of firearms and explosives. In addition, MIA is a beneficiary of the project "Support to the process of European integration," which supports the Department for European Integration and Policy Coordination within the Ministry of Internal Affairs regarding the coordination capacity building in the process of visa liberalization. The project also provides support to the Department for Citizenship, Asylum and Migration, as well as Department on Reintegration of Repatriated Persons.

Furthermore in the field of migration, the Ministry of Internal Affairs benefits from the project "Support to the Government Authority for Monitoring of migration flows", financed by the Swiss Agency for Development and Cooperation and implemented by the International Centre for the development of migration policies. The project aims the capacity building of Government Authority for Migration in the development and preparation of migration policies through technical assistance and training.

Medium-term Priorities

In order to fulfil the obligations arising from the SAA and other EU accession documents and mechanisms in all areas under Chapter 24, the focus during 2017-2020 will be on the following midterm priorities:

Medium-term priorities in the field of border management

In order to fulfil the obligations arising from the SAA and other EU accession documents and mechanisms in all areas under Chapter 24, the focus during 2017-2020 will be on the following *midterm* priorities:

- Enhancing international cooperation with the authorities such as Frontex, Selec, etc.;
- Opening of the border crossings with neighbouring countries;

Medium-term priorities in the area of visa policy

- Extending KVIS Regulation to other diplomatic and consular missions of Republic of Kosovo

Medium-term priorities in the field of asylum

In order to fulfil the obligations arising from the SAA and other EU accession documents and mechanisms in all areas under Chapter 24, the focus during 2017-2020 will be on the following *midterm* priorities:

- Enhancing mechanisms for the return of asylum seekers to the country of origin and return to safe third countries; and
- Creating a sustainable asylum seeking international protection system in cooperation with other institutions of central and local level for asylum seekers who request international protection.

Medium-term priorities in the field of migration management

In order to fulfil the obligations arising from the SAA and other EU accession documents and mechanisms in all areas under Chapter 24, the focus during 2017-2020 will be on the following *midterm* priorities:

- Strengthening the Monitoring Authority on Migration Movements (MAMM);
- Enhancing international cooperation in combating irregular migration; and
- More effective inclusion of relevant institutions at all levels in the fight and the prevention of irregular migration.

Medium-term priorities in the area of fight against money laundering and terrorist financing

In order to fulfil the obligations arising from the SAA and other EU accession documents and mechanisms in all areas under Chapter 24, the focus during 2017-2020 will be on the following midterm priorities:

- Updating/amendment of the Standard Operating Procedures to ensure the full implementation the Law on Prevention of Money Laundering and Financing of Terrorism and efficient working processes at FIU
- Assessment II of National Risk of Money Laundering and Terrorist Financing
- Assessment and implementation of sectoral risk for sectors most susceptible to money laundering and terrorist financing
- Membership of Kosovo to Moneyval and Egmond Group.

Medium-term priorities in the area of fight against drugs

In order to fulfil the obligations arising from the SAA and other EU accession documents and mechanisms in all areas under Chapter 24, the focus during 2017-2020 will be on the following *midterm* priorities:

- Enhancing cooperation with the EMCDDA.

Medium-term priorities in the area of fight against organized crime

In order to fulfil the obligations arising from the SAA and other EU accession documents and mechanisms in all areas under Chapter 24, the focus during 2017-2020 will be on the following midterm priorities:

- Creation of a database for criminal records or an integrated system for the management of such cases;
- Increasing the number of prosecutors and judges and their specialization in the area of organized crime;
- Annual assessment of threats of organized crime and serious crime (SOCTA);
- Making the databases of law enforcement agencies fully operational and interlinking them;
- Capacity building of Kosovo Forensic Agency technical laboratories;
- Make the Information Management System (CMIS) operational;
- Creation of a database for keeping records of convicted persons;
- Increasing the number of orders for the confiscation of assets and generally improving the results in the permanent confiscation of illegally obtained assets.

Medium-term priorities in the area of fight against terrorism

In order to fulfil the obligations arising from the SAA and other EU accession documents and mechanisms in all areas under Chapter 24, the focus during 2017-2020 will be on the following *midterm* priorities:

- Technical, logistical and technological capacity building in the area of terrorism
- Increasing the number of intelligence information exchanged with other countries and undertaking of joint investigations.

3.26. Acquis Chapter 25: Science and Research

The *acquis* on this chapter does not require transposition of EU rules into national legal order but it requires from member states to ensure the necessary implementing capacities to pursue the EU objectives and activities in the area of research and technological development. The necessary implementing capacities are related to the existence of conditions for participation in EU programmes for research and innovation to facilitate integration into the European Research Area (ERA), contributing to the Innovation Union (IU) and to the Europe Strategy 2020 in general.

SAA Requirements

The Parties shall encourage cooperation in scientific research and technological development on the basis of mutual benefit and, taking into account the availability of resources, adequate access to their respective programmes, subject to appropriate levels of effective protection of intellectual, industrial and commercial property rights. Cooperation shall take due account of the priority areas related to the EU *acquis* in the area of research and technical development.

The Country Report 2016 has had little progress in the field of research. Kosovo has taken limited actions to develop its capacities for research and innovation. The quality of post-graduate programs is very limited. The budget for research is still insufficient and it is under 0.2% of GDP. The Law on Scientific-Research Activities is still not implemented properly due to lack of funds. Kosovo also needs to strengthen its administrative capacities in research and innovation. Regarding the participation in the EU program for research and innovation "Horizon 2020", the Kosovo authorities were involved in more than 50 proposals, 9 of which were held for financing. Compared to previous years, this is a positive development.

According to the conclusions of the 2017 SAA Subcommittee on Innovation, Information Society, Social Policy and Employment, as far as science and research are concerned, Kosovo will increase and stimulate the level of participation in Horizon 2020, including by increasing the number of proposals/applications, improve the coordination of National Contact Points for Horizon 2020, provide funding to implement activities arising from the Law on Scientific Research, while also ensuring adoption and implementation of the Law on Innovation and Technology Transfer. It will also strengthen the research and innovation capacities by reforming higher education institutions and increasing investment in research in both public and private sectors.

State of Play

Legal Framework

Science and research in Kosovo is regulated by Law no. 04/L-135 on Research Activity. This Law contains the best European practices that support the scientific research focusing on economic and social development. Moreover, the law contains provisions regulating the link of scientific and research with the economy and industry. The structure responsible for the management of national research priorities is the National Council on Research, while the Department of Science and Technology in the Ministry of

Education, Science and Technology is the main policy making institution in the area of science and research.

Institutional and Policy Framework

With the aim to further develop the research and innovation, the Framework Programme for Scientific Research and Innovation 'Horizon 2020' of the European Union that provides support to research activities and innovation is into force. There are already established contact points in all areas within this program. In terms of participation in Horizon 2020 program, Kosovo has participated in only four FP7 projects in the capacity of a partner. In order to increase the participation in this program, MEST will allocate a budget covering the costs of experts for developing projects for any application that meets the requirements specified by the Framework Programme. Kosovo is also part of the European and Balkan Strategy for Innovation, Research and Development.

Medium-term Priorities

Improving the quality and competitiveness of higher education through the promotion of excellence in teaching, research, artistic creativity, innovation and internationalization is the general objective of MEST in the field of higher education and science.

In terms of legislation, Kosovo will in the medium-term perspective work on drafting and adopting the Law on Financing of Research Activities. An inter-ministerial mechanism that would manage linkage between innovation and research (the research-industry-economy link) also needs to be put in place.

In terms of capacity-building in the area of innovation and research, PhD scholarships, equally for women and men, will continue, with a view to internationalization through the work of Kosovan researchers in developed countries. Within this objective, scientific institutes will also be equipped with the infrastructure needed for scientific research.

In the medium-term perspective we will also work towards achieving the status of an associated member in Horizon 2020.

Over the medium term in the science sector MEST has planned to continue the support of the students of the PhD program to study in the best universities in the world, support for scientific research projects, funding of research institutions in the country with laboratory equipment, implementation of the Law on innovation and technology transfer; Distribution of certificates for innovations; Capacity building and awareness-raising activities; Planning of financial instruments to promote innovation.

Capacity building of research and innovation through the reform of higher education institutions and increased investment in research in both the public and private sectors.

3.27. Acquis Chapter 26: Education and Culture

The areas of education, training, youth and culture are primarily the competence of the Member States. Treaty on the Functioning of European Union foresees that the Union encourages the cooperation and support among Member States by supporting their actions and by fully respecting their responsibilities for the content of learning, organisation of the education and training systems, and the national and regional cultural diversity.

The *acquis* on education and culture mainly consists of a cooperation framework using programmes and an open method of coordination aiming to converge national policies and the attainment of shared objectives. In the area of education, training and youth, Member States need to have the legal,

administrative and financial framework as well as the necessary implementing resources in place to ensure sound management, including financial management of decentralized EU programmes. The *acquis* contains also the Directive for educating of children of emigrant workers' and the decisions of European Court of Justice for the cases related to nondiscrimination between citizens of EU member states.

The objectives of education and training systems approved in 2001, as well as the Copenhagen process for professional training and the Bologna process on higher education, give instructions on improving the quality of education and training systems. The working program "Education and Training 2010" and the strategical framework "Education and Training 2010" integrate all actions in European level and contribute on improving the quality of education and training systems. Shared objective for EU's youth policies are defined in EU's Strategy for Youth (2010-2018) which is based on an open method of coordination. In the field of sports, Commission Communication 2011 "Development of the European Dimension in Sport" proposes concrete actions for supporting and coordinating policy measures, with the aim to potential adoption by the Council of the multiannual EU working plan for sport.

Regarding the cultural policy, Member States should uphold the foreseen principles in Article 167 of TFEU and in particular, to ensure that their international commitments allow the development and implementation of policies and instruments that aim preservation of and promotion of cultural diversity. In accordance with these principles, UNESCO Convention for Protection and Development of Divers Cultural Expression is a key element of *acquis* in the area of culture. Commission Communication for the European Agenda for culture in a globalized world introduced a structured dialogue in the culture sector and an open method of coordination, in order to implement three common sets of objectives: cultural diversity and intercultural dialogue; culture as a catalyst for creativity; and culture as a key component in international relations.

SAA Requirements

Therefore, Article 107 of the SAA requires cooperation between the parties with the aim of raising the level of education in general, vocational education, training and policy development work of young people in Kosovo with the aim of developing skills, employment, social inclusion and economic development in Kosovo. A priority for higher education system should be to achieve adequate standards of quality of institutions and programmes in accordance with the objectives of the Bologna process and its Declaration. Parties should cooperate in order to ensure that access to all levels of education and training in Kosovo is done without discrimination on grounds of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. In addition, also the needs of students with disabilities in Kosovo must be addressed.

SAA Article 108 puts forward the requirement of cooperation between the parties aiming to promote cultural cooperation to increase the capacity of operators and understanding between individuals and minorities. This cooperation should support cultural diversity in the country based on the principles of the UNESCO Convention on the protection and promotion of diversity of cultural expression.

As per 2016 Country Report, implementation of the Kosovo Curriculum Framework and the core curriculum in the country is required. It also requires to ensure independent functioning of higher education institutions and adoption of a new Law on Higher Education, in line with international standards. Strengthening capacities in the area of research, through the reform of higher education institutions, is also needed. The report also emphasizes improvement of the quality of education at all levels and improvement of access to quality education for all marginalized groups.

According to the Conclusions of the 2017 meeting of the SAA Subcommittee on Innovation, Information Society, Social and Employment Policy, in relation to education Kosovo will implement the 2017-2021 Education Strategic Plan and will adopt the revised Law on Higher Education. MEST will ensure the

increase of the growing number of public kindergartens for children aged 0 – 5, in accordance with ERA. Implementation of the core curriculum will commence by the end of 2017.

State of Play

Legal Framework

Education

The area of *higher education* is regulated by Law no. 04/L-037 on Higher Education adopted in 2011 as the main legal basis for organization of the higher education system in Kosovo.

Kosovo has not officially joined the Bologna system yet. However the application for official admission has been submitted in 2014. The legal basis harmonizes current educational practices with the priorities of the Bologna Group declarations, especially regarding the harmonization of certain provisions of the Law No. 03/L-060 on the National Qualifications and the National Qualifications Framework, facilitating the recognition of prior learning and qualifications acquired in other countries through NARIC centre.

Law no. 04/L-138 on Vocational Education and Training, Law no. 04/L-143 on Adult Vocational Education and Training and the Law no. 03/L-060 on National Qualifications is the main legal framework on regulation of *adult vocational education and training* in Kosovo. The Law on Vocational Education is considered to be partially harmonized with the *acquis* (respectively Council Decision 64/266/EEC) while its implementation is ensured through AI which regulates the area of adult vocational education and training and education.

Preschool education is regulated by the Law No. 03/L-52 on Preschool Education and the Law no. 04/L-032 on Pre-University Education. The percentage of children receiving early childhood development services for ages 0-5 has been increased from 3% assessed by European Commission Progress Report 2014 to 4%. This percentage is increased with opening of 120 private preschool education institutions. While the children of the age group 0-6 who receive education services is 15.48% (gross level) of registration in preschool and pre-primary education and it includes all ages of pre-schools children. According to the Barcelona Objectives, at least 90% of children between 3 and commencement of compulsory education, as well as 33% of children under 3, should have access to preschool facilities.

The issue of *school dropout* is regulated by AI no 19/2012 on Creation and Empowerment of the Teams on Prevention and Reaction to Dropout and non Registration in Compulsory Education.

Culture

The legislation regulating the area of *culture* includes the Law no. 02/L-57 on Cultural Institutions; Law no. 04/L-065 on the Copyrights and Related Rights; Law no 04/L-075, amending the Law no. 203/24 on Sports, Law no. 04/L-056 on Ensemble of Songs and Shota Dance, Law no. 04/L-59 on Philharmonic, Opera and Ballet; Law no. 2004/22 on Cinematography; Law no. 02/L-59 on Cultural Heritage; Law no. 04/L-106 on Theatres.

Institutional and Policy Framework

Regarding external mechanisms for quality assurance in higher education in 2014 full membership of Kosovo in the ENQA (European Network of Quality Assurance Agencies) was confirmed. Kosovo Implements Quality Standards and Guidelines and has adopted practices applicable in the European Higher Education Area. On the other side the Kosovo Accreditation Agency has continued external evaluation of programmes and institutions as well. In 2014 the number of programmes accredited has reached 573.

As a result of an agreement with European Commission and MEST, Kosovo participates in European Union Programme for Education Tempus since 2003. The Tempus Programme has consistently contributed directly to development of curricula, cooperation with the society, management of universities, teacher training as well as quality assurance projects, which cover almost the entire higher education sector in Kosovo. The successor of Tempus is the Erasmus + programme which implements the projects through Erasmus + Office in Kosovo. This office is focused in the area of higher education and contributes to awareness-raising, visibility, adaptability, sustainability, effective approach towards international dimension of Erasmus + Programme. The actual challenge of increasing the participation in relevant Erasmus + schemes is that the higher education institutions don't have the adequate capacities (for example establishment and consolidation of the office for cooperation and projects, cooperation mechanisms in faculty level) on writing the projects which address the development needs of the institutions and their programmes.

The basic strategic document which sets the development objectives in the education system in the Republic of Kosovo is the Kosovo Education Strategic Plan 2011-2016, approved by the Kosovo Government. This strategic plan is a comprehensive strategic document, which includes all the education levels in Kosovo, starting from the pre-primary up to the university level. The other strategic development documents on education are: Communication Strategy; Strategy against Drop Out; Strategy on Schools Promoters of Health 2008-2018, Strategy on Integration of Roma, Ashkali and Egyptian 2007-2017 and the Strategy on Pre-University Development 2007-2017.

Apart from vocational education schools, 4 competence centres have been established. The system defined by the Law on Vocational Education and Training is 3+1+1, is in compliance with labour market needs. 142 education programmes, covering 17 areas and 29 vocational standards were drafted and the curricula framework was piloted. However, in terms of development of vocational education and training, there is a lack of cooperation among vocational schools and businesses on completing the practical work.

Kosovo curriculum has started its piloting phase in 2014, initially with the first 10 pilot schools for classes 1, 6, 10, increasing the number with 82 (total 92) additional schools in 2014/2015 for classes 1, 2, 6, 7, 10, 11. On the other hand the educators of all education groups for implementing the document Developmental Standards on Early Childhood Education were trained and the complementary documents for implementation of this document were published. MEST Division on Programmes and School Textbooks, Kosovo Pedagogic Institute and a Twining Project have conducted analysis and assessments on implementation of the new curricula.

In order to advance *the quality management in pre-university education*, MEST emphasizes on the guidelines on increasing the internal quality assurance, implementation of mechanisms on external quality assessment and capacity building of the Education Inspectorate. In terms of enhancing the external mechanisms on quality assessment, MEST has completed the Achievement Test for pupils of the ninth grade and State Matura Test. However, a novelty and a crucial progress this year have been the piloting and implementation of international assessment PISA. MEST has given priority also to teacher professional development and modernization of teacher training in compliance with the new Kosovo Curriculum Framework.

As regards *education of children with special needs*, up to date the pedagogic evaluation teams for evaluation of the needs of the children with special needs in 28 municipalities were made operational, the guideline with evaluation instruments was drafted and all the evaluation teams were trained. 2500 teachers, education officers, schools directors and parents were trained on inclusive education.

The programme "Education according to areas of activities", a programme for pupils with severe and multiple damages, was drafted.

MEST also has allocated another 33 scholarships for students of RAE communities in Public Universities. Various measures have been taken to prevent the abduction, which consist in providing free textbooks for students of compulsory education (for grades 1 to 9), the financing of transportation for children with disabilities, exemption of informal education for social cases, affirmative measures for Roma, Ashkali and Egyptians (scholarships, providing support for enrolment in classes 10, financial support of educational centres that help children in boosting the performance of learning, etc.). Furthermore, MEST is engaged in reintegration in education of those cases referred from shelters and social work centres; as well as in the collection, processing and analysis of statistical data (including data disaggregated by gender), etc.

Medium-term Priorities

Education

With the aim to advance *the higher education*, MEST will focus on profiling of higher education institutions for labour market needs through development of strategies for universities. Moreover, it is planned to encourage the increase of international mobility of academic staff, students and researchers from Kosovo, equally for women and men, through provision of scholarships for higher education. Consequently, it is very important to improve the academic and research infrastructure in higher education institutions.

In this context, the new financial concept for higher education also needs to be strengthened. It is thus very important to improve the academic and research infrastructure in higher education institutions in the country.

In the sector of *pre-university education* the Law on Preschool Education will be amended. The inter-sectorial strategy on early childhood education will also be drafted.

Increasing the inclusion and equal opportunities for development, training and education of each individual in university education is the first objective in pre-university education with the inclusion in qualitative preschool education of children aged 0-5, the growth of investment so that preschools by 2020 have reached 95% of the criterion of the EU for 2020, children aged 5 years shall be included in qualitative primary education, improvement of quality of education at all levels and improvement of access to education for marginalized groups, particularly for children with disabilities and children of Roma, Ashkali and Egyptian communities; Providing access to quality education for children with disabilities and the training of more teachers and assistants. The implementation of measures will continue in order to reduce the rate of early school "drop out" especially for children of Roma, Ashkali and Egyptian communities.

Providing access to quality education for children with disabilities and training of more teachers and assistants is another midterm priority.

MEST will establish mechanisms and programs to identify and support children with exceptional intellectual potential and with special talents in academics, creative arts and effective policies mechanisms designed to promote diversity through an integrated education system.

In this regard, the implementation of the existing strategic plans and strategy will continue (Education Strategic Plan 2017-2021: Strategic Plan for Inclusion of Children with Special Education Needs in Undergraduate Education 2016-2020, Strategy for Quality Assurance in Pre-University Education 2016-2020), as will the implementation of the new curriculum of university education in all schools in Kosovo, and making the Agency for Curriculum, Standards and Assessments operational.

Qualitative and efficient management of education system, based on transparency and accountability, preparation and publication of regular reports based on analysis and interpretation of data from EMIS.

The development of a functional system for quality assurance in accordance with standards international, implementation and expansion of the core curriculum for preschool and pre-university education in all schools in Kosovo and the development of new textbooks and revision of existing textbooks, capacity building of teachers and student assessment system. The government should ensure the implementation of quality assurance strategies and create mechanisms for quality assurance locally. Development of a database of licensing teachers will also be done, and improvement of inspection of education, as adopted by the Government in July 2016, in accordance with European legislation and international standards.

In order to further advance vocational standards, drafting of new standards is planned to continue, while also constructing public preschool facilities in municipalities where there are no such facilities, as well as their construction and networking of vocational education and training.

Harmonization of vocational education and training to labour market demands locally and abroad and the creation of an open system of education for adults, professional profiles that are provided in VET schools shall be harmonized with the needs of the labour market; Increasing the number of students in deficit fields and the number of women in technical fields; VET curricula and education for adults will be harmonized with the Curriculum Framework for Pre-University Education and the National Qualifications Framework; Students of vocational schools carry out practical learning at school, and an internship outside the school in accordance with the National Qualifications Framework.

In the midterm perspective career guidance and counselling in the education system for students and adults will also be made operational, while also increasing the education offer for the level 5 qualifications. Full implementation of pilot mixed VET system, with elements of the dual system of learning and wage subsidies, will be also achieved.

A main objective in the area of higher education is the advancement of learning through quality teaching through implementation of a competency-based curriculum and usage of high quality instructional resources.

As the Law on Regulated Professions is already adopted, it will be further aligned. In addition, Industrial Councils will be made operational, while study programmes and research policies will be reviewed and implementation of the AI on measures and quotas for enrolment for students from minority communities in public universities will continue, with a view to increasing their enrolment in universities. The National Qualifications Authority will continue with accreditation of higher-education institutions and programmes. Improving transparency in the work of higher education institutions is another goal, with a view to addressing politicized recruitment and creating the database containing data of all academic staff and their appointments, with a view to preventing the practice whereby university teachers and academic staff hold several full-time positions.

Increasing the quality and competitiveness of higher education through promotion of excellence in teaching, research, artistic creativity, innovation and internationalization, as well as ensuring autonomy and independent functioning of higher education institutions, are also among medium-term priorities.

3.28. Acquis Chapter 27: Environment

EU environment policy aims to promote sustainable development and protect the environment for present and future generations. It is based on preventive action, namely the 'polluter pays' principle, fighting environmental damage at source, shared responsibility and the integration of environmental protection into other EU policies. The acquis comprises over 200 major legal acts covering horizontal

legislation, water and air quality, waste management, nature protection, industrial pollution control and risk management, chemicals and genetically modified organisms (GMOs), noise and forestry. Compliance with the *acquis* requires significant investment. A strong and well-equipped administration at national and local level is imperative for the application and enforcement of the environment *acquis*.

SAA Requirements

The Stabilisation and Association Agreement in Article 115, 116 and 117 sets the cooperation between Kosovo and the EU in the area of Environment, Climatic Changes and Civil Protection, as follows:

- Article 115 - Environment: The Parties shall develop and strengthen their cooperation in the environmental field with the vital task of halting further degradation and start improving the environmental situation with the aim of Sustainable development in Kosovo. The Parties shall, in particular, establish cooperation with the aim of strengthening Kosovo's administrative structures and procedures to ensure strategic planning of environment issues and coordination between relevant actors and shall focus on gradual approximation of Kosovo's legislation to the EU *acquis* and where appropriate EURATOM *acquis* and adapted to EURATOM *acquis*.
- Article 116 - Climate change: The Parties shall cooperate with the aim to assist Kosovo to develop its climate change policies, namely alleviation (reduction of greenhouse emission) and adaptation (climate change), taking into consideration other policies including in energy, transport, industry, agriculture, education and other relevant policies. Such cooperation shall also support gradual approximation of Kosovo's legislation to EU *acquis* on climate change, in particular the effective monitoring, reporting and verification of greenhouse gas emissions as well inclusion of Kosovo in international mechanisms.
- Article 117 - Civil protection: The Parties shall develop and strengthen their cooperation on improving the prevention of, preparation for and response to natural and man-made disasters. Cooperation shall, in particular, aim at enhancing Kosovo's civil protection capacities and at Kosovo's gradual approximation to the EU *acquis* related to disaster management.

Requirements from the EC Kosovo Report

The EC 2016 Kosovo Report, in point 4.2.3 Environment and Climate Change, assesses that Kosovo is at an early stage of preparation in this area. In the environmental sector some progress has been made particularly in the planning of infrastructure projects. However, considerable efforts are needed to implement the legislation in all the areas of environment and climate change.

Since most of last year's recommendations have not been implemented, then next year, Kosovo should especially pay attention to ensure the measurement and reporting of air quality in real time, to ensure the creation of river basin management authority and preparation of management plans of river basins, as well as the completion of the monitoring network of water resources, including groundwater monitoring. In addition, Kosovo must implement a strategy for climate change adaptation and components especially the development of low emissions, in accordance with the 2030 EU framework for climate policy and energy.

SAPD Requirements

According to the conclusions of the SAPD meeting, for the environmental sector in Kosovo as subsequent actions which must continue their implementation are:

- The Government of Kosovo should continue further approximation of horizontal legal framework with the *acquis* of the EU in all sectors in line with the best practices of the EU, including the subsequent actions from 2015 that have not been met based on the terms, regarding the security and progress reflection;
- Air sector shall begin reporting and monitoring of air quality in real time in Kosovo;
- Water sector shall complete the monitoring network of water resources, including monitoring network of groundwater and it shall functionalize the River Basins Authority and commence the development of the river basin management plans;

- In the waste sector, municipalities shall implement Master Plan for Waste Management and Information System for Waste (operators and municipalities), in order to meet the annual reports on waste, and to establish the operator for the storage of hazardous waste, *inter alia*, to put focus on the management of hazardous waste. The issue of ownership and responsibility for the management of radioactive waste shall also be addressed and the temporary landfill for radioactive waste shall be identified;
- Climate Change sector shall establish a systematic strategic planning on climate change and begin the implementation of by-laws on substances that deplete the ozone layer, greenhouse gases and consumer information and the CO₂ emissions from new cars.

Horizontal legislation

State of Play

Legal, Policy and Institutional Framework

Kosovo has been committed towards approximation of its legislation to the EU *acquis*, in the area of environment and regarding the horizontal legal framework, the Directives on Strategic Environment Assessment (Directive No. 2001/42/EC), on Environment Impact Assessment (Directive No. 85/337/EEC) and Directive on Public Inclusion (Directive No. 2003/35/EC) were reported as totally transposed. Regarding the Directive on Environment Impact Assessment, the same is transposed 100% within the Law on Environment Impact Assessment, which is applicable as of 31 December 2010. Whilst the Directive on Strategic Environment Assessment and the one on Public Inclusion are being completely applied as of 2011. However, regarding the latter (Directive on Public Inclusion) it has been assessed that it was not appropriately transposed. In order to fully transpose this Directive, this year MESP has amended AI No. 09/2011 on Information, inclusion of public and other interested parties in the procedures of environment impact assessment, in accordance with the Law No. 03/L314 on Environment Impact Assessment, which partially transposes the Directive on Public Inclusion (2003/35/EU).

Directive establishing an Infrastructure for Spatial Information in the European Community (INSPIRE Directive No. 2007/2/EC) is being transposed within the draft law on Establishment of National Infrastructure on Spatial Information in the Republic of Kosovo, which will set the legal framework for establishment of spatial information structure and is currently being drafted. Efforts to implement this directive are planned for the period 2017-2020.

Implementation of the Directive on Environmental Liability (Directive No. 2004/35/EC) and the Directive on Environmental Crime (Directive 2008/99/EC) is still at an early stage. Measures to ensure full implementation of these directives have been planned to take place during the period 2017-2020.

On the other hand, in order to implement the transposed EU legislation, MESP has adopted the Environment Protection Strategy 2013-2022 and the Kosovo Environment Action Plan covering 2013-2017, adopted by the Government on 17.07.2013, Decision No. 05/140.

The responsible authority for the implementation of horizontal environment legislation is the Ministry of Environment and Spatial Planning.

Medium-term Priorities

In order to further harmonize the legislation, the following laws will be amended:

- Amendment of the Law no. 03/L-0225 on Environment Protection which will partially transpose the Directive 2004/35/EC on Environmental liability and Directive 2003/04/EC on access to information, Regulation EC/66/2010 on the EU Ecolabel, Regulation EC/1221/2009 on the

- voluntary participation by organisations in a Community eco-management and audit scheme (EMAS), as well as Regulation No. 2011/832/EUemas Global;
- Drafting of subsidiary legislation deriving from the Law on Environment Impact Assessment, in order to further harmonize the legislation with the new EU directives (Directive No. 2014/52/EC on Environment Impact Assessment);
 - Law on Inspectorate which will transpose Directive No. 2001/331/EC on environmental inspections, RMCEI;
 - Drafting legislation for transposing Directive No. 2004/35/ EC on Environmental Liability;
 - Drafting legislation for transposing Directive No. 2003/4/EC on Access to Information;
 - Drafting legislation for transposing Directive No. 66/2010 EcoLabel and
 - Drafting legislation for transposing Regulation EC 1221/2009 EMAS and Regulation 2001/832 EC, EMAS Global.

Also, four AIs deriving from the Law no. 03/L-025 on Environment Protection and transpose Directive 2004/35/ EC on Environmental Liability; Directive No. 2003/4/EC on Access to Information, Directive No. 66/2010 EcoLabel and Regulation EC 1221/2009 EMAS and Regulation 2001/832 EC, EMAS Global, will be drafted.

One of the measures to implement midterm priorities in this period will be drafting the Environment Action Plan 2017-2021. This plan will contain a significant number of projects which will impact on implementation of priorities.

Drafting of legislation will be done with annual budgetary planning by MESP, while the budget for implementing the actions deriving from the Environment Action Pan will be planned with Midterm Expenditure Framework (MTEF) including the possibility for donor support.

Air quality

State of Play

Legal, Policy and Institutional Framework

For further transposing the Framework Directive on the Air Quality No. 2008/50/EC, Law no. 03/L-160 on Air Protection from Pollution, is in the process of amendment even though a major part of the Directive has been transposed through AI on the Norms of Air Quality, No. 02/2011.

Considerable progress has been achieved in transposing Directive the 4th Daughter Directive on Air Quality. Issuance of AI no. 21/2013 on arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons in air has ensured nearly full transposition of the Directive's requests. Also, the Government of Kosovo with the decision No. 02/84, of 15.04.2016 has adopted the AI no. 03/2011 on air quality norms from mobile sources (amended) which transposes Council Directive 70/220/EEC of 20 March 1970 on the approximation of the laws of the Member States relating to measures to be taken against air pollution by gases from positive-ignition engines of motor vehicles.

The only provision which needs to be transposed is the one regulating penalties for breaching the respective provisions. Thus, the plan for transposing the remaining provisions will be long-term.

Directive 1999/32/EC relating to a reduction in the sulphur content of certain liquid fuels is in initial implementing stage. Transposition of this Directive has been done through AI no. 07/2012 on the quality of petroleum-derived liquid fuels, and Law no. 03/L138 on amending Law No. 2004/05 on trade with petroleum and petroleum products.

Directive No. 1999/13/EC on the limitation of emissions of volatile organic compounds due to the use of organic solvents in certain activities and installations, is assessed as fully transposed. The main transposing instrument is AI no. 04/2009 on control of volatile organic compounds emissions during the storage, filling, discharging, packaging and transfer of fuels as adopted by the Government. Regarding transposing Phase II of Directive, this is in its early stages, until now only few definitions have been transposed into the aforesaid AIs.

Most of the obligations contained in the Directive on sulphur content of marine fuels, are already applicable in country. On the other side the data presented in the Table of Compliance (ToC) suggest that the local legislation is far from what can be considered approximated with EU requests.

Applicability of Directive, Stage II VOC Petrol Stations is quite advanced. Eight (8) terminals for storing and loading petroleum have been identified, but their annual turnover is not measured yet.

In order to implement the legislation, the Strategy on Air Quality has been adopted covering 2013-2022 which has been adopted in the Assembly dated 19.12.2013, no. 04/V-741.

The competent authority on Air Quality is the Ministry of Environment and Spatial Planning, namely the Department of Environment Protection/Division on Protection from Industrial Pollution, Agency on Environment Protection/ Hydro-meteorological Institute with a total of 9 officials. Other institutions which are related to this are mainly include: Ministry of Economic Development (MED), Ministry of Trade and Industry (MTI), Ministry of Infrastructure (MI), Ministry of Agriculture, Forestry and Rural Development (MAFRD), Ministry of Health (MH), Ministry of Local Government Administration (MLGA), Ministry of European Integration (MEI).

Medium-term Priorities

In the midterm period, a number of subsidiary legislation in the area of air protection will be amended, in order to further transpose EU legislation, as follows:

- AI no. 02/2011 on Air Quality Norms (Directive no. 2008/50/EC);
- AI no. 15/2010 on criteria for defining air quality monitoring points, number and frequency of measurements, classification of pollutants which are monitored, the methodology of work, form and timing (Directive 2008/50/EC);
- AI no. 21/2013 on arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons in air (Directive 2004/107/EC and Regulation EC 219/2009);
- AI no. 04/2009 on control of volatile organic compounds emissions during the storage, filling, discharging, packaging and transfer of fuels (Directive 94/63/EC);
- Drafting of legal acts for transposing Directive no. 2009/126/EU;
- In the midterm period in addition to meeting the legislation in this area, it is planned the beginning of implementation of the Action Plan on Air Quality, creation of inventory of air pollutants and human capacity building. Also in this period there will be the National Plan for the Reduction of Emissions (NPRE) prepared;

The budget for the completion of legislation falls within the MESP budget planning whereas the budget for the implementation of actions arising from the Action Plan on Air Quality will be determined in this plan.

Waste management

State of Play

Legal, Policy and Institutional Framework

The Republic of Kosovo is intensively working in drafting and reviewing the legislation on waste management in line with EU directives and regulations.

Law no. 04/060 on Waste has transposed most of the respective directive on waste, Directive no. 2008/98/EC. Significant process has been achieved in harmonizing the provisions of AI no. 16/2013 on the limit values for concentrations of hazardous components in waste with Directive no. 91/689/EC on hazardous waste. In addition Directive No. 86/278/EEC is transposed in AI no. 29/2014 on sludge management by treatment of polluted waters. While AI no 20/2012 on Export, Import and Transit of waste has transposed the provisions of Regulation no. 1013/2006/EC.

AI no. 27/2014 on waste management by packaging and wrapping is the main transposing instrument. Transposing of remaining provisions including two definitions regarding the return of energy and voluntary agreement, as well as requests of Article 6 regarding obligations for the publication of measures and objectives for return and recycling will be carried out in the future.

Adoption of AI no. 19/2012 for management of end of life vehicles and their components has transposed almost all the provisions of Directive no. 2000/53 EC on end-of life vehicles (ELV).

Transposing of Directive on Limitations for Hazardous Substances and Directive on waste Electrical and Electronic Equipment is complete through the adoption of AI no. 25/2014 on Waste Management of Electrical and Electronic Equipment and Restrictions on Use of Hazardous Substances in Electrical and Electronic Equipment.

Full transposition of Directive on Landfill of Waste was ensured through primary and subsidiary legislation, including: Law Npo. 04/L-060 on Waste, AI no. 15/2012 on Management of Waste Landfills, which fully transposed the Directive No. 1999/31/EC on Waste Landfill. Also, the provisions of the AI no. 08/2010 of the Management of Biodegrading Waste, AI no. 01/2009 on the criteria for establishment and building of Waste Landfills and AI no. 09/2012 on Licensing of Waste Management are significantly harmonized with EU waste Legislation.

Moreover, other AIs adopted in the area of waste are the following:

- AI no. 15/2012 on management of landfills (Council Directive no. 1999/31 / EC);
- AI no. 19/2012 on management of waste vehicles and their components, Waste Law no. 04/L-060 (Directive no. 2000/53 / EC ELV);
- AI no. 20/2012 on export, import and transit of waste (Regulation 1013/2006);
- AI no. 13/2013 for the State Waste Catalogue (Decision no. 2000/532 / EC);
- AI no. 16/2013 on limit values of concentrations of hazardous components in waste (Directive no. 2008/98 / EC , Regulation no. 1272/2008 (CLP) and Directive no. 91/689 / EC);
- AI no. 27/2014 on packaging and waste packaging (Directive no. 94/62 / EC);
- AI no. 25/2014 on management of waste from electrical and electronic equipment (Directive no. 2012 / 19EU WEEE, and Directive no. 2011/65 EU RoHS);
- AI no. 26/2014 on waste batteries and accumulators (Directive No. 2006 / 66EC);
- AI no. 21/2014 on management of waste from extractive industry and mining (Directive no. 2006/21 / EC);
- AI no. 29/2014 on management of sludge from wastewater treatment (Directive no. 86/278 EEC); and
- AI no. 02/2011 on administration of waste from fluorescent tubes containing mercury (Directive no. 2000/55 / EC and Regulation (EC) no. 1102/2008).
- AI no. 02/2011 for management of wastes containing asbestos, adopted on 18.12.2015. Directive 87/217/EEC on the prevention and reduction of environmental pollution by asbestos; and

- Decision No. 1743/2016 on the establishment of the Information System of Waste (Waste Framework Directive 208/98/EC)

Finally, it is particularly important to transpose Directive no. 2006/21/EC on the management of waste from extractive industries, which is significantly achieved with AI no. 21/2014 on the Management of waste from extractive industries.

Currently, having in mind the issues related to the management of industrial waste and mining, certain interest groups are requested to regulate this area by a special law, thus drafting a law on waste from extractive industries.

In order to implement this legislation, Strategy on Waster Management 2013-2022 was approved including the Action Plan for 2013-2017, which was approved by the Government on 25.10.2013, by Decision no. 02/153.

These documents suggest that the waste legislation is fully harmonized with the EU legislation. The National waste strategy focuses on waste management principles which are prescribed on Directive no. 98/2008/ EC on Waste.

Main principles upon which the strategy focuses are the principle of management of waste according to priorities and the principle that the polluter pays.

In the course of municipal capacity building for better management of waste, the preparation of the Master Plan for Waste Management has been completed. This Plan will help the municipalities in organizing the management of solid waste. The assessment and reform plan of solid waste management in Kosovo as well as the pre-feasibility study for the municipal waste landfill in the municipality of Dragash have also been completed.

According to Article 13 of the Waste Law, the competent authority for administration of waste is the Ministry of Environment and Spatial Planning (MESP) and the Kosovo Municipalities. Within the MESP, currently operates the Department for Environment Protection, namely Division on Chemicals and waste as well as the Agency for Environment Protection, with a total of 8 officials.

Other institutions involved in the area of waster include mainly: Ministry of Economic Development (MED), Ministry of Agriculture Forestry and Rural Development, (MAFRD), Ministry of Health (MH), Ministry of Trade and Industry (MTI), Ministry of Local Government Administration (MLGA), and the Ministry of European Integration (MEI). While the municipalities, according to the Waste Law are responsible for management of solid waste, volume waste, waste from construction and demolishing of buildings.

Medium-term Priorities

Regarding the midterm period, priority will be the drafting of primary legislation aiming at further harmonization with the EU Directives. In order to implement the legislation, environment policies and improvements of Kosovo citizens' wellbeing, the following measures will be taken: building of premises for storage of hazardous waste, building of implant for classification of waste and widening of waste trasferstation in Ferizaj. In addition, the implant for waste classification and composting centre - Prizren will be built, including implant for waste classification - Peja.

In order to implement the measures, support will be provided to "Building of premises for temporary storing hazardous waste", by 12 Million Euros, by IPA 2014 programme within the project "Decommissioning of Kosovo A". The project is underway and is expected to be functionalised by EC.

Water quality

State of Play

Legal, Policy and Institutional Framework

Legal framework in the area of waters has been supplemented in 2013 by approval of Law no. 04/L-147 on the Waters if Kosovo, which has partially transposed Directive no. 2000/60/EC.

Transposition of Directive 91/271/EEC on treatment of Polluted Urban Waters has been partially achieved by approval of AI no. 30/2014 on criteria, method, parameters and limitation values of polluted waters in the public sewage network and water, which transposes the definitions and requirements set in Article 5, 12 and Annex II.

Directive no. 98/83/EC on quality of water intended for human consumption is partially transposed by AI no. 16/2012 on the quality of water for human consumption, which has transposed most of the respective directive provisions.

Approximation of local legislation with Directive no. 91/676/EC concerning the protection of waters against pollution caused by nitrates from agricultural sources is in early stages with only few transposed provisions.

Republic of Kosovo continues to implement Directive no. 98/83/EC on the quality of water intended for human consumption, for the implementation of which is responsible Ministry of Health, namely the National Public Health Institute.

Directive no. 2007/60/EC on the assessment and management of flood risks is at its early stages of implementation. Regarding the coordination and implementation of requests deriving from the said directive, and Directive 2000/60/EC on establishing a framework for Community action in the area of water policy, coordination of activities and respective actions is made by the Ministry of Environment and Spatial Planning in coordination with the Ministry of Internal Affairs, namely the Agency on Emergency Management with municipalities contributing at local level.

In order to implement this legislation the final draft of State Strategy on Waters 2015-2034 has been drafted.

For further approximation and implementation of water legislation the following AI shave been adopted:

- AI No. 20 / 2015 for criteria for areas for bathing adopted by 15.12.2015 which partially transposes Directive 2006/7/EC on bathing water;
- AI No.19/2015 for protection from harmful water actions was signed by the Minister on 15.12.2015; Directive 2007/60/EC on the assessment and management of flood risks;
- AI No. 02/2016 on water payment structure was signed by the Prime Minister on 18.02.2016; Water Framework Directive 2000/60/EC;
- Regulation No. 02/2016 on manner for determining the acceptable ecological flow rates, signed by the Minister on 11.08.2016. Water Framework Directive 2000/60/EC.

The competent authority on water protection and management is the Ministry of Environment and Spatial Planning namely the Water Department/Agency for Environment Protection with 30 officers. Other institutions involved in the area of water include mainly: Ministry of Economic Development (MED), Ministry of Health (MH), Ministry of Agriculture, Forestry and Rural Development (MBPZHR), Ministry of Local government Administration (MLGA), Ministry of European Integration (MEI) and Regulatory Office for Water and Sewage.

Medium-term Priorities

In the water area in midterm period the secondary legal framework will be supplemented with the following AIs:

- AI on setting the measures and activities regarding protection from erosion (medium term legal framework 2017 – 2020, is linked with the Directive on the assessment and management of flood risks (2007/60/EC),
- AI on classification of superficial water bodies (Framewok Directive 2000/60/EC).

Until 2020 in this area, the following legislation implementation measures will be undertaken:

- Identification and setting of flooding zones (this measures implements Directive no. 2007/60/EC on the assessment and management of flood risks,
- Drafting a methodology for compensation of damages which occur as a result of flooding (this measure implements Directive no. 2007/60/EC on the assessment and management of flood risks (2007/60/EC),
- Setting of water bodies in accordance with classification criteria AI (this measure impacts the implementation of Directive on underground waters no. 2006/118/EC);
- Identification and establishment of potential bathing zones (based on criteria) (this measure impacts on the implementation of Directive no. 2006/7/EC on bathing waters).

Within the framework of implementation of legislation, during this period the following strategic documents will be prepared:

- River Basin Management Planning,
- Monitoring program for superficial and underground waters, and
- Building of infrastructure for water waste.

Within institutional reforms and strengthening of institutional capacities, one of the requirements of the applicable legislation is establishment of the sector for ecological evaluation of surface waters within Agency on Environment Protection and Hydro meteorological Institute. The conditions for the establishment of the authority of river basin management and the preparation of river basin management planning, the completion of monitoring network of water resources, including groundwater monitoring, will be ensured as well.

The following implementing measures are planned:

- Establishment of the register for the protected water zones (Iber, Morava e Binçes) (format of the register will be done in Excel or Access integrated with GIS, it will be made available also on the webpage of the public service institution. It supports the implementation of Annex IV of the Framework Water Directive, page 41).
- Review and reporting of data (this measure is achieved in accordance with respective methodologies for review of statistical measurements data, while reporting will be subject to EU or regional standards, models and applicable practices);
- Building of factory (implant) for treatment of waste waters in Prizren. (these measures have a direct impact on improvement of status/condition of superficial and underground waters. Building of these implants reflects positively in the achievements of environmental objectives regarding the protection of water resources and water biodiversity. Furthermore they contribute towards the implementation of directives regarding the quality of superficial waters and favours use of waters in agricultural and industrial sector (technological processes/cooling, bathing, etc). Treatment of waste waters minimizes the level of pollution, having in mind that this type of aquifer has a twofold level of hydraulic communication (river feeds aquifer and vice versa).

These activities will be planned in line with budget forecasts set over a three-year period under MTEF, also looking into the possibility of support from donors.

Moreover, this area will be supported by UNDP regional project on integrated water resources management of the extended Drin basin 2015-2019 with 1 million USD. Within this project the construction of lagoon system for the treatment of wastewater in Kramovik will also begin with more 200 thousand Euros.

Nature protection

State of Play

Legal, Policy and Institutional Framework

Kosovo has so far signed the Resolution on Sustainable Development of the Dinaric Arc Region (9 March 2011, in Kranj, Slovenia) and the Agreement between the countries of the Dinaric region for better preservation of nature within the Dinaric Arc Region (2 October 2013, in Budva, Montenegro).

In the legislation on nature, the following Directives have been transposed:

- Directive no. 2009/147/EC of 30 November 2009 "on the protection of wild birds", amended with Directive no. 2013/17/EU;
- Council Directive 92/43/EEC of 21 May 1992 on "the conservation of natural habitats and of wild fauna and flora", amended with Directive 97/62/EC, Directive 2006/105/EC and Regulation (EC) 1882/2003;
- Council Directive No. 1999/22/EC of 29 March 1999 on "keeping of wild animals in zoos";
- Council Regulation (EC) no. 338/97 of 9 December 1996 on the protection of species of wild fauna and flora by regulating trade therein, including amendments;
- Council Regulation (EEC) no. 3254/91 of 4 November 1991 prohibiting the use of leghold traps in the Community and the introduction into the Community of pelts and manufactured goods of certain wild animal species originating in countries which catch them by means of leghold traps or trapping methods which do not meet international humane trapping standards;
- Regulation (EU) no. 995/2010 of the European Parliament and Council laying down the obligations of operators who place timber and timber products on the market;
- Council Regulation (EC) no. 2173/2005 of 20 December 2005 on the establishment of a FLEGT licensing scheme for imports of timber into the European Community;
- Directive no. 83/129/EEC of 28 March 1983 concerning the importation into Member States of skins of certain seal pups and products derived therefrom; and
- Council Regulation no. 348/81/EEC of 20 January 1981 on common rules for imports of whales or other cetacean products including amendments.

The aforesaid Directives have been transposed at different levels through Law no. 03/L-233 on Protection of Nature, Law no 04/L-086 on National Park "Bjeshket e Nemuna", Law no. 04/L-087 on National Park "Sharii", Law no. 2003/3 on Kosovo Forest with amendments 2004/29 and 2010/03-L-153, Law no. 2006/41 on Hunting and sublegal acts deriving from these laws, as follows:

- AI no. 12/2012 on the sorts of natural habitat types, natural habitat maps, threatened and natural habitat types, as well as safeguard measures for conservation of natural habitat types, transposes Council Directive no. 92/43/EEC;
- AI no. 01/2012 on keeping conditions, manner of marking and evidencing of protected animals in captivity, transposes Council Directive no. 1999/22/EC;
- AI no. 16/2013 on cross points for wild animals, transposes Directive no. 92/43/EEC;
- AI no. 18/2012 for destined wild protected animals and strictly protected animals, transposes Directive no. 2009/147/EC;

- AI no. 26/2012 on cross-border movement and trade in wild protected species, enables application of Council Regulation (EC) no. 338/97;
- AI no. 14.2013 on manner of drafting and implementation of risk assessment study from entrance, re-entrance and cultivation of wild species, transposes Directive no. 92/43/EEC;
- AI no. 19/2013 on assessment of acceptability of plan, programme or intervention on ecological network, transposes Directive no. 92/43/EEC;
- AI no. 03/156 on announcement of ecological network, transposes Directive no. 92/43/EED;
- AI no. 02/2015 on allowing scientific research in nature, transposes Directive no. 92/43/EEC;
- Decision no. 01/178 on announcement under protection of Ligatina e Hencit/Radevës as Special Protected Zone for birds;
- Decision no. 5034/14 on announcement under protection of Kosovo Tall Rooter,
- Decision no. 5035/14 for announcement under protection of dog race Illyrian Sheepdog,
- Decision no. 514/15 on adoption of Red List of Kosovo Vascular Flora.

Full transposition of respective Directives in the area of nature protection in national legislation is almost achieved. The remaining provisions will be gradually transposed, in line with the progress of Kosovo towards membership in the EU. Directive "on protection of wild birds" is transposed 97%, within the Law on Protection of Nature, Law on Hunting, and AI on announcement under protection of wild species and Decision on announcement under protection of Ligatina e Hencit/Radevës as a Special Protected Zone for birds.

Regarding Directive on protection of natural habitat wild flora and fauna, the provisions of this Directive have been transposed fully, 100%, by Law on Protection of Nature and the AI on the sorts of natural habitat types, natural habitat maps, threatened and natural habitat types, as well as safeguard measures for conservation of natural habitat types.

Regarding the Directive on keeping of wild animals in zoos the transposition is achieved at 80% through the Law on Protection of Nature and AI on keeping conditions, manner of marking and evidencing of protected animals in captivity.

Strategic framework for the protection of nature in the Republic of Kosovo is composed of Strategy and Action Plan on Biodiversity 2011-2020, Forests Strategy 2010-2020; National Strategy for the area of forest non wooden products 2014-2020 and Strategy on Climate Protection on forest sector in Kosovo.

The Directive on wild birds and the habitat Directive have been fully transposed. The provisions of Law on protection of nature no. 03/L-233 and AI no. 18/2012 on announcement of wild protected species have ensured the harmonization of legal framework with the requirements of these two Directives.

Transposing of Directive has been ensured with Law no. 03/L_233 on Protection of Nature and AI no. 14/2012 keeping conditions, manner of marking and evidencing of protected animals in captivity.

In order to implement the applicable legislation on protection of nature, the following strategic documents are drafted:

- Strategy and Action Plan on Biodiversity 2011-2020 approved in the Assembly on 10.10.2011;
- Forest Strategy 2010 – 2020 approved in 2010;
- National Strategy on the sector of forest non wooden products 2014-2020, adopted in 2014 and
- Strategy on Climate Protection in the Forest area of Kosovo, adopted in 2012.

As implementing measures for the protection of nature the following have also been completed:

- Report on the willingness of Kosovo for NATURA 2000
- Report on identification of biogeographic regions; and

- Appointment of the Coordination Group for the establishment of a national network of NATURA 2000 areas.

The competent authority for protection of nature is the Ministry of Environment and Spatial Planning, namely the Department for Environment Protection, division for nature protection, Agency for Environment Protection with a total of 15 officials. Other institutions related to this area include: Ministry of Agriculture, Forestry and Rural Development (MAFRD), Ministry of Culture, Youth and Sports (MCYS), Ministry of Economic Development (MED), Ministry of Local Government Administration (MLGA), Ministry of European Integration (MEI) and Municipal Assemblies (MA) which in accordance with the Law on Protection of Nature, Strategy and Action Plan on Protection of nature and spatial regulation documents, are obliged to ensure biodiversity, each within its own competencies.

Regarding donor support in this area, KEPA will be supported with EUR 3 million from EU regional funds, as well as in the area of protection of border ecosystems by the TEM (Trans-border Ecosystem Management) Programme 2017-2018 in the amount of EUR 250,000.

Medium-term Priorities

In the medium term, the Law no. 03/L-233 on the Protection of Nature, which transposes significantly the relevant Directives and enables the application of Council Regulations, will be amended. This amendment will lead to full harmonization with EU legislation.

During this period the Law No. 04/L-086 on the "Accursed Mountains" National Park and the Law No. 04/L-087 on 'Sharri' National Park will be amended.

Regarding subsidiary legislation, the following was planned to occur in midterm:

- Issuance of decision on announcement or re-announcement of strict natural reserves in accordance with applicable law, and
- Issuance of legal acts based on new initiatives from competent institutions to initiate announcement of new zones under protection.

In order to implement the legislation in force regarding the protection of nature during the midterm period the following will be conducted:

- Drafting of the Management Plan for the National Park "Bjeshket e Nemuna".

According to MTEF 2016-2019 the planned funds for the implementation of the following two projects have been assessed:

- Inventory of natural habitats types and their mapping, for which the KASH for 2017 has planned EUR 20,000.00 from the Kosovo Budget (these funds will be used for the preparation of the list of natural habitats types and the maps will be generated); and
- Botanical Garden construction in Prishtina from 2018.

Industrial pollution control

State of Play

Legal, Policy and Institutional Framework

Transposition of Directive no. 2010/75/EC on Industrial Emissions is quite advanced in the Kosovo legislation and it has been assessed to be transposed 69%. Provisions of Law no. 03/L-043 on Integrated Prevention Pollution Control, AI no. 06/2007 on the Allowed Norms of Discharges in Air from Immobile Pollution Sources, Law no. 03/L-025 on Protection of environment and Law no. 02/L-30 on Waste, have been identified as main transposing instruments.

Ministry of Environment and Spatial Planning is the responsible authority for transposing and implementing this Directive.

MESP has identified 30 instalments which need to be equipped with Environment Integrated License (EIL), based on the Law no. 03/L-043 on Prevention and Control of Integrated Pollution. MESP has still a lot to do in complementing and assessment of all instalments, which are subject to this Law, namely Directive.

Regarding environmental assessment this authority has been established and is operational. The Environment Inspectorate ensures and controls the compatibility of operators with EIL conditions.

Adoption of AI no. 10/2011 on Preventing Major Accidents hazards involving dangerous substances has partially ensured compatibility with the requirements of Directive SEVESO III (Directive no 2012/18/EU on the European Parliament and Council, dated 4 July 2012 on the control of major-accident hazards involving dangerous substances).

AI no. 06/2007 on the Rules and Norms of discharge in air from immobile pollution sources has ensured transposition of some provisions of Directive (Directive 2004/42/CE of the European Parliament and Council of 21 April 2004 on the limitation of emissions of volatile organic compounds due to the use of organic solvents in certain paints and varnishes and vehicle refinishing products).

In order to implement Law no. 03/L-043 on Prevention and Control of Integrated Pollution initially the following subsidiary legislation has been drafted:

- AI on Procedures of development and approval of referral documents for best possible techniques;
- AI on form, content and method of filling the application for integrated license;
- AI on content and method of keeping the register of integrated licenses; and
- AI on license criteria for specific operations and implants.

With EU support during the implementation of the Twinning project on increasing human capacities, the MESP staff has been trained in order to establish and implement the system for the EIL issuance process.

The assigned competent authority for the control of industrial pollution is the Ministry of Environment and Spatial Planning, Environment Protection department, namely the Division for the protection from industrial pollution being assisted by the Environment Protection Agency with a total of 15-20 officers. Other relevant institutions in this area include: Ministry of Economic Development (MED), Ministry of Local Government Administration (MLGA), Ministry of Trade and Industry (MTI), Industrial Operators, etc.

Medium-term Priorities

In the midterm period the following activities are planned:

- Drafting of subsidiary legal acts deriving from the amended Law on Prevention and Control of Integrated Pollution, and
- Further strengthening of administrative capacities in the implementation of legislation.

The following is planned as an implementation measure: building of implant for treatment of acidic water of Artana mining. The budget to draft and implement the legislation is within the framework of MESP budgetary planning.

Chemicals

State of Play

Legal, Policy and Institutional Framework

Kosovo is gradually progressing towards the transposition of Regulation no. 1907/2006/EC REACH and regulation no. 1272/2008/EC (CLP) on classification, labelling and packaging of substances and mixtures. The level of transposition is not much advanced as in the chemicals area a major part of existing provisions have been amended in order to achieve global chemicals rules. Until now, transposition has been achieved to the extent as to enable the chemicals market to function without major obstacles. Thus, only the provisions necessary for implementation have been transposed through AI no. 10/2012 on Classification, Labelling and Packaging of dangerous chemical, Law no. 04/L-197 on Chemicals as well as with Minister's Decision – Decision no. 4222-14-564295 on the list of dangerous substances from Regulation no, 1272/2008/EC – CLP.

However, approximation of the legal framework needs to be enhanced through legal instruments, requiring further efforts. This objective will be partially achieved through adoption of AIs on the chemicals risk assessment methods which will be drafted during the next three years.

Regarding the actions needed to ensure sufficient capacities to control compatibility with rules on classification, labelling and packaging of hazardous substances, the inspections are carried out by the phytosanitary inspectorate who is responsible for customs check. In this respect, inspection is also a competency granted to the Trade Inspectorate which is within the Ministry of Trade and Industry and the Environment Inspectorate within the Ministry of Environment and Spatial Planning are functionalized.

Transposition of Asbestos Directive (Council Directive no. 87/127/EEC of 19 March 1987 on the prevention and reduction of environmental pollution by asbestos amended by Directive no. 91/692/EEC and Regulation (EC) no. 807/2003) is fairly advanced. In this regard, AI no. 07/2009 on management of waste containing asbestos is in force and is being amended. Ministry of Environment and Spatial Planning and the municipalities have been assigned as competent authorities in implementing this directive.

In this area, MESP has undertaken measures on limitations and putting in market and /or measures for use of asbestos fibres which will enter into force in 2015, while certain measures have been undertaken in reducing emissions of asbestos in source, for example termination of operations of existing factory which use asbestos (e.g. Factory Sharr-Salonit on production of asbestos cement). Whereas the process of cleaning Lepenc river which contains asbestos cement waste is in process.

Transposition of Directive no. 98/8/EC on Biocide Products is quite advanced, and has been ensured through the provisions of Law no. 03/L-119 on Biocide Products. This law will be amended during 2016 as now the whole Directive on Biocide Products has been replaced by Regulation on Biocide Products no. 528/2012/EU which determined the criteria for market and usage of substances used for production of biocide products in the territory of Republic of Kosovo. Thus, this Regulation will be fully transposed by the new Law on biocide products.

Currently efforts are put on drafting the AI on export, import – PIC procedure of hazardous waste being harmonized with Regulation (EC) no. 689/2008 export, import of chemicals, respectively Regulation no. 649/2012/EU on export import – PIC Procedure.

Also full transposition is made with respect to Regulation no. 648/2004/EC on Detergents, which is transposed in Kosovo Regulation no. 02-2015 on detergents approved by the Minister in 2015, and Decision no. 4222-14_564295 for the list of hazardous substances was also issued (Directive no. 1272/2008/KE, CLP);

Ministry of Environment and Spatial Planning (MESP), Agency on Environment Protection, Environment Inspectorate and the National Public Health Institute, which operates under the authority of Ministry of Health, are assigned as competent authorities in implementing these directives. Lack of administrative capacities is an obstacle to implementing a system for authorizing biocide products.

So far, there is yet no program, strategy or plan regarding chemicals management.

The competent authority assigned to control the pollution from chemicals is the Ministry of Environment and Spatial Planning, namely the Department on Environment Protection, division on chemicals and waste as well as the Agency for Environment Protection, with a total of 4 officials. Other relevant institutions include: Ministry of Economic Development (MED), Ministry of Trade and Industry (MTI), Ministry of Local Government Administration (MLGA), Ministry of European Integration (MEI).

Regarding donor support in this area we have the project by JICA 2017-2020 worth about 4 million USD for the development of capacities for air pollution control.

Medium-term Priorities

In the midterm period the amendment of Law no. 04/L-197 on Chemicals is planned (Regulation (CE) no. 1907/2006 and Regulation (CE) no. 1272/2008).

In addition, in this area, the respective subsidiary legislation will be amended during the midterm, namely:

- AI no. 17/2014 on classification, labelling and packaging of hazardous chemicals, 1272/2008/EC, CLP;
- AI on noting content of detergents in their packaging (Regulation no. 648/2004/EC on Regulation of Detergents);
- AI on methods for determining the physical properties of chemicals (Regulation (EC) no. 1907/2006)
- AI on methods for determining the toxicity and other health effects (Regulation (EC) no. 1907/2006); and
- AI on methods for determining the ecotoxicity (Regulation (EC) no. 1907/2006).

The main focus in midterm will be on implementation of adopted primary and subsidiary legislation, drafting of new policies – strategies, programmes and strengthening of capacities. Budget on implementation of the planned activities will be planned based on Medium Term Expenditure Framework (MTEF).

Noise protection

State of Play

Legal, Policy and Institutional Framework

In order to further approximate the local legislation with the EU acquis in the area of noise protection, Kosovo has decided to amend and supplement Law no. 02/L-102 on Noise protection, which is expected to be adopted during 2017. This law will fully transpose Directive no. 2002/49/EC of the European Parliament and of the Council of 25 June 2002 relating to the assessment and management of environmental noise.

In order to implement the said law, initially drafting of subsidiary legislation is planned as well as strengthening of human capacities on implementation of this legislation, at central and local level.

The competent authority on protection from environmental noise is the Ministry of Environment and Spatial Planning, namely Department of Environment Protection/Division on protection from industrial pollution and the Agency for Environment Protection/ Hydro-meteorological Institute with a total of 4 officials. Other relevant institutions include: Ministry of Health (MH), Ministry of Trade and Industry (MTI), Ministry of Infrastructure (MI), Ministry of Local Government Administration (MLGA) and the Municipalities.

Medium-term Priorities

In the midterm period regarding the noise protection issue it is planned the:

- Reviewing of legislation and further transposing of EU legislation (if needed);
- AI no. 08/2009 on allowed values of noise emissions from pollution sources;
- Establishment of a system for monitoring of environmental noise; and
- Strengthening of administrative capacities.

During this period, the following measures will be taken:

- Ensuring equipment for measurements of environmental noise;
- Ensuring trainings for development of strategic maps of noise;
- Development of strategic noise maps;
- Drafting of Action Plans.

Regarding the budget for implementation of these activities, it is planned under the MESP budgetary planning, while the development of Strategic Noise Maps and drafting of action plans will be planned and covered by the institutions responsible to prepare these documents.

Forestry

State of Play

Legal, Policy and Institutional Framework

The legal framework in the area of forestry is composed of Law no. 2005/49 on Forests, Law no. 02/L-53 on Hunting and other laws, including Law no. 2010/03/L-233 on Nature Protection, Law no. 2010/03/L-230 on Strategic Environmental Assessment, Law no. 2006/02-L41 on Protection from Fire, Law no. 02/L-26 on Agricultural Land, Law no. 03/L-029 on Agricultural Inspection, Law no. 10/03/L-163 on Mines and Minerals, Law no. 2004/13 on Planting Material, Law no. 04/L-147 on Waters of Kosovo and Law no. 2011/04-L-040 on Land Regulation.

Law on Kosovo Forests is based on the principles of sustainable development, conservation of biological diversity, and preventive measures to protect the forests and environment as described in the principles declaration on global consensus on management, preservation and sustainable development of forests outlined in Annex III of the United Nations Conference on Environment and Development (Rio de Janeiro, 3-14 June 1992). While Law no. 02/L-53 on Hunting ensures a sustainable management of this sectors taking into account the flora and fauna as natural wealth of general interest which enjoy special protection, preservation of ecosystem and ecological balancing.

Ministry of Agriculture, Forestry and Rural Development (MAFRD), in order to further improve the organizational structure, forest management structure, forest land and wild animals, has a consolidated basis of subsidiary legislation (so far there are 38 AIs which regulate this sector).

The policies, strategies and action plans on development of forestry area in Kosovo approved by the Government of Kosovo are summarised in the document "Strategy for Development of Forestry 2010 –

2020". The purpose of this strategy is sustainable use of forestry resources through establishment of a regulative and institutional framework ensuring permanent financial mechanisms on development of the area.

Until now, efforts have been made to impose sanctions on illegal cutting. However, the amount of illegal cutting is still very high for the sustainable forest management. Low level of investments in further development of this area – especially forestation of new areas – is a challenge to be addressed. And Kosovo should ensure awareness-raising and better information for the citizens regarding protection, efficient use and sustainable management of forests.

The Kosovo Government has to make further efforts to improve cooperation at central and local level to ensure a sustainable management of forest resources and to complete the institutional mode which will be efficient in implementing the policies in this area. Regarding the legislative framework, it needs to be further harmonized with the EU legislation.

The competent authority in the area of Forestry is the Ministry of Agriculture, Forestry and Rural Development (MAFRD) as the highest Kosovo forests management body, namely the Forestry Department and Kosovo Forest Agency (KFA). The numbers of employees in the Forestry Department is 7 while KFA as an executive authority employs 140 officials. Other relevant institutions include: Ministry of Environment and Spatial Planning (MESP), Ministry of Economic Development (MED), Ministry of Trade and Industry (MTI), Ministry of Local Government Administration (MLGA) and Ministry of European Integration (MEI).

The area of forestry, besides from the national budget, has also been supported by donors significantly. Until now this area has been supported with approximately EUR 16,4 million and with EUR 15.6 million from the Kosovo Budget.

In order to harmonize the national legislation with the EU acquis, MAFRD is in the process of amending the Law No. 2003/3 on Kosovo Forests and bylaws implementing the law. This draft-law will take into account EU regulations such as Regulation (EU) No. 691/2011 of the European Parliament and the Council, dated 6 July 2011, on the European Environmental Economic Accounts; Regulation (EU) No. 995/2010 of the European Parliament and of the Council, dated 20 October 2010, setting out the obligations of operators placing timber and timber products on the market, also called "EU TR", and Regulation (EU) No. 995/2010 of the European Parliament and of the Council, dated 20 October 2012, setting out obligations of operators who place timber and timber products on the market.

Amendment of the Law No. 02/L-53 on Hunting, which regulates sustainable management, breeding, protection, hunting and use of wild fauna as natural wealth of general interest, is also foreseen for this period. The Hunting law will be aligned with international conventions and EU directives, such as the European Convention for the Protection of Species of Wild Animals and their Environments (Bern Convention), Convention for the Protection of Migratory Species of Wild Animals (Bonn Convention), International Convention on Trading of Endangered Plants and Animal Species (CITES), the UN Convention on Biological Diversity (Rio Convention), EU Directive No. 92/43/EEC on conservation of natural environments and wild flora and fauna, and the EU Birds Directive No. 79/409/EEC.

In order to improve the sectoral policies and the sustainable management of non-wooden forest products MAFRD is at the stage of national inventory and of determination of annual quota for the collection of non-wooden forest products.

Regarding the drafting of policies related to the forestry area and undertaking of measures in implementing the legislation, the National Programme for Forestation of Superficies 2016-2025 is expected to be adopted during this period, which sets the actions, measures and budget for forestation of

forest land in accordance with approved policies, strategies which are harmonized with the EU legislation and best management practices.

Advancement and functionality of the Kosovo Forestry Information System (FIS-SOC), which integrates other system programmes, software and all administrative procedures in forest management from the local level up to the central ones, remains one of the commitments of MAFRD in the coming years.

Medium-term Priorities

The following midterm measures are planned:

- Drafting of Strategy on Forestry Development 2020-2030;
- Drafting of national program on the management of wild fauna and hunting 2018-2028;
- Development of software for 10 year plan on management of forests;
- Restructuring of the Kosovo Forest Agency in accordance with the new mandate proposed within the new draft-law on forest;
- The national inventory of wild fauna and assessment of the potential for hunting;
- Restructuring of forestry inspection;
- Drafting of AIs on the implementation of the adopted laws.

Climate change

State of Play

Legal, Policy and Institutional Framework

The Government of Kosovo has adopted the AI no. 20/2013 on implementation of Clean Development which has partially transposed Directive on Emissions Trade no. 2003/87/EC. Further transposition will be made through adoption of the AI on Mechanisms for Monitoring of Emissions green house gases which is expected to be adopted by the end of 2015. MESP is responsible for defining and implementing practices and measures to limit the emissions of green house gases in accordance with Law no. 03/L-160 on Protection of Air from Pollution.

So far the inventory of green house gases has been prepared. The mechanisms on implementation, monitoring and reporting obligations have not been established yet and currently there are no studies on emission projections until 2020.

Adoption of AI no. 16/2013 for substances that deplete the ozone layer and fluorinated greenhouse gases will further advance the implementation of Regulation on F-Gases. Furthermore, MESP, Ministry of Trade and Industry and Kosovo Customs share the responsibility in implementing this AI.

In order to establish a system in implementing this AI, are needed training and professional programmes on strengthening of institutional capacities of the relevant parties and exploration of possibilities to see practices from the developed countries.

The progress continues with respect to transposition of Directive on Quality of Gasoline and Petroleum. Upon adoption of the AI no. 07/2012 on the quality of petroleum derived liquid fluids, in the previous process it has been assessed as high level transposition. Adoption of the AI on Bio carburant, which is planned for June 2015, will transpose most of the provisions of the respective Directive.

However, there are no accurate plans towards approximation on legislation with the provisions of Directive on Monitoring (Article 8 and 8.a.) which needs to be done by the Ministry of Trade and Industry.

Implementation of Fuel Quality Directive no. 2009/30/EC is quite advanced. However further efforts are needed on completing the assessment of national consumption of fuel and establishment of data base on fuel quality. In this respect, full implementation of this directive which was initially planned for 2013 has been postponed for 2015.

Regarding competent authorities in implementing this Directive, the Department for Regulation of Oil Market and Strategic Goods is responsible for the regulation of oil sector and collection of data on oil quality, while the Market Inspectorate within the Ministry of Trade and Industry is responsible to supervise the market and implementation of monitoring of quality of oils, in accordance within the respective inspectorate and authorized labs.

Implementation of Regulation on Emission Standards on New Passenger Vehicles is still at an early stage. MESP and the Ministry of Internal Affairs are the competent authorities to performance standards of emissions for new commercial vehicles. In this respect, the competent authorities should intensify their efforts to establish a system for collection and monitoring of data.

Transposition of Directive no. 2011/83/EC on consumer rights, has advanced through the adoption of AI no. 19/2013 on access to the information for economic consumption of fuel and CO2 emissions of new personal vehicles, which fully transposes this directive.

In order to implement the legislation on Climate Changes the following AIs have been adopted:

- AI no. 16/2013 for substances that deplete the ozone layer and fluorinated greenhouse gases (EC/1005/2009 and EC/842/2006 F-Gases);
- AI no. 19/2013 on access to the information for economic consumption of fuel and CO2 emissions of new personal vehicles (1999/94/EC);
- AI no. 20/2013 on implementation of flexible mechanisms for clean development (2003/87/EC); and
- Administrative Instruction (GRK) - no. 01/2016 on mechanism for monitoring greenhouse gas emissions, adopted on 29.01.2016. Regulation (EU) No 525/2013 of the European Parliament and of the Council of 21 May 2013 on a mechanism for monitoring and reporting greenhouse gas emissions;
- Administrative Instruction (GRK) - no. 09/2015 for monitoring greenhouse gas emissions, adopted on 30.12.2015; and
- Regulation (EU) No 525/2013 of the European Parliament and of the Council of 21 May 2013 on a mechanism for monitoring and reporting greenhouse gas emissions.

Strategy on Climate Changes 2014-2024 has been approved by the Minister on 26 March 2014. The competent authority regarding climate changes is the Ministry of Environment and Spatial Planning, namely the Department for Environment Protection/Division on Protection from Industrial Pollution and Agency for the Protection of Environment/ Hydro-meteorological Institute with a total of 9 officials. Other relevant institutions include: Ministry of Economic Development (MED), Ministry of Trade and Industry (MTI), Ministry of Infrastructure (MI), Ministry of Agriculture, Forestry and Rural Development (MAFRD), Ministry of Health (MH), Ministry of Local Government Administration (MLGA) and the Ministry of European Integration (MEI). Furthermore, on 21.08.2015 the Government issued decision 05/45 on establishing National Committee on Climate Changes.

Medium-term Priorities

In midterm in the area of climate changes a number of AIs will be amended in order to further continue the transposition of EU legislation, including drafting of new AIs. Decision on drafting new AIs will be made based on socio-economic statutes of Kosovo namely the possibilities on their implementation.

EU legislation which needs to be transposed into the Kosovo legislation:

- Directive no. 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC;
- Directive no. 2004/101/EC amending Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Community, in respect of the Kyoto Protocol's project mechanisms;
- Directive no. 2008/101/EC amending Directive no. 2003/87/EC;
- Directive no. 2009/29/EC amending Directive 2003/87/EC so as to improve and extend the greenhouse gas emission allowance trading scheme of the Community;
- Directive no. 2009/30/EC on amending Directive 98/70/EC as regards the specification of petrol, diesel and gas-oil and introducing a mechanism to monitor and reduce greenhouse gas emissions and amending Council Directive 1999/32/EC as regards the specification of fuel used by inland waterway vessels and repealing Directive 93/12/EEC;
- Decision no. 406/2009/EC on the effort of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments up to 2020;
- Decision no. 2011/278/EU determining transitional Union-wide rules for harmonised free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC of the European Parliament and of the Council;
- Regulation (EC) no. 1005/2009 on substances that deplete the ozone layer;
- Regulation (EC) no. 842/2006 of the European Parliament and of the Council of 17 May 2006 on certain fluorinated greenhouse gases;
- Decision no. 280/2004/EC of the European Parliament and of the Council of 11 February 2004 concerning a mechanism for monitoring Community greenhouse gas emissions and for implementing the Kyoto Protocol;
- Regulation no. 1031/2010 on the timing, administration and other aspects of auctioning of greenhouse gas emission allowances pursuant to Directive 2003/87/EC of the European Parliament and of the Council establishing a scheme for greenhouse gas emission allowances trading within the Community;
- Decision no. 2007/589/EC establishing guidelines for the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC of the European Parliament and of the Council;

By the end of 2020 in order to implement the requirements deriving from SAA, the following measures are planned:

- Efforts to include Kosovo in the international mechanisms and contribute towards decreasing of emissions contributing to the worsening of climate change;
- Gradual approximation of Kosovo legislation to the EU *acquis* on climate change;
- Implementation of actions deriving from Action Plan on Climate Change, where besides actions related to the decreasing of greenhouse gases a number of activities on compliance with climate change are included;
- Increase of necessary administrative capacities and procedures for coordination between the relevant parties, in order to enable implementation of policies in decreasing greenhouse gases emissions, which contribute to worsening of climate change.

The budget for completion of legislation is planned within MESP, while the budget for implementation of the actions deriving from the Action Plan on Climate Change will be presented in this plan.

Civil protection

State of Play

Legal, Policy and Institutional Framework

The area of disasters management in our country is regulated by the Law no. 04/L-27 on protection from natural and other disasters and a number of regulations and AIs adopted until now. Furthermore, we have the Law no. 04/L-230 on Emergency Management Agency, Law no. 04/L-012 on Protection from Fire and Law no. 04/L-049 on Fire-fighting and rescue.

The legislation covering prevention and reactions in case of chemical accidents (industrial) which partially transposes Directive no. 2012/18/EU -Seveso III, includes:

- AI no. 05/2011 on risk assessment method from chemical accidents and measures for consequence elimination;
- AI no. 10/2011 on prevention of major accidents involving hazardous substances; and
- AI no. 17/2012 on registration of implants on which the presence of hazardous substances has been established.

Until now, Kosovo has drafted the National Reaction Plan. The competent authority for civil protection is: Ministry of Environment and Spatial Planning (MESP) – Department of environment Protection, namely the Division on Protection from Industrial Pollution, Agency for Protection of Environment – Hydro-meteorological Institute; Ministry of Internal Affairs and the Emergency Management Agency with a total of 7 officials. Other relevant institutions include: Ministry of Economic Development (MED), Ministry of Foreign Affairs, Ministry of Finance, Ministry of Agriculture, Forestry and Rural Development, Ministry of Trade and Industry, National Public Health Institute, Kosovo Fire-fighters Unit, Ministry of Local Government Administration (MLGA), and the Ministry of European Integration (MEI).

Medium-term Priorities

During midterm period, in order to further transpose Directive no. 2012/18/EC – Seveso III, amendment of the following is planned:

- AI no. 10/2011 on prevention of major accidents involving hazardous substances;
- AI no. 05/2011 on risk assessment method regarding chemical accidents and measures to eliminate consequences;
- AI no. 17/2012 on register of implants on which the presence of hazardous substances has been established.

In this period, in order to implement the legislation and planned activities, the following is expected to occur:

- Adoption of Action Plan on Intervention in cases of environmental accidents;
- Increasing of necessary administrative capacities and procedures for coordination between relevant parties, in order to enable the appropriate implementation of measures.

3.29. Acquis Chapter 28: Consumer and Health Protection

The EU legislation on the chapter of Consumer Protection and Public Health consists in measures, regulation, recommendations, coordination and support for activities of Member States, including financial support. The chapter deals with the citizens' interest in relation to consumer safety policies, economic interest and public health.

The *acquis* in the area of **consumer protection** includes consumer protection, product safety, consumption products sale and their guarantees, unfair contract conditions, distance sale, misleading information, unfair commercial practices, consumer loans, as well as cross-border implementation and cooperation. The EU Rapid Alarm System (RAPEX) is part of this as well.

In the area of **public health**, the EU legislation deals with issues related to tobacco control, transmittable diseases, blood, tissues, cells and organs, mental illness, prevention of drug abuse, and cancer diagnosis. The *acquis* in this area also regulates the patient rights in cross-border health care, promotion of healthy environment and prevention of injury.

The implementation of policies in consumer protection and public health requires adequate administrative capacities and infrastructure at all administrative organizational levels. In terms of consumer protection this means effective market surveillance and adequate judicial and non-judicial mechanisms for claim resolution. The EU policies aim at public involvement in policy consultation and awareness-raising in consumer protection.

SAA Requirements

With regards to **Consumer Protection**, article 81 of the SAA obliges Kosovo to create active consumer protection policies, in line with the EU law, by involving the increase of information and development of independent organizations in Kosovo, harmonization of national legislation on consumer protection with the existing EU legislation, effective legal protection of consumers in a way that ensures improvement of the quality of goods consumed, and maintaining the adequate safety standards, monitoring the regulations by the respective authorities and ensuring access to adequate legal compensation in cases of disagreement, as well as information exchange on dangerous products.

Based on the Country Report 2016, there are still challenges in completing the legal framework on consumer protection, creating a policy framework, establishing mechanisms for inspections of claims as well as increasing the administrative capacities in treating the consumer complaints and there is still further work needed in awareness raising of consumers regarding their rights.

Regarding the Public Health, Country Report for 2016 highlights the fact that the country budget and low expenditures remain a problem. Public expenditures remain strongly focused on capital investment and health care. The budget for primary care, including goods and services must be increased. As a result, the level of utilization of primary care and hospital services remain low. Preparations for the implementation of mandatory health insurance have been slow. Plans to launch the Outpatient Drug Delivery scheme benefits are significantly outside the foreseen deadlines and will not be functional with the date proposed for the beginning of the meeting of premiums in January 2017. The law on tobacco control must be put into force. Infrastructure for infectious diseases and reporting system of infectious diseases should be further developed. In the area of products of human origin (blood, cells, tissues, organs), the law on transplantation of tissues and cells must be implemented. Action Plan 2015-2020 on nourishing with the aim of addressing the problems with food is finalized but must be adopted by the Government.

State of Play

Legal Framework

Consumer protection

The basic legislation on consumer protection consists in Law no 04/l-121 on Consumer Protection, adopted on 20 November 2012. This law regulates the protection of basic consumer rights while purchasing goods, services and other forms in the free market, as well as sellers, producers and suppliers' obligations.

The Law fully transposes the EC Directive 97/7/EC on Distance Contracts and Directive 2006/114/EC concerning misleading and comparative advertising as well as it partially transposes Directive 2009/22/EC on injunctions for the protection of consumers' interests, Directive 2005/29/EC concerning unfair business-to-consumer commercial practices in the internal market, Directive 2008/48/EC on credit

agreements for consumers and Directive 98/6/EC on consumer protection in the indication of the prices of products offered to consumers.

The subsidiary legislation for implementing the basic law on Consumer Protection consists of:

- Regulation no. 09/2013 on Labelling, Presentation and Advertising of Food Products, transposing partially Directive 2000/13/EC related to Labelling, Presentation and Advertising of Foodstuffs;
- Regulation no. 05/2014 on defining the prices and sale of discount commodities, partially transposing Directive 98/6/EC on consumer protection in the indication of the prices of products offered to consumers

Consumer protection in the area of financial services, currently under the auspices of Kosovo Central Bank, is regulated by the Law no 04/L-155 on Payment System for Payment Services Users, which partially transposes Directive 2007/64/EC on Payment Services in the Internal Market, while the complaints by insurance users are addressed through the Law no 04/L-018 on Compulsory Motor Liability Insurance, which transposes partially the Directive 2009/13/EC and the Regulation No 2001/25 on Licensing, Oversight and Regulation of Insurance Companies and Insurance Intermediaries. Further, there is also the Regulation on Effective Interest Rate and Disclosure Requirements, which transposes partially Directive 2008/48/EC on credit agreements for consumers, which, *inter alia*, defines the calculation of effective interest rate.

Also, part of the regulation framework for consumer protection in financial services, is the Regulation on Internal Processes for Claims Treatment, which defines rules on treating complaints by the financial institutions, with a view to creating common ground for all financing institutions, so as to ensure fair treatment for all consumers.

In addition, according to the Law on Consumer Protection, the consumer interests are protected also by other laws, regulating various areas of consumer protection, such as: Law on Trade, Law on General Product Safety, Law on Market Surveillance, Law on Technical Criteria for Products and Conformity Assessment, Law on Food Safety, Law on Protection of Competition, Law on Metrology, Law on Standardization, Law on Tourism and related services, Law on Electronic Communication, Law on Energy, Law on operations by water providing services and waste, etc.

Health protection

The basic legislation regulating this area consists in the Law no 04/L-156 on Tobacco Control, which aims at protecting public health, from the disastrous consequences in health, social, economic and environmental areas, from tobacco consumption and the exposure to smoking. The law determines the measures for prohibiting, limiting and use of tobacco products, tobacco ingredients, prevention of damages from smoking, as well as observing the implementation of the law. The law partially transposes Directive 2001/37/EC on the approximation of the laws, regulations and administrative provisions of the Member States concerning the manufacture, presentation and sale of tobacco products, Directive 2003/33/EC relating to the advertising and sponsorship of tobacco products as well as Council Recommendation of 2002, on Prevention of Smoking and Initiatives of Improving Tobacco Control.

The legal framework in the area of Health Protection consists of the following laws:

- Law no. 04/L-192 on Transplantation of tissues and cells, which entered into force in June 2014. The law defines the conditions and rules for conducting transplantations of tissues and cells in human medicine. The law addresses the identified challenge in the progress report on the lack of legislation for products with human origin, cells and tissue. This law partially transposes Directive 2004/23/EC on setting standards of quality and safety for the donation, procurement, testing, processing, preservation, storage and distribution of human tissues and cells.

- Law no. 05/L-023 on the protection of breastfeeding, which was adopted by the Assembly of Kosovo on 24.10.2015 and entered into force on 09.12.2015, and aims to contribute to ensuring adequate infant feeding. The law partially transposes the Directive 2006/141/EC on infant formulae and follow-on formulae.
- Law no. 02/L-101 on Blood Transfusion, Blood Control and its Products. This law defines the unique organizational structure of NCBTK and the blood transfusion units, so the reporting on professional activities of the units towards the Centre is not regulated.

Other laws that contribute to regulation of the health protection include the Law 02/L-78 on Public Health; Law 02/L-76 on Reproductive Health; Law 02/L-109 for prevention and fighting against infectious diseases. The implementing legislation consists of AI no. 06/2013 on Medically Assisted Conception; AI no. 05/2011 on Prevention and Control of Hospital Infections and AI no. 05/2010 on Vaccinoprophilax, Seroprophilax and Kimioprophilax.

Institutional and Policy Framework

Consumer protection

The main responsible institution in the area is the Department of Consumer Protection (DCP), attached to Ministry of Trade and Industry. DCP is responsible to draft and ensure the implementation of strategic documents and policies as well as legislation in the area of consumer protection. It also the system of dealing with the consumer complaints and alternative tools for resolution of disagreements. Also, the department provides support in developing awareness-raising campaigns and works towards constantly informing the consumers. Currently the department employs 3 civil servants.

The main implementing body in this area is the Market Inspectorate, which is independent and Works as part of MTI. The inspectorate bases its mandate on the Law no 03/L-181 on Market Surveillance Inspectorate and is responsible to oversee the implementation of 15 laws and 30 sub-laws, in a number of areas, including consumer protection. The inspectorate reviews claims reaching it through the Department for Consumer Protection, as well as those submitted directly to the inspectorate. Claims are reviewed by the legal matters unit, which then processes the case to the field inspectors for further treatment. There are 16 inspectors employed by the central Inspectorate offices in MTI, divided into four sectors: market sector, fuel sector, safety sector and legal affairs sector.

Consumer protection in financial sector and claims treatment is carried out by the Division on Appeals Review for Financial Service Users in KCB, based on memorandum of understanding between MTI and KCB. The Division, in line with the regulation on treatment of claims, reviews them upon submission by users of services and products in the area of banking, insurance, pensions and other financial services. The claims division employs one person.

Another important body in consumer protection is the Council on Consumer Protection, established through the Law on CP. The Council is made up of 7 members, representing MTI, AVUK, Kosovo Economic Chamber, Kosovo Business Alliance, Consumer Protection Association and independent experts. The Council responsibilities are of a counselling nature in the area of consumer protection, while it is also responsible to draft the Programme for Consumer Protection, and the monitoring of its implementation.

In order to facilitate the coordination of activities in consumer protection, and the consumer claims effective resolution, the DCP works closely with the Market Inspectorate, Metrology Inspectorate (MTI), AVUK, Tax Administration Inspectorate (TAK-MoF), Health Inspectorate (MH), Civil Aviation Authority Inspectorate (MI), Transport Inspectorate (MI), Environment Inspectorate (MESP), Education Inspectorate (MEST), Independent Media Commission, Office of Regulator on Electronic and Post Communication, Regulator on Water and Waste and Energy Regulator Office.

In Kosovo, so far there are two registered non-governmental associations on consumer protection: Konsumatori and the Initiative for Protection of Consumer Rights IMDK. The mentioned organizations have a role in the area of services towards general economic interest, by regulating the opportunities for them to participate in addressing concerns related to consumers, through the Consumer Protection Council, which is responsible to provide recommendations to the Ministry of Trade and Industry, so as to raise issues of interest to consumers, such as supplies with electric power, water, internet, etc. In addition, consumer protection organizations can submit requests to Ministry of Trade and Industry to initiate procedures for collective protection of consumer interests.

As part of the policy framework, the Strategy for Development of Private Sector 2013-17, drafted by Ministry of Trade and Industry, presents activities covered by the ministry, by including consumer protection, which are part of the Government's vision towards economic sustainability. The purpose of this strategy is to address challenges and adopt changes related to industry development in private sector, which are changes to legal framework, institutions and policies.

The Department for Consumer Protection has in its disposal the Programme for Consumer Protection 2016-2020, adopted at the end of 2015, which aims at advancing consumer protection, by making it into a quality protection, which is constant and comprehensive in relation to public health, environment, sustainable market and creating conducive conditions for business. Also, the programme contains the effective implementation of legislation, as well as transposition of the EU legislation, related to consumer protection.

Health protection

The main body in the area of health protection is Ministry of Health. The competent bodies with a view to implementation and monitoring of the law on tobacco control are: central inspectorates of line ministries, such as: Health Inspectorate (MH), Sanitary Inspectorate (AUV), Trade Inspectorate (MTI), Labour Inspectorate (MLSW), Education Inspectorate (MEST), Transport Inspectorate (MI), Kosovo Police, Anti-Corruption Agency, and municipal inspectorates. The administrative capacities for implementation of the law on tobacco control are not sufficient, currently.

The National Centre for Blood Transfusion in Kosovo is the competent body for blood transfusion activities. The responsible institutions for blood transfusion and the related products are blood transfusion units, in regional hospitals. The health inspectorate is attached to the Ministry of Health and it employs 20 inspectors.

The Interministerial Council for Tobacco Control was established by the Government of Kosovo, based on the relevant law, and it is made up of 15 members, representing Ministry of Health, Education, Finance, Labour, Justice, Internal Affairs, Environment, Infrastructure, Agriculture, and Culture, health practitioners, media and civil society. The council is responsible to propose prevention measures as well as measures in awareness-raising, education, as well monitoring their implementation.

Other institutions responsible to implement the legislation in the health sector are the National Institute on Public Health, Municipalities/Inspectorates, Health Institutions and National Board on Cancer Control.

As regards the policy framework, the competent instruction for developing health protection policies is Ministry of Health. This institution has a number of strategies, programmes and action plans as in the following:

Strategy on Health of Mothers, Children, Adolescents and Reproductive Health 2011-2015, which is the main strategic document in the health sector, which addresses all aspects of health related to the

mentioned groups. The strategy's objective is the reduction of mortality for mothers and infants. With a view to implementing the strategy, we have designed activities, such as family planning, prenatal effective care, health education and promotion, as well a health practitioners training. All of these activities have had an impact in the declining of mortality for mothers and infants, from 17% in 2012 to 12% in 2014.

The expanded immunizations programme is a document that determines the mandatory vaccines, which are used to immunise children of certain age at certain time intervals. Aiming at addressing the inequality, the Ministry of Health, in cooperation with the relevant partners and supported by the World Health Organization, has started the process of reorienting the programme so as to increase the level of immunization for children of Roma, Ashkali and Egyptian communities. With this in mind, a number of activities are taking place, so as to ensure the inclusion of such children in the regular vaccination.

The following are also strategic documents relevant for this area:

- Strategic Plan for Prevention of Contagious Diseases;
- Strategy for professional mental health service in Kosovo 2014-2020
- Strategy on HIV/AIDS 2015-2019;
- National Programme on Cancer Control in Kosovo, 2014-2020.

Donor Support

Consumer protection

The Consumer Protection Department was part of the "Support to Free Movement of Goods 2014-2016" EU financed project. A similar project is that on Free Movement of Goods, approved by the EU and expected to start by mid-2017, and it will support the Department of Consumer Protection with professional development of staff, support in efforts in finding an alternative for dispute settlement and support for NGOs.

Health protection

The health sector is supported by the "Accessible and qualitative health care" 2017-2019 which is funded by the Swiss Government/SDC. The project budget is EUR 6,074,720 and will focus on Primary Health Care and aims to improve the health of the Kosovo population by improving access to health services, quality of services, health management by empowering patients' needs (especially of vulnerable groups).

Luxembourg Government will continue to support through the project Support to Kosovo Health Sector KOS 017 (second phase) 2015-2018. The project will continue support in developing the Health Information System, for 35% of health institutions in Kosovo, with a budget of EUR 6,000.000.

The Global Fund will continue to support TB prevention activities and financing of the continuation of the "HIV Prevention in Kosovo" project in the amount of EUR 1,105,095.

The United Arab Emirates will support the construction of Pediatric Surgery Hospital in UCC in the amount of EUR 22,000,000

The health sector will continue to be supported through the project "Support to health system" 2013-2017, funded by the Italian Government. The remaining project budget will be EUR 628.869 and will focus on developing the cardiology, by making functional the cardiology clinic through staff training, provision of expertise and purchasing of equipment.

Medium-term Priorities

Consumer protection

In the midterm planning, priority will be given to the implementation of the Programme on Consumer Protection 2016-2020, which envisages further harmonization with the *acquis*, strengthening and development of administrative capacities as well as continuous consumer protection and education.

Health protection

In the legal aspect, in the midterm planning will continue the harmonization of the primary and subsidiary legislation with *acquis* in the patient health care rights as well as cross-border care, mental health, blood, tissue, cells and organs, injury prevention, infective diseases, rare diseases, smoking, alcohol, diet, and physical activity.

In terms of institutional capacity, the focus will fall on the functioning of state authority - Biomedical Division determined on the basis of the Law on Transplantation of Tissues and Cells. Institutional capacities are expected to be established in the area of blood transfusion as well.

With regards to implementation measures, the focus will be in implementing the existing strategies, with special focus on: fighting cancer, promotion of health education, mental health, mother health, children and adolescent health, vaccination, service quality and HIV-AIDS.

3.30. Acquis Chapter 29: Customs Union

The customs union *acquis* consists almost exclusively of legislation which is directly binding on the Member States. It includes the EU Customs Code and its implementing provisions, the combined nomenclature, common customs tariff and provisions on tariff classification, customs duty relief, duty suspensions and certain tariff quotas, and other provisions such as those on customs control of counterfeit and pirated goods, drugs precursors, export of cultural goods as well as on mutual administrative assistance in customs matters and transit. Member States must ensure that the necessary implementing and enforcement capacities, including links to the relevant EU computerised customs systems, are in place. The customs services must also ensure adequate capacities to implement and enforce special rules laid down in related areas of the *acquis* such as external trade.

SAA Requirements

Actions in the area of customs have been undertaken in accordance with obligations deriving from Stabilisation Association Agreement, Articles 17, 18, 19, 39, 48, 75, 93 and 104. Articles 17, 18, 19, 39, 48 and 93 specifically outline strengthening of cooperation with countries in the region that have signed the SAA, while Article 49 and Protocol 3 establish the originating rules for implementation of this Agreement.

The Stabilisation Association Agreement, Article 2014 specifically refers to customs. This Article obliges the parties that will enter into cooperation in this area with the purpose of guaranteeing compliance with provisions to be adopted in the trade area and to reach approximation of the customs system of Kosovo with the EU one, contributing in this way towards achievement of liberalization measures foreseen by this Agreement and to gradually approximate Kosovo customs legislation to the EU *acquis*. The cooperation will take into account the priority areas related to the EU customs *acquis*. In this respect, Protocol 4 establishes the rules for mutual administrative assistance in the customs area, between the parties. Also, in order to ensure free trade, the Customs will enhance administrative capacities in the area of fighting informal economy, and the area of protection of intellectual property (Chapter VI, Article 4.3).

Within protocol 3 Kosovo, following the entry into force of the SAA, should sign and ratify the Convention on Pan-Euro-Mediterranean preferential rules of origin, as the convention that implements SAA regarding the trade area.

Customs is considered as one of the key areas in the implementation of obligations deriving from SAA on free movements of goods, implementation of facilitating trade measures as well as fighting fiscal evasion and contraband for a stable economic development. This covers legislation harmonized/adopted with *Acquis*, strategic documents, structuring of Customs Administration, administrative capacities and the rule of law.

Based on the EC Kosovo Report 2016, on issues related to Customs, Kosovo needs to continue implementing the customs legislation in line with best European practice, to strengthen the measures in fighting informal economy and to prevent any kind of influence on the performance of the institution. The Report highlights that Kosovo Customs are active throughout Kosovo, but limited in the north. Discrepancies between the customs code and excise as well as criminal code remain an obstacle for customs in their fight against customs crime.

State of Play

Legal Framework

In the recent years, Customs has made significant progress and has undertaken a number of positive steps towards modernization and development, which aim to approximate the procedures and administrative systems to the EU.

Generally, Kosovo's legislation in the area of customs obligations has been assessed as compatible with the *acquis* and EU customs framework.

Kosovo Customs applies as primary legislation the Customs and Excise Code of Kosovo, Law No. 03/L-109, dated 10 November 2008 and amended by law No. 04/L-099 dated 3 May 2012. This Law is partially harmonized with the EU Customs Code, namely Council Regulation (KEE) 2913/92/"on Establishment of Community Customs Code" (GZ L 302, 19.10.1992, p. 1-50) amended and corrected as follows:

Amended by:

- Regulation (EC) No 82/97 of the European Parliament and of the Council of 19 December 1996
- Regulation (EC) No 955/1999 of the European Parliament and of the Council of 13 April 1999
- Regulation (EC) No 2700/2000 of the European Parliament and of the Council of 16 November 2000
- Regulation (EC) No 648/2005 of the European Parliament and of the Council of 13 April 2005
- Council Regulation (EC) No 1791/2006 of 20 November 2006

Amended by:

- Acceptance Act of Austria, Sweden and Finland (approved by the Council Decision 95/1/EC, EURATOM, ECSC)
- Act regarding the acceptance conditions of Czech Republic, Republic of Estonia, Republic of Cyprus, Republic of Latvia, Republic of Lithuania, Republic of Hungary, Republic of Malta, Republic of Poland, Republic of Slovenia and Slovak Republic and approximation with Treaties by which the European Union is established, Official Gazette No. L236, pg. 33 dated 23.9.2003.

Corrected by:

- Corrigendum, OG L152, 11.6.1997, pg. 34 (2913/92)
- Corrigendum, OG L 172, 8.7.1997, p. 11 (82/97)

Implementing provisions regarding the Customs Code are included in the AI 11/2009, dated 2009, signed by the Ministry of Finance. Upon entry into force of Customs and Excise Code No. 03/L-109, 64 subsidiary legal acts have been issued (AIs and Internal Instructions).

Regarding the strategic documents, Kosovo Customs operates on the basis of Operative Strategy 2015-2018, which is reviewed every calendar year. This strategy sets the aims and objectives established by the Government of Kosovo, Progress Report Findings, SAPD, SAA Action Plan and Customs Blueprint.

Kosovo Customs operates throughout the Kosovo customs territory, including the north, in two borders points with Serbia, in order to implement the Customs and Excise Code of Kosovo and unify customs practices.

Institutional and Policy Framework

The Administration of Kosovo Customs operates under the authority of Ministry of Finance which is the responsible body to implement customs policies in the Republic of Kosovo. Customs are composed of General Directorate and Customs Regions. Kosovo Customs has been established in August 1999 from the UNMIK pillar, in order to ensure rightful and comprehensive application towards customs rules and other applicable provisions for goods, which are subject of customs supervision. On 12 December 2008 UNMIK Customs Service was transposed to Kosovo Customs. The new customs code adopted by the Assembly of Kosovo on 11 November 2008 enabled this transition. This Code is in accordance with EU legal standards and aims, *inter alia*, the economical development of the Republic of Kosovo.

Kosovo Customs is responsible for ensuring the correct and uniform application, in accordance with customs rules and other provisions applicable to goods. Besides customs obligations collected by Customs, the VAT and the Excise tax are collected in borders. Besides collection of incomes, Kosovo Customs protects the society from smuggling of drugs and other forbidden goods which have a negative impact and constitute economic crime and evasion.

Kosovo Customs has been developed in accordance with the EU standards and is completely financed by the Kosovo Budget and currently employs around 574 employees. Customs invests in its staff in order to keep up with new developments, always in accordance with the Customs Operative Strategy and Blueprint (European Union Document).

Kosovo Customs collects approximately 58% of the Kosovo budget income. IMF has continuously praised the service for its performance, comparing it to the services of Western Europe.

Customs has undertaken internal reforms in order to accommodate the business needs, decrease the expenses and the bureaucratic procedures which reforms indirectly serve also as anti-corruption preventive measures.

Regarding trade facilitation, Customs makes continuous efforts to keep a balance between control and facilitation of trade, by creating appropriate conditions for customs clearance procedures and making the same more efficient. The green and blue channels enable legitimate businesses to complete customs procedures within 30 minutes from the entrance into the customs check. Also, recently the *Paperless* concept has been introduced for customs clearance of goods. In order to further enhance the performance and facilitate the trade, Kosovo Customs will continue comprehensive administrative reforms and will increase the number of businesses that use the Green channel.

An important step is also the introduction of the Secure Line (free telephone line) which resulted in increase of actions and information regarding corruptive actions. Above 95% of the information received from the citizens has resulted as accurate. Given that this mechanism is showing initial results, Customs will continue with further notifications towards the public in order to establish a strong and trusted partnership in fighting negative occurrences.

In order to increase international customs cooperation, Kosovo has signed 12 agreements/bilateral memorandums with EU and regional countries, while other agreements are being negotiated. Also, Kosovo aims to be granted with informal status of observer in Joint Transit Convention, and other international organizations in the customs area. Meanwhile in order to implement Protocol 4 to the SAA for administrative assistance in customs matters, Customs exchanged contact point with OLAF, through which they will exchange information with the purpose of prevention, investigation and combating illegal cross-border activities.

Regarding the protection of Intellectual Property Rights (IPR), the Kosovo Customs applies the Law on Customs Measures for Protection of Intellectual Property Rights (Law No. 03/L-170) as part of State Council on Intellectual Property, which aims towards enhancement inter-institutional cooperation and coordination. In general, all of the aforesaid institutions have specific responsibilities which contribute in appropriate development of the IPR area.

Notwithstanding the progress in the area of IPR, there is a need for further improvements of the legal basis, institutional capacities and other technical actions.

In June 2015, the electronic system INES was functionalized, in order to administer and monitor the requests for operations, whereas functionalization for online applications remains a challenge.

Medium-term Priorities

- Harmonization of Customs Code with the Council Regulation 2913/92/EEC on “Establishment of Community Customs Code” (*OG L302, 19.10.1992, pg.1 as amended and corrected.*)
- Adoption of AI on implementation of Customs Code;
- Adoption of AI for Authorized Economic Operators in accordance with Regulation (EC) No 648/2005 of the European Parliament and of the Council of 13 April 2005 which amended Council Regulation (EEC) No. 2913/92/ on Establishment of Community Customs Code;
- Ratification and full implementation of the Pan Euro-Med Convention.

3.31. Acquis Chapter 30: External Relations

Acquis in this area consists mainly of EU legislation, which is directly applicable and does not require transposition into national legislation. This legislation of the EU in essence results from multilateral and bilateral commitments of the EU in the area of trade, as well as from a number of autonomous trade measures. In the area of export credits and dual-use goods, some of the directives require the national legislation to be amended.

In this context, candidate countries are required to progressively harmonize their policies towards third countries and to harmonize their positions within international organizations (e.g. WTO, OECD) on policies and positions adopted by the European Union and the Member States.

In the area of development policy and humanitarian aid, EU Member States shall comply with the EU legislation and international commitments and ensure the capacity to participate in development and EU's humanitarian policies.

SAA Requirements

The obligation for the approximation of legislation with the European Union derives from Article 74 of the SAA, a provision according to which Kosovo has not only the obligation to bring its national legislation in line with EU law, but also to ensure its implementation.

The Stabilisation and Association Agreement (SAA) includes a part of the free trade agreement between Kosovo and the EU. It includes provisions in several areas requiring the parties to act in accordance with

international rules or obligations. Moreover, the SAA regulates the economic cooperation with the EU and other countries that have SAA into force, such as customs cooperation (protocol on customs cooperation), implementation of WTO rules on free trade etc. Kosovo's obligations under the determination contained within the SAA on trade policy and economic cooperation are provided under the following Articles: 20, 23, 24, 27, 31, 33, 38, 39, 45, 60, 64, 74, 75, 76, and 94,104. The obligations in this Programme are addressed by the relevant chapters for free movement of goods, customs, monetary and economic policies etc.

State of Play and Perspective

Within the economic relations and general framework of integration perspective in the EU, Kosovo is currently benefiting from the preferential trade measures of the EU for the Kosovo's export. For more about the economic cooperation with the EU, please see Chapter for Economic Criteria and that of economic and monetary policy. Moreover, the Republic of Kosovo already is a member of the World Bank, the International Monetary Fund and several international financial institutions. Kosovo is also benefiting from the unilateral preferential trade system of the USA for export of some products in the USA. Whereas, regarding economic cooperation with other countries, Kosovo has signed several bilateral agreements for elimination of double taxation (AEDT). The Agreement for Elimination of Double Taxation (AEDT) is an agreement/convention between two states for taxation or elimination of double taxation. Thus, it aims to determine the state that has the right of taxation on the same income or capital in the cases when a person is taxable in both states.

Kosovo is implementing 10 bilateral agreements for elimination of double taxation which actually are in force. Some of these conventions were also concluded between the former- Socialist Federative Republic of Yugoslavia and other countries. The countries with which Kosovo signed agreements for Elimination of Double Taxation are: Belgium in effect since 13.04.2012, the Great Britain in effect by the former SFR of Yugoslavia in 01.04.1982 while by Kosovo since 06.09.2010, Finland in effect by SFR of Yugoslavia in 1987, while by Republic of Kosovo in 08.09.2010, the Netherlands in effect by SFR of Yugoslavia in 26.05.1983 while in effect in Kosovo since 12.03.2014, the FYROM in effect since 11.04.2013, Slovenia in effect since 18.06.2015, Albania in effect since 11.03.2015 and Turkey ratified by Kosovo in 07.11.2012.

CEFTA Agreement

CEFTA (Central European Free Trade Agreement) is a free trade agreement, in which take part eight countries of the Western Balkan region: Kosovo, Albania, FYROM, Montenegro, Serbia, Bosnia and Herzegovina and Moldova. Kosovo has signed the CEFTA Agreement in 2006 as UNMIK, which entered into force from 2007

The first CEFTA Agreement was signed between Poland, Hungary, the Czech Republic and Slovakia in December 1992 and became effective in July 1994. Through CEFTA these participating countries were mobilized to access political, legal and economic institutions of the European Union, thus strengthening their democracy and market economies. Since in 2007 all previous parties to CEFTA entered the European Union and left the CEFTA, it was decided to expand CEFTA to the part of the Balkans left outside the EU.

It is noteworthy that the free trade of goods has been negotiated and currently negotiations for services are ongoing between CEFTA countries (Albania, Bosnia and Herzegovina, Macedonia, Moldavia, Serbia, Montenegro and Kosovo). The negotiations consist of 6 groups and began in 2014 with a primary focus on professional services, tourism, environment, recreation services, communication, construction and distribution services, education and health.

Other agreements

Up to date, the Republic of Kosovo has signed about 70 economic agreements, including those with the USA, the Belgium-Luxembourg Economic Union, Slovenia and the United Arab Emirates (7 agreements).

We have signed agreements for the *International Road Transport of Passengers and Goods* with 9 countries, including Belgium, Switzerland, Austria and Italy. Agreements in the area of *Cooperation for Investment Incentives* we have signed with the Belgium-Luxembourg Economic Union and the USA.

We have signed several financial agreements with Germany (German Bank for Development – KfW). We have signed agreements for *Cooperation and Mutual Assistance on Customs issues* with 7 countries, including Finland, Austria, Slovenia and Turkey.

The Republic of Kosovo plans to continue cooperation with Belgium, Netherlands, and Germany in the area of economic affairs.

More specifically, Kosovo has so far signed the following agreements of an economic character:

- Agreement between the Government of the Republic of Kosovo and the Council of Ministers of the Republic of Albania on cooperation and mutual assistance on customs issues (published on 13.11.2009)
- Agreement for investment incentives between the United States of America and Kosovo (published on 15.09.2009)
- Agreement between the Government of the Republic of Kosovo and the Government of the Republic of Turkey on economic cooperation (published on 29.05.2009)
- Agreement on “Development Cooperation” between the Government of the Republic of Kosovo and the Government of the Republic of Austria, signed in Prishtina on 9 October 2009, published on 02.04.2010, effective from 1 May 2010;
- Agreement for Loans and Financing, dates 28 December 2009, between KfW Frankfurt am Main (KfW) and the Republic of Kosovo, represented by the Ministry of Economy and Finances (Borrower) and the System, Transmission and Market Operator KOSTT JCC, Prishtina (Project Execution Agency), amounted to EUR 33,500,000. (Published on 7 April 2010);
- Agreement between the Government of the Republic of Kosovo and the Government of the Republic of Austria for promotion and protection of investments, signed in Prishtina on 22 January 2010 (published on 25 February 2010). Effective from 1 February 2012;
- Agreement between the Government of the Republic of Kosovo and the Government of the Republic of Turkey on cooperation and mutual assistance on customs issues (published on 25.02.2010);
- Agreement between the Government of the Republic of Kosovo and the Government of the Republic of Turkey on international road transportation of passengers and goods (published on 03.06.2010);
- Agreement between the Government of the Republic of Kosovo and the Federal Swiss Council for financial and technical cooperation and humanitarian aid (published on 09.12.2010);
- Agreement between the Government of the Republic of Kosovo and the Government of Montenegro on cooperation and mutual assistance on customs issues (published on 06.09.2010);
- Agreement between the Government of the Republic of Kosovo and the Government of the Republic of Finland on cooperation and mutual assistance on customs issues, signed in Helsinki on 3 June 2010 (published on 15.06.2010);
- International Agreement between the Kingdom of Belgium (Belgium-Luxembourg Economic Union) and the Republic of Kosovo (published on 02.04.2010);
- Agreement for economic cooperation between the Government of the Republic of Macedonia and the Government of the Republic of Kosovo (published on 02.04.2010);

- International Bilateral Agreement on Mutual Promotion and Protection of Investments between the Government of the Republic of Kosovo and the Belgium-Luxembourg Economic Union, signed in Prishtina on 9 March 2010 (published on 3 June 2010);
- International Bilateral Agreement on International Road Transport between the Government of the Republic of Kosovo and the Government of the Kingdom of Belgium, signed in Brussels on 18 June 2010 (published on 06.09.2010);
- Agreement on Project Financing between KfW Frankfurt am Main and the Republic of Kosovo (Beneficiary) – Ministry of Economy and Finance, project execution agency, and the Regional Water Company Prishtina, amounted to EUR 10,862,500 – Water Supply and Removal of Waste Waster, Prishtina, Phase II. Signed in Prishtina on 7 September 2010 (published in 30 May 2011);
- Agreement between the Government of the Republic of Kosovo and the Council of Ministers of the Republic of Albania on international road transport of passengers and goods (published on 17.10.2011);
- Agreement on cooperation and mutual assistance on customs issues, between the Government of the Republic of Kosovo and the Government of the Republic of Slovenia (published on 08.09.2011);
- Agreement on military financial support between the Government of the Republic of Turkey and the Government of the Republic of Kosovo (published on 17.10.2011);
- Agreement between the Republic of Kosovo and the Swiss Confederation for mutual promotion and protection of investments (published on 17.11.2011);
- Agreement between the Government of the Republic of Kosovo and the Government of the Republic of Croatia on international road transportation of passengers and goods (published on 17.10.2011);
- Agreement on road transportation of passengers and goods between the Government of the Republic of Kosovo and the Government of the Republic of Bulgaria (published on 08.09.2011)
- Ratification of the International Agreement on avoidance of double taxation and prevention of fiscal evasion related to income and capital taxes, between the Republic of Kosovo and Macedonia (signed on 06.06.2011);
- Agreement for project financing between KFW-Frankfurt Am Main – of the Federal Republic of Germany and the Republic of Kosovo represented by the Ministry of Finance (beneficiary) and the Deposit Insurance Fund of Kosovo, signed in Prishtina on 30 September 2011. Published in the Official Gazette on 23 December 2011;
- Agreement between the Government of the Republic of Kosovo and the Government of the Grand Duchy of Luxembourg for the implementation of the Caritas Foundation for the regional strategy of Luxembourg for the Balkans (2011-2013) "alleviation of poverty through sustainable development, signed in Luxembourg on 21 June 2011. (Published on 8 September 2011);
- Agreement for "Mutual promotion and protection of investments" between the Government of the Republic of Kosovo and the Federal Swiss Council signed on 27 October 2011. (Published on 17 November 2011);
- Agreement on the "International Road Transportation of Passengers and Goods" between the Government of the Republic of Kosovo and the Swiss Federal Council on 21 November 2011. (Published on 23 December 2011);
- Agreement between the Government of the Republic of Kosovo and the Government of the Republic of Austria on cooperation and mutual assistance on customs issues. Signed on 14 September 2012 (published on 09.10.2012). Effective from 1 December 2013;
- Agreement on Financial Cooperation between the Government of the Republic of Kosovo and the Government of the Republic of Turkey (published on 07.09.2012);
- Agreement between the Government of the Republic of Kosovo and the Government of the Republic of Turkey for mutual promotion and protection of investments (published on 01.10.2012);

- Agreement between the Republic of Kosovo and the Republic of Turkey on avoidance of double taxation and prevention of fiscal evasion on income tax (published on 08.11.2012);
- Law No. 04/l-132 on the Ratification of the Financial Agreement for Loans and Projects between the Government of the Republic of Kosovo, represented by the Ministry of Finance, and the German Bank, concerning the water factory in Shkabaj (published on 18.10.2012);
- Agreement between the Government of the Republic of Kosovo and the Government of the Republic of Croatia for economic cooperation (published on 03.12.2012). It became effective on 23 September 2013;
- Agreement on "Economic and Technical Cooperation" between the Republic of Kosovo and the Government of the United States of America, signed on 29.03.2012 by the President of the Republic of Kosovo;
- Agreement between the Government of the Republic of Kosovo and the Government of Slovenia on the "International Road Transportation of Goods and People" signed in Ljubljana on 26 June 2013.
- Agreement between the Government of the Republic of Kosovo and the Agency for International Development of the United States of America for the Trust Fund, signed in Prishtina on 4 December 2013.
- Amendment of the Agreement of the Grant for Developmental Objectives I Amendment 1 between the United States of America and the Republic of Kosovo (published on 19.12.2013).
- Agreement between Kosovo and the European Bank for Reconstruction and Development on cooperation and activities of the European Bank for Reconstruction and Development in Kosovo (published on 08.04.2013).
- Law No. 04/l-207 on the Ratification of the Framework Agreement between the Government of the Republic of Kosovo and the European Bank for Investments regulating the activities of the European Bank (published on 22.08.2013).
- Law No. 04/l-222 on the Ratification of the articles of the Founding Agreement of the Bank for Development of the European Council and on membership of Kosovo in EBRD (published on 29.10.2013);
- Law No. 04/l-207 on the Ratification of the Framework Agreement between the Government of the Republic of Kosovo and the European Investment Bank which regulates activities of the European Bank (published on 22.08.2013);
- Agreement between the Government of the Republic of Kosovo and the Government of the Austria for the "International Road Transportation of Goods and Combined Transport" signed on 21 June 2013 and published on 13 March 2014. It became effective on 1 September 2014);
- Agreement between the Government of the Republic of Kosovo and the Government of the Republic of Austria on "International Transportation of Passengers in Regular and Irregular Transport" signed on 21 June 2013, published on 19 March 2014). It became effective on 1 September 2014;
- Financing Agreement between the Government of the Republic of Kosovo and the German Development Bank KfW, to improve district heating systems, November 14, 2011. Published in the Official Gazette on 24 January 2012;
- Agreement between the Government of the Republic of Kosovo and the Government of Turkey for "Free Trade" signed in Ankara on 27.09.2013. (has not yet been ratified by us)
- Agreement on the allocation of financial means between the Government of the Republic of Kosovo and the Government of the Republic of Germany (published on 18.03.2013)
- Customs Cooperation Agreement between the Government of the Republic of Kosovo and the Republic of Italy signed on 25.06.2013
- Military Financial Cooperation Agreement between the Government of the Republic of Kosovo and the Republic of Turkey, as well as the Protocol implementation on financial assistance, signed on 07 November 2013 in Prishtina, and on 30 November 2013 in Ankara. This agreement entered into force on 20 May 2015;

- Cooperative Framework Agreement between the Republic of Kosovo and the Islamic Development Bank, for financing the M2 road. Signed on 21 May 2013.
- Agreement between the Government of the Republic of Kosovo and the Council of Ministers of the Republic of Albania for exemption from value added tax the import for books, products related to books, newspapers, magazines, periodicals and similar press materials published in the Republic of Albania or in the Republic of Kosovo (signed on March 28, 2014, and entered into force on 20 June 2014);
- Agreement between the Government of the Republic of Kosovo and the Council of Ministers of the Republic of Albania for the avoidance of double taxation with respect to taxes on income and on capital and the prevention of fiscal evasion (signed on March 28, 2014).
- Agreement between the Government of the Republic of Kosovo and the Republic of Slovenia for "The avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital", signed on 26 June 2013; published on 7 April 2014, and entered into force on 16 April 2014)
- The framework agreement for economic, commercial, cultural, scientific and technical cooperation between the Republic of Kosovo and Togo (signed on 21 July 2014).
- Agreement between the Government of the Republic of Kosovo and the Czech Republic on "Avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income," signed in Prishtina, on 26 November 2013; (Promulgated on 24 March 2014).
- Agreement on avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income and on capital between the Government of the Republic of Kosovo and the Government of the Republic of Hungary, signed in Prishtina on 03 October 2013 (published on 13.01.2014) Entered into force on 12 March 2014;
- Financing and draft agreement for the discharge of wastewater in the southwest of the Republic of Kosovo, Phase III, between the Government of the Republic of Kosovo and German Bank KfW, Frankfurt am Main, signed in Prishtina on 24 October 2014. (Published on 09 Jul 2015)
- The agreement on the mutual regulation of the international road transport of passengers and goods between the Republic of Kosovo and the Republic of Italy, signed in Prishtina on 24 July 2014 (published on 19.09.2014); and entered into force on 26 March 2015.
- Agreement between the Government of the Republic of Kosovo and the Government of the Republic of Turkey for "military financial cooperation", as well as the Protocol implementation regarding the Agreement. Signed in the city of Budva in Montenegro on 16 October 2014. (The agreement and Protocol in question have been signed for a period of 5 years). Published in the Official Gazette on May 07, 2015 and entered into force on 23 July, 2015;
- Economic Cooperation Agreement, between the Government of the Republic of Kosovo and the United Arab Emirates, signed on 26 April, 2015 (published on 04.06.2015).
- Agreement for Opening Joint Border Crossing Kotlovë - Kuqishtë for international passengers road traffic between the Government of the Republic of Kosovo and the Republic of Montenegro, signed on 26 March 2014 (published on 07.05. 2015)
- Agreement on Economic Cooperation between the Government of the Republic of Kosovo and the Republic of Slovenia, signed on April 10, 2015 (published on 07.05.2015. The agreement entered into force on 18 December 2015);
- Agreement on the implementation of European Union financial assistance to Kosovo within the pre-accession assistance instrument IPA II between the Government of the Republic of Kosovo and the European Commission, signed on 30 January 2015 (published on 03.04.2015)
- Agreement on cooperation for the promotion and facilitation of trade, between the Government of the Republic of Kosovo and the Republic of Macedonia, signed in Skopje on 22 January 2015 (published on 09.03.2015)
- Agreement between the Government of the Republic of Kosovo and the Federal Republic of Germany on Financial Cooperation in 2014 (project on subsidies). Signed in Prishtina on 08 September 2015. Entered into force on 05 October 2015

- The loan agreement for financing the project "Modernization of Invasive Cardiology Service of the University Clinical Centre of Kosovo" between the Republic of Kosovo, acting through the Ministry of Finance and Unicredit Bank Austria AG;
- Economic Cooperation Agreement, between the Government of the Republic of Kosovo and the United Arab Emirates, signed on 26 April 2015 (published on 04.06.2015);
- Agreement between the Government of the Republic of Kosovo and the Government of the United Kingdom of Great Britain and Northern Ireland for the "Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to taxes on income and on capital" Signed on 04 June 2015 in Prishtina. Published in the Official Gazette on 09 July 2015
- Contract on Grant (Grant award agreement) signed in Prishtina, on 29 January 2015 between the Government of the Republic of Kosovo, represented by the Ministry of Finance, and the Foreign Office of the Commonwealth, represented by the Embassy of Great Britain in Prishtina.
- Agreement between the Government of the Republic of Kosovo and the US to improve Compliance of Tax Regulations at the International Level and Implementing of FATCA Regulations, signed on February 26, 2015, in Prishtina. Entered into force on 04 November 2015;
- The Joint Declaration between the Government of the Republic of Kosovo and the Council of Ministers of the Republic of Albania "On Cooperation in the area of Transboundary Regional Development in Kosovo and Albania". Signed in Tirana on 23 March 2015.
- Agreement on "Cooperation in Trade Promotion and Facilitation" between the Government of the Republic of Kosovo and the Council of Ministers of the Republic of Albania, signed in Prizren on 11 January 2014. Entered into force on 11 March 2015.
- Protocol for the implementation of the Framework Agreement between the Government of the Republic of Kosovo and the Council of Ministers of the Republic of Albania for "Cooperation in Trade Promotion and Facilitation". Signed in Tirana on 23 March 2015.

WTO membership

Kosovo is not yet a member of the WTO, however is working on activities related to this process. In this regard, the first draft of the memorandum of foreign trade regime needed to apply for membership in WTO, has been prepared in cooperation with an EU project. Is expected that during 2016, Kosovo to apply for WTO membership.

Medium-term priorities

- Preparation for membership and accession (in the first phase with observer status) in WTO
- Continuing the negotiations and signing of bilateral agreements for the elimination of double taxation.

3.32. Acquis Chapter 31: Foreign, Security and Defence Policy

The common foreign and security policy (CFSP) and the European security and defence policy (ESDP) are based on legal acts, including legally binding international agreements, and on political documents. The *acquis* consists of political declarations, actions and agreements. Member States must be able to conduct political dialogue in the framework of CFSP, to align with EU statements, to take part in EU actions and to apply agreed sanctions and restrictive measures. Applicant countries are required to progressively align with EU statements, and to apply sanctions and restrictive measures when and where required.

The political dialogue develops intensively on several levels between the institutions of the Republic of Kosovo and European Union for fulfilment of the criteria set on the integration process, initially by signing, ratifying and implementing the SAA.

The political and policy dialogue as needed, will contribute to the process of normalization of relations between Kosovo and Serbia. Kosovo pledges for continual commitment towards significant and

sustainable relations with Serbia. This process will ensure that both countries can continue their respective European paths, avoiding the possibility of blocking either party on their efforts and gradually leading towards overall normalization of the relations between Kosovo and Serbia, on a form of a legally binding agreement, where both countries will be able to fully practice their rights and fulfil their responsibilities. Consequently, Kosovo has to continuously implement in good faith all the agreements reached in the dialogue with Serbia and respect entirely the principles of inclusive regional cooperation.

Moreover, the obligations deriving from provisions of SAA provide that Kosovo resolves through dialogue and compromise other unsolved issues, based on practical and sustainable solutions and will cooperate for the necessary technical and legal matters with Serbia; to effectively communicate with the mission of the joint Foreign and Security Policy during its mandate and actively contribute on full and unobstructed fulfilment of its mandate in the entire Kosovo.

The Stabilization Association Commission will review regularly the progress in this process and will take decisions and issue recommendations on this matter. SAC can help this process in accordance with article 129.

The Republic of Kosovo, has taken seriously the responsibility to offer safety for its citizens territory. Kosovo is aware of the importance to continue increasing the capability of its institutions in offering security to all Kosovo citizens. Therefore, as a part of the process of gradually taking more responsibility about its security, in March 2012, the Kosovo Republic Government has initiated the Strategic Review of the Security Sector (SRSS), an inclusive review of all its security institutions. The purpose of SRSS is to make a detailed analysis of all the security aspects in the Republic of Kosovo to analyze the safety challenges of the present and future; to clearly determine the role of each institution of the safety sector, to avoid multiplying and to maximize the institutional capacities; also to indentify the necessary capacities to offer protection and safety to citizens of Kosovo.

The Republic of Kosovo aspires to become a constitutive part of the regional and global security structures, in particular to become a member of EU, NATO, OSCE and UN. In this context, the national security of Kosovo is closely related with regional and broad Euro-Atlantic security.

State of Play

The Kosovo European Integration is a national strategic goal, a guarantee for peace, stability and prosperity of the region. In this aspect, the government of the Republic of Kosovo is fully willing to undertake all the reforms needed with the European integration process. Furthermore, Kosovo strongly supports the EU foreign policy of security and defence, which aims at strengthening of the role of EU as an entity with an increasing political influence on international politics.

The legal framework on foreign policy, safety and defence is determined as still consolidating with the necessary laws aiming to treat all the issues deriving from this domain. The legislative framework concerned, is in compliance with the EU principles and goals and it consists in the Law on Prevention of Money Laundering and Prevention of Terrorism Financing; The Law on Prohibition of Joining the Armed Conflicts Outside State Territory; National Strategy of Preventing and Fighting Informal Economy, Money Laundering, Terrorist Financing and Financial Crime 2014-18, Strategy Against Terrorism and the Plan of Acting 2012-17, Administrative Order for prevention and detection of money laundering and the Administrative order for prevention and detection of terrorism financing.

Whereas, the institutional structure responsible for foreign security and defence policy consists in Ministry of Foreign Affairs, diplomatic representations and national coordinators in the Council for Regional Cooperation and the Migration Asylum and Refugee Regional Initiative (MARRI).

Among the top priorities of Kosovo foreign affairs remains the advancement of strategic partnership with European Union and NATO, including establishment of contractual relations with these organizations, towards the Euro-Atlantic integration.

Kosovo aims the development on regional cooperation, especially good relations with the neighbouring states, and assisting in accomplishing the Brussels agenda for a sustainable region, democratic and integrated in EU and NATO. The Republic of Kosovo considers that regional cooperation is not only a precondition for the European integration but also a necessity for the regional stability. For this reason the Kosovo Government has assigned the National Coordinator responsible for all the regional mechanisms and initiatives (the Council for Regional Cooperation, the Framework for Investments in Western Balkans).

This orientation of our foreign affairs is also reflected on our proactive participation in initiatives and multilateral organizations operating in South-eastern European area and broader. Kosovo is a member of 21 regional initiatives; *inter alia*, a member of cooperation on the trading domain, safety, education, technology and environment.

As far as the current security situation is concerned, it is important to emphasise after the closure of the RSSS and the adoption of the Analysis of Strategic Review of Safety Sector of the Republic of Kosovo with the Government Decision no. 01/173 of the date 04.03.2014, the Government has followed all the procedures for amending the existing legal framework on the basis of recommendations derived from RSSS, including the amendment of the Constitution.

On 06.03.2014, the Government sent the proposal to Kosovo Parliament on Amendment of Constitution of the Republic of Kosovo, and on basis of it, the Parliament on 11 March 2014 submitted the Government's proposal to the **Constitutional Court** to initially evaluate if the proposed amendments do not limit any rights and freedoms guaranteed by Chapter two (II) of the Constitution. The Constitutional Court with its verdict No.KO44/14, of the date 31 March 2014, approved the proposal of the amendments evaluating that the same do not limit the rights and freedom defined in Chapter two (II) of the Constitution.

Considering the dissolution of the Kosovo Parliament, constitutional amendments were returned for re-proceedings in the Government.

The Government, through its Legislative Programme of 2015, has set the date of 30 June 2015, as the date of deadline for the amendments approval.

At the same time, the Ministry for the Kosovo Security Forces, in cooperation with Legal Office of the Prime-Minister's Office and the line ministries have drafted the Draft Law for amending the laws concerning the Kosovo Armed Forces. This Draft is discussed and harmonized also with the counsellors of the NATO Team and is supported by the US Department of Defence.

Through the mentioned Draft 39 (thirty-nine) laws have been amended, that correlate with recommendations deriving from the Analysis of Strategic Review of Safety Sector. Issues related to the completions and changes have mostly to do with the name, tasks, structure of the Ministry of Kosovo Security Forces and the Kosovo Security Forces.

Political dialogue with Serbia

Concerning the dialogue between Kosovo and Serbia, Kosovo remains committed in participating in the dialogue of the technical level, to achieve progress on the implementation of the agreements between the both parties involved.

Kosovo attaches serious importance of the Brussels dialogue, not only on improving of the citizens' wellbeing and the bilateral relations between two states, but also because this dialogue is currently the most important contributor for peace and stability in the region.

On this matter, the Government of the Republic of Kosovo, as a constructive and serious party in the Brussels dialogue, emphasizes highly the implementation of all Agreements of Brussels of the last four years and the potential agreements expected to be reached in the following period.

There has been particular progress on reaching agreements between Kosovo and Serbia, nevertheless the findings of the last Report of the Government of the Republic of Kosovo (2015) shows little progress on implementation of the agreements in general. Observing the agreements separately, the Report identifies different levels of progress on some areas and a lack of progress on many areas.

Medium-term Priorities:

- Drafting and adoption of the Foreign Policy Strategy;
- The training of the civil servants will continue on foreign and security policy. With priority for those in charge of implementation of restrictive measures and weapon control. Also, through visits to Member States will be exchanged the experience on effective implementation of restrictive measure.
- The Republic of Kosovo will continue to contribute on the improvement of political dialogue with EU and be an active actor on this dialogue. Kosovo Republic will continue implementing the EU legal acts on the domain of foreign politics and safety.
- Concerning cooperation with international organisations, the Republic of Kosovo will continue to be an active member in international organizations (Commission of Venice, World Bank, International Monetary Fund, European Bank for Reconstruction and Development, Francophone, etc). Kosovo Republic will also continue a proactive role on line with all the obligations in regional organizations as an equal partner (SEECOP, RCC,...)
- Also the Republic of Kosovo will continue implementing restrictive measures imposed by the Council. This way, Kosovo will create the mechanism for implementation of restrictive measures.
- Approval of the interim laws for MKSF.

3.33. Acquis Chapter 32: Financial Control

This chapter covers two main policy areas: (a) the internal control of public finances (ICPF) and external auditing (EA) and (b) protection of financial interests of EU and protection of Euro from counterfeiting. Concerning the ICPF and external audit, there is no specific EU legislation that would be used in approximation with national laws. Instead, the states commit in adopting the international standards of control and external audit defined by the International Organisation for Supreme Audit Institutions (INTOSAI) as well as the good practices of EU.

The Internal Control of Public Finances is an integrated part of the management of public finances and includes the entire public budget. Particularly, the principles of Financial Control require the existence of i) effective and transparent systems of control and management of finances (including inspections and appropriate ex-ante continual financial control and ex-post); ii) Functional and independent systems of internal auditing; iii) respective organizational structures (including central coordination); and iv) functional external auditing and financially independent, among others, evaluating the quality of the created systems of ICPF. On the domain of External Auditing the candidate states are expected to apply INTOSAI standards, especially the Statements of Lima and Mexico for functional independence of finances and institutions and implementation of financial auditing (correctness) and performance.

As far as the **protection of EU financial interests** is concerned, the Treaty on the Functioning of EU (article 325) requires that Member States take actions against fraud that affect the financial interests of EU. Member States are obliged to coordinate their actions and cooperate with the European Commission. Protecting the financial interests of EU includes approximation of local criminal legislation with the Convention of Protection of Financial Interests of EU (PFI Convention) and its three protocols for cooperation among national authorities and the Commission. Candidate states are required to nominate a national service against the fraud as a reference to facilitate the coordination with the Commission and Member States.

Concerning the **protection of the Euro from counterfeiting**, this chapter addresses non-criminal aspects whereas the criminal aspects are addressed on chapter 24. The main principles against counterfeiting of currency are defined in the Convention of Geneva and further detailed in relevant *acquis*. Relevant legislation includes procedures of collecting, saving and exchanging information on counterfeited banknotes, stopping of metals similar to euro coins, the obligation for financial institutions to counterfeited banknotes and cooperation on the national and international level.

SAA Requirements

Obligations of the Republic of Kosovo under the chapter of Financial Control derive from Article 97 of SAA.

Article 97 requires that the cooperation between the parties focuses on priority domains related to EU *acquis* on the area of public financial internal control. In particular it requires the Parties to cooperate aiming further development in applying effective internal control and the functional independent system of internal auditing in public sector in Kosovo, compatible with the framework accepted internationally and good EU practices. Also, the cooperation should focus on creating and strengthening the harmonizing central units for financial management and control.

On the field of External Audit, Article 97 requires the parties to cooperate especially with the aim of further development of independent functional external audit in Kosovo compliant with the accepted international standards and good EU practices. Cooperation also focuses on increasing the capacities of Office of Audit General.

The **EC 2016 Kosovo Report** concludes that in the area of financial control, there need to be efforts in implementing the internal control at all levels, including the publicly owned enterprises. Also, the report highlights that the activities defined in the ICPF Strategy 2015-2017 need to begin being implemented. At the same time, systematic actions in addressing the findings and recommendations of the external auditing must be ensured. The impact of the external audit needs to be strengthened further. The administrative capacities of the CHU must increase, and Kosovo needs to allocate the necessary funds for continuous certification and training for auditors.

Harmonization of Kosovo's legislation with the EU *acquis* on the protection of financial interests of the EU remains weak. The report also notes that Kosovo has no formal cooperation agreement with the European Commission and the European Central Bank on protection of the Euro from counterfeiting.

State of Play

Legal Framework

In Kosovo, there is a comprehensive legislative that frames the Internal Control of Public Finances, including: laws, instructions, regulations, other international standards, policies of Kosovo Government.

Legal basis of **Internal Control of Public Finances** is determined by Law No 03/L-048 on the Management of Public Finances and Responsibilities (LMPFR), amendment of Law no 03-L-048, No. 2010/03-L-221 amendment of LMPFR no. 03-L-048, No. (2012/04-L-116); change, completion of LMPFR No. 03-L-048, No. 2013/04-L-194. The existing legal framework for Internal Control of Public Finances contains general principles and refers to the INTOSAI standards, COSO framework, Standards of Internal Institution (IIA).

Primary legislation in the area of Internal Audit includes Law No. 03/L-048 on Public Financial Management and Accountability and Law No. 03/L-128 on Internal Audit, whereas subsidiary legislation includes:

- Manual for AB;
- AI No. 22/2009 for defining the criteria and procedure of equipment with temporary license of internal audits of public sector, that sets conditions for licensing the audits with temporary licenses;
- AI No. 23/2009 Establishment and functionality of Units of Internal Audit (UIA) in Public Sector, which sets criteria for establishing the function of internal audit;
- AI No. 11/2010 for functioning of committees of audit in the subject of public sector, presents the manner of founding and functioning of committees of audit;
- AI No. 05/ 2012 for Procedure of equipping with professional licenses of internal audits of public sector, it presents the criteria for licensing the internal audits with professional licenses which would be provided after certification;
- AI MoF-No. 04/2016 on the national training programme and certification of internal auditors in the public sector.

Primary legislation in the area of *Financial Management and Control* includes Law No. 03/L-048 MPFR, whereas subsidiary legislation includes:

- Financial rule of the Treasury No. 01/2010 for Internal Control of Public Finances since 30.07.2010, presents COSO framework and principles of accountability in the context of chain command in Kosovo public sector. Most of the regulation provisions are determined by the Law. For instance the accountability of deputies of the Parliament and Executives of central and local government, the entire terminology of MFK and its interpretation in the context of public sector in Kosovo.
- Financial rule No.01/2013/MF on Expenditure of public funds treats the expenses and internal control and management decentralization of expenses in budget organizations.
- The manual of Procedures of MFK that is in force since 2011 consists of 14 procedures that aim covering all the areas of budget cycle. The MFK manual could be used by budget organizations if they had decent informative and management systems, where controls are part of processes with a few instructions offered from UIA/MFK and if there were strict accountability and report mechanisms. These conditions were not applicable when MFK Manual went in force.

Ministry of Finance issued also other AIs (AI) on accountability, financial reports, determining the costs of new policies and management of non-financial property:

- AI No. 01/2013/MF on form determination, content and procedures for determining the costs of initiatives of new policies;
- Financial Rule No. 02/2013/MF on Reporting the debts of budget organizations;
- Rule No. 03/2013 for Annual Financial Statements of Budget Organizations;
- Regulation of MF-No. 02/2013 on Management of non-financial Property by budget organizations. Law on Internal Audit (Law No. 03/L-128).

In addition, there are other laws related to KBFP, including:

- Law on Public Enterprises (Law no. 03/L-087, amended by Law No. 04/L-111);

- Law on amending the Law no. 03/L-087 for Public Enterprises (No. 04/L- 111);
- Law for Finances of Local Government (Law No. 03/L- 049);
- Annual laws on Kosovo Budget
- Law on Public Procurement (Law No. 04-L-042);
- Law on State Administration (Law No. 03/L-189);
- Law on Establishing the Office of Audit General (Law No. 03/L-075);
- Law on Anticorruption (Law No. 2004/34);
- Law on Civil Service (Law No. 2010/03-L-149);
- Law on Salaries of Civil Servants (Law No. 03-L-147) and
- Law on Access to Public Documents (Law No. 03/L-215).

Regarding the External Audit, the Declaration of Lima and the Declaration of Mexico emphasize that preserving of objectivity and independence are a priority for well-functioning of Audit General. These two principles are crucial for our institution. The objectivity and independence must be ensured by proper implementation of a broad sustainable and legal mandate; in pursuance with accepted international standards of audit of public sector and an internal code for professional courtesy. Mandate and functionality is regulated by means of prior legislation:

- Constitution of Kosovo articles 136, 137, 138;
- Law no. 03/L-075 for establishment of Office of Audit General (OAG) of Kosovo and Office of Audit in Kosovo.

Other relevant legislation in the area of audit includes:

- Law on management of public finances and responsibilities;
- Law on public procurement;
- Law on civil service;
- Law on public enterprises;
- Law on salaries of Civil Servants;
- Anti-corruption Law.

Policy Framework

Policies and strategies in the area of IFCA

The document of Policies of IFCA 2011 confirms dedication of the Government to treat its responsibilities according to the Constitution, and *acquis* chapter 32 in the context of local priorities.

The Strategy of Internal Control of Public Finances 2015-2019 – The purpose of the strategy is to improve the system of MFK and AB, enabling effective public expenditure, good services, insurance of transparency, appropriate expenditure of the budget of the Republic of Kosovo, grants, donors and loans. The strategy of ICPF brings modern access of managing the system of information, integrated controls to decrease risk through a higher level of automation. This requires additional professional knowledge, managerial accountability and advanced internal auditing to help the organizations in achieving their objectives.

Since 2009 **the Office of Audit General** has adopted the Strategy of Corporative Development. Now the strategy is amended and it presents OAG's strategy until 2020 and is in line with the Strategy of European Integration. The office pays special attention in professional development of its staff, so as to enhance its performance.

Regarding the issue of protecting euro against counterfeit the Central Bank of Kosovo within its competencies on 14 March 2007, issued AI on Averting counterfeited Euro Banknotes from Market, an instruction that requires for all financial institutions operating in Kosovo and that are licensed from CBK.

The purpose of this Instruction is setting the necessary preventives to avert counterfeited euro banknotes and coins from the market.

Financial institutions, specifically crediting institutions and any other institutions involved in sharing and distributing banknotes and coins to public as a professional activity, including institutions, whose activity consists exchanging banknotes and coins of different currencies like, exchange offices, will be forced to withdraw from market all the euro banknotes and coins they accepted, they know or have a reason to believe that they are counterfeited. Banknotes and coins suspected to be counterfeited must immediately be handed to competent authorities (in this case the Police and the Police presents it to the Kosovo Agency of Forensics). CBK has also released a document "Valuable advice for cash operators" that determines step-by-step actions about how to treat money suspected as counterfeited.

Institutional Framework

The Government has developed the institutional framework consisting in public sector organizations working under the lead of Central Harmonizing Unit, respectively the Financial Management and Control (FMC) and Internal Audit (IA) and under the surveillance of external audit to form an accountability chain.

The concept of "Internal Control of Public Finances" became first official in 1999 from the European Commission. It refers to "systems of internal control of government aiming the protection of financial interests of government in total". ICPF was formed as a good strategy to help the reform process in developing public systems of internal control in states willing to become candidates for EU members. The system of ICPF is defined as a system that consists of functional elements of Financial Management and Control (FMC) and Internal Audit (IA) together with the responsible institutions for harmonization of these functions through government.

Public sector entities (budget organisations)

Accountability consists in a chain of participants where each is responsible in achieving the set goals and each is accountable to an authority of the higher rank to achieve these goals. The highest rank of authorities in this chain is the citizens who are represented by deputies elected in the Parliament and the local governments.

Subjects in public sector carriers of ICPF are:

- Assembly - From the Kosovo Parliament is formed the Commission for monitoring the public finances, that has the authority to monitor public money expenditure through reports from OEG etc;
- Kosovo Government – determines competences and responsibilities for its Ministers to apply Government policies through regulations, policies and administrative arrangements with high management of budget organizations.
- Ministry of Finance – is responsible for development of rules and detailed procedures for ICPF as well as for training and offering technical support for all the parties related to application of MFK and IA rules;
- High management of public sector subject – holds full responsibility in applying ICPF and is responsible for their performance in using public resources to achieve organizational objectives.

Training schemes in the area of financial management and control

CHU has established the training scheme in the area of financial management and control. This scheme provides for the training of those responsible for financial management and control and is focused on the following areas: risk management, self-evaluation, description of processes, strategic and budget planning

Certification scheme of internal auditors

The national program for training and certification of internal auditors was established. This program was accredited by the Ministry of Education, Science and Technology. Implementation of the program has started since September 2016. This scheme consists of theoretical and practical part.

Continuing professional education for internal auditor

Besides the certification scheme for internal auditors CHU has also established the training scheme for continuing professional education which is focused on strategic and annual plan and quality assurance.

In the area of **external audit**, the National Office of Audit plays an important role in monitoring public expenses and improvements in financial management and good governance. Ensuring a functional and financial safety remains a priority in the domain of external audit. In a short term period are expected developments in further procedures and administrative capacities for conducting non-statutory auditing³⁶ to estimate if government programmes are managing economically appropriately and effectively and if measures have been taken to report their effectiveness. In midterm period a stable institutional development, preserving the quality and development of procedures and administrative capacities to ensure effective protection of financial interests of European Union (EU) will be key priorities.

Article 136 of the Kosovo Constitution defines Audit General as the highest institution for economic and financial control. Auditor General is appointed by the Parliament through a majority vote based on President's proposal. The Parliament decides on discharging the Audit General with (2/3) of majority of all deputies from the President's proposal or on the basis of (1? 3) of all deputies. The mandate of AG is a five (5) years with the possibility of extension or re-election for another mandate. The last one is optimal. A single mandate of 7-8 years would be preferred. This would strengthen the independence.

Article 137 of Constitution can be updated in compliance with present definitions of SNISA concerning the mandate role of Supreme Audit Institutions. It stresses those Audit General controls: (1) economic activities of public institutions and other state legal persons; (2) the use and protection of public funds from public and local government bodies; (3) economic activities of public enterprises and other legal persons, on whom the State has stocks, or where loans, credits and their obligations are guaranteed from the State.

The present definition of Constitution is not an obstacle in further development of external public audit. But it could be considered for amendment at the appropriate time.

Law 03/L-075 is partially outdated. It does not address the functional independence. Therefore, the Ministry of Finance as a sponsor of this draft law has drafted a new draft law for Audit General and National Office of Audit. This draft law addresses these issues better and in July 2015 it was approved by the Government and submitted to the Parliament for further procedure.

Working instruments:

- The International Standards of Audit for Supreme Institutions of Audit;
- The Manual of Audit of Regularity;
- The Guide for quality management of audit;
- The Guide for Performance Audit;
- The Code of Ethics and Professional Conduct;
- The Strategy for Joint Development;
- Other secondary policies and strategies;

³⁶ Non-statutory audits are performance audits that are not an annual requirement prescribed by law.

- Resolution A/66/209 approved by the General Assembly of United Nations for the independence of Supreme Audit Institutions.

Certification Scheme for Audit of Regularity

A certification programme for Audit of Regularity is set and being implemented based on the standards internationally recognized for auditing in public sector. (SNISA) the program is divided into four parts: Introduction, Preparations, Technical part and Continuous Professional Development. The technical part is conducted by a local association³⁷ certified by IFAC. The programme is financed from the Kosovo budget. Duration usually is of 3.5 years and this certification decision is based on the results of exams, experience and staff evaluation results.

The Scheme of Certification for Performance Audits

A certification programme for audits of performance is elaborated and the first year of this scheme is undergoing implementation. A full scheme of this sort of profession is being processed.

Concerning **protection from counterfeiting** in the Republic of Kosovo, there is mutual cooperation between Kosovo Police (KP) and Central Bank of Republic of Kosovo (CBK) aiming the protection of banknotes against counterfeiting. On 122 September 2009 KP and CBK signed an agreement on establishment of the Central Committee of Analyzing the counterfeited money (Committee).

The committee consists of three high representatives of KP and three high representatives of CBK. The representatives of committee meet on regular basis to discuss issues deriving from the role of this committee. The committee has no decision making power.

The main role of the committee is:

- Enforcement of necessary measures needed to prevent circulating counterfeited banknotes and coins;
- Collecting, analyzing and publishing technical data and stats related to counterfeited banknotes and coins;
- Ensuring information and instructions and training the financial institutions, and other relevant institutions and wide opinion about the counterfeited banknotes and coins.

The committee has competences to set up task forces accordingly to study further the issues and to provide recommendations over the issue of Committee. Task forces will have ad hoc status with a specific mandate and time frame.

In the Republic of Kosovo, the competent body to analyze the money suspected to be counterfeited is the Kosovo Agency for Forensics – The lab for documents and scripts, which operates within the Ministry of Internal Affairs (earlier used to operate under KP).

Medium-term Priorities

Internal Control of Public Finances

- Advancement and integration of information technology systems;
- Improvement of budgeting in accordance with the programme and reporting with objectives and performance indicators (strategic planning is related to budgetary resources). Risk management by budgetary organizations;
- Establishment of a well-developed system of IFC, which ensures accountability of the management for ICPF systems and a function of IA, covering all sources of revenue and expenditures of national budget (including external funds) and ensures compatibility with

³⁷ Association of Certified Accountants and Auditors of Kosovo.

respective legislation, description of budget and principles of appropriate financial management, transparent, efficient and economical, under the umbrella of IFC Policy Document.

- Ex-ante and ex-post controls based on official risk analysis;
- A functionally independent function of internal audit, in line with internationally accepted standards;
- Training of all managers of institutions responsible for implementation of managerial accountability and training of internal auditors;
- Monitoring of public sector subjects and selected IAU.
- Division of responsibilities in order to avoid conflict of interest in managing and controlling public funds;
- Institutions equipped with adequate staff and funds, in order to ensure central harmonization of ICPF and IA;
- Establishment of audit capacities for audit of project financed/co-financed by the EU;
- Protection of financial interests of the European Community.

External Audit

- Review of Corporate Plan in order to assess what has been achieved and update as needed;
- Development of intentions for our relations with SAI community;
- Identification of ways for our participation on INTOSAI which are not dependent of our national status;
- Identification of possibilities to contribute in regional development of Supreme Audit Institutions through participation in Committees, contribution in professional articles and other ways;
- Review of scope of peer review³⁸;
- Further development of relevance of audit by gradually conducting more performance audits.
- Identification of long-term and appropriate state accommodation premises;
- Initiate the implementation of leadership in accordance with the budget management system;
- Identification of appropriate ways for compensation;
- Directors and senior auditors are engaged in mentoring at all levels throughout the Audit Offices;
- Further enhancement of cooperation with CHU IA and identification of possibilities to decrease the general work of auditing;
- Establishment of working relationships with the government in the area of Public Administration Reform;
- Continue with timely and qualitative Annual Audit Report, including effective recommendations based on higher relevance of audit;
- Further development of IT audits;
- Higher focus on interest areas for decentralized management of IPA funds.

3.34. Acquis Chapter 33: Financial and Budgetary Provisions

This chapter covers rules regarding the necessary financial resources in order to finance the EU budget (own resources). These sources are mainly composed of contributions from the member states, based on their own traditional sources from the customs and agricultural and sugar taxes; sources based on added value tax and sources based on the level of national gross income. The Member States need to have appropriate administrative capacities to adequately coordinate and ensure correct calculations, summing, payment and control of their resources. *Acquis* in this area is directly applicable and does not require transposing into national legislation.

SAA Requirements

Article 74 of SAA requires approximation of Kosovo legislation with EU *Acquis*, including this chapter.

³⁸ Peer review.

State of Play

Legal Framework

Main legal acts relevant for this chapter include the following:

- Law No. 03/L-048 on management of public finances and accountability;
- Law No. 05/L -109 amending the Law on the Budget of the Republic of Kosovo;
- Law no. 05 / L -037 on the Value Added Tax;
- AI MF-No. 03/2015 on implementation of Law No. 05/L-037 on Value Added Tax;
- Law No. 04/L-099 amending the Kosovo Customs and Excise Code No. 03/L-109;
- AI MF – No. 05/2014 amending the AI No. 11/2009 on implementation of the Customs and Excise Code, amended by the AI No. 05/2010 and AI No. 06/2013.

The Value Added Tax in the Republic of Kosovo is regulated by the Law No. 05/L -037 on the Value Added Tax. VAT includes application of the overall tax in consumption for goods and services that is exactly proportional to the price of goods and services, and which is calculated on that price at the rate applicable, and is charged in various stages of production, distribution and trading within the lifecycle of goods and services, and is ultimately borne by the final consumer.

VAT is charged at the standard rate of eighteen percent (18%), while the reduced VAT rate is calculated and paid at eight percent (8%), for some basic goods and services, as well as for their import.

The collection and control procedures for customs duties and import taxes are carried out by the Kosovo Customs. Kosovo Customs functions under the authority of the Ministry of Finance, pursuant to the Law No. 03/L-109, dated 10 November 2008, amended by the Kosovo Customs and Excise Code No. 04/L-099, dated 3 May 2012. This law is partially in line with the EU Customs Code, namely the Council Regulation (EEC) 2913/92 on Establishment of the Community Customs Code.

Regarding the budget, pursuant to Article 5 of the Law No. 03/L-048 on Public Financial Management and Accountability, the Budget Department is authorized and responsible for:

- Preparation of the draft-Budget of the Republic of Kosovo;
- Preparation of the Medium Term Expenditure Framework;
- Implementation of the Budget of the Republic of Kosovo;
- Assessment of requests for changes to budget appropriations;
- Assessment of the financial impact of government policies; and
- Exercising all other responsibilities vested to it by law.

Institutional Framework

The leading institution for this chapter is the Ministry of Finance, including the Tax Administration of Kosovo and Kosovo Customs as contributing institutions. The Budget Department, as well as the Department of Economic Policy, Public Finance and International Cooperation, also function within the Ministry.

Short-term measures

- Drafting and approval of the 2018 annual budget law 2018. Under this draft-law the institution in charge for preparation and adoption at the Government of Kosovo is the Ministry of Finance. The draft-law is then submitted for adoption by the Assembly, and must be adopted by the latter no later than 31 December 2017.
- Adoption of changes associated with outstanding financial obligations from the previous year to multi-year capital projects, based on Article 7 of the Annual Budget Law. The institution in

charge for the preparation and approval of budget tables at the Government of Kosovo is the Ministry of Finance, namely the Budget Department.

- Issuance of the First Budget Circular 2017/01 to budget organisations, no later than 15 May 2017, providing initial guidelines for the preparation of the budget estimates for 2018 and estimates for 2019-2020, the timetable, as well as initial ceilings for 2018 and estimates for 2019 - 2020.
- Issuance of the second Budget Circular 2018/02 to budget organisations, setting fixed ceilings for 2018 and estimates for 2019-2020, as well as the schedule of budget hearings.
- If necessary, issuance of the Third Budget Circular 2018/03.
- Issuance of independent opinions on budget impact assessment to proposed legislation by the Budget Department.

Medium-term Priorities

- Alignment of the national legislation with EU acquis on VAT;
- Capacity-building for correct implementation and enforcement of EU rules on own resources;
- Harmonization of components for the calculation of Gross National Income with ESA 95 standards;
- Preparation of the Medium Term Expenditure Framework for the next fiscal year 2018 and estimates for the next biannual timeframe (2019-2020);
- Drafting and approval of the 2018 annual budget draft-law;
- Drafting and approval of the 2019 annual budget draft-law;
- Drafting and approval of the 2020 annual budget draft-law;
- Preparation of the 2018-2020 Medium Term Expenditure Framework;
- Preparation of the 2019-2021 Medium Term Expenditure Framework;
- Preparation of the 2020-2022 Medium Term Expenditure Framework.

For more information see Chapter 16 on taxation, and Chapter 29, on the Customs Union

3.35. Acquis Chapter 34: Institutions

This chapter is not covered by the Programme at this stage of EU accession.

3.36. Acquis Chapter 35: Other Issues

This chapter is not covered by the Programme at this stage of EU accession.

MATRIX OF SHORT-TERM MEASURES

No.	Objectives/Framework reference	National acts to be aligned	EU acquis acts to be transposed	Responsible institutions	Supporting institutions	Deadlines	Level of alignment	Budget									
								BRK	Donors	TOTAL							
1. BLOCK I: POLITICAL CRITERIA																	
1.1. Democracy and Rule of Law																	
1.1.1. Constitution, Parliament and Electoral System																	
1.1.1.	<u>Framework legislation</u>																
1.1.1.	Implement SAA provisions on public administration (Article 120)	Rules of Procedure of the Assembly of the Republic of Kosovo (new regulation)	N/A	Assembly		K2-2017	N/A	0.00	0.00	0.00							
1.1.1.	<u>Bylaws and other regulatory acts</u>																
1.1.1.	No short-term measures are foreseen under this section.																
1.1.2. Public Administration																	
1.1.2.	<u>Framework legislation</u>																
1.1.2.	Implement Article 120 of the SAA	Law on Public Administration (new law), adopted	N/A	MPA	OPM MF MEI	K4-2017	N/A	2,500.00	0.00	2,500.00							
1.1.2.	Implement Article 120 of the SAA	Law no. 03/L-149 on Civil Service, amended and supplemented	N/A	MPA	OPM MF MEI	K4-2017	N/A	2,500.00	0.00	2,500.00							
1.1.2.	Implement Article 120 of the SAA	Law on Salaries of Kosovo Budget (new law), adopted	N/A	MPA	OPM MF MEI	K4-2017	N/A	2,500.00	0.00	2,500.00							
1.1.2.	Implement Article 120 of the SAA	Law on Administrative Conflicts, adopted	N/A	MPA	OPM MoJ	K3-2017	N/A	2,500.00	0.00	2,500.00							
1.1.2.	Implement Article 120 of the SAA	Law on Freedom of Association in NGOs, adopted	N/A	MPA	OPM MF	K2-2017	N/A	2,500.00	0.00	2,500.00							
1.1.2.	<u>Bylaws and other regulatory acts</u>																
1.1.2.	Implement Article 120 of the SAA	Regulation for training of civil servants, adopted	N/A	MPA	MF	K3-2017	N/A	1,500.00	0.00	1,500.00							
1.1.2.	Implement Article 120 of the SAA	Regulation for Public Administration jobs and processing by the HRMS/Payroll system, adopted	N/A	MPA	MF	K3-2017	N/A	1,500.00	0.00	1,500.00							
1.1.2.	Implement Article 120 of the SAA	Concept Paper on non-contracting liabilities of the Public Administration, adopted	N/A	MPA	MF	K3-2017	N/A	1,500.00	0.00	1,500.00							
1.1.2.	Implement Article 120 of the SAA	Concept Paper on the management of databases, adopted	N/A	MPA		K4-2017	N/A	1,500.00	0.00	1,500.00							
1.1.2.	Implement Article 120 of the SAA	Regulation on Data Security, adopted	N/A	MPA		K4-2017	N/A	1,500.00	0.00	1,500.00							

1.1.2	Implement Article 120 of the SAA	Subsidiary legal acts deriving from the Law on Freedom of Association in NGOs, adopted	N/A	MPA	OPM MF	K4-2017	N/A	1,500.00	0.00	1,500.00
1.1.3. Ombudsperson										
1.1.3.	<u>Framework legislation</u>									
1.1.3.	No short-term measures are foreseen under this section.									
1.1.3.	<u>Bylaws and other regulatory acts</u>									
1.1.3.	No short-term measures are foreseen under this section.									
1.1.4. Civilian Oversight of Security Forces										
1.1.4.	<u>Framework legislation</u>									
1.1.4	Implement SAA provisions on rule of law (Articles 3, 12)	Constitutional amendments related to reconstructing of the Security Force and Armed Forces mission; (Amendment on strengthening the Institution of Parliamentary Commissioner)	N/A	Assembly	Assembly OPM MSFK	K3-2017	N/A	1,000.00	0.00	1,000.00
1.1.4	Implement SAA provisions on rule of law (Articles 3, 12)	Law on amending and supplementing laws dealing with Kosovo Armed Forces	N/A	MSFK	Assembly KIA OPM MIA MFA MoJ MF	K4 2017	N/A	51,035,617.00	0.00	51,035,617.00
1.1.4	Implement SAA provisions on rule of law (Articles 3, 12)	Law on the Commissioner for the Kosovo Armed Forces and the police	N/A	Assembly	Assembly OPM MSFK MIA MF	K4 2017 / 2018	N/A	2,500.00	0.00	2,500.00
1.1.4	Implement SAA provisions on rule of law (Articles 3, 12)	Law on amending and supplementing the Law on Classification of Information and Security Clearance	N/A	OPM	Assembly KIA OPM MIA MFA MoJ MF	K3 2017	N/A	2,000,000.00	0.00	2,000,000.00
1.1.4.	<u>Bylaws and other regulatory acts</u>									
1.1.4.	No short-term measures are foreseen under this section.									
1.2. Regional Cooperation and International Obligations										
1.2.	<u>Framework legislation</u>									
1.2.	No short-term measures are foreseen under this section.									
1.2.	<u>Bylaws and other regulatory acts</u>									

1.2.	Implement SAA Articles 3, 4, 5, 6, 7, 8, 10, 11, 12, 13, 14, 16, 17, 19	Draft regulation which determines the procedure on using, registering, exclusion and exchange of data, and their verification and management (Draft Regulation on Central Register)	Convention on Protection of Human Rights and Fundamental Freedoms 1950; Universal Declaration on Human Rights 1948; Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector (Directive on privacy and electronic communications)	OPM CCED	OPM MPA Agency for Protection of Personal Data; MEI	K4-2017	P		0.00	2,000.00	2,000.00
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2. BLOCK II: ECONOMIC CRITERIA

2.1. Existence of a Functional Market Economy

2.1. This chapter of the Programme only contains its narrative section, including the short-term measures.

2.2. Capacity to Cope with Competitive Pressure and Market Forces within the Union

2.2. This chapter of the Programme only contains its narrative section, including the short-term measures.

3. BLOCK III: OPEAN STANDARDS – APPROXIMATION OF KOSOVO'S LEGISLATION WITH THE EU ACQUIS

3.1. Legal Framework on Approximation of Kosovo's Legislation with the EU Acquis

3.1. This chapter of the Programme only contains its narrative section, including the short-term measures.

3.2. Acquis Chapter 1: Free Movement of Goods

3.2. Framework legislation

3.2.	Implement SAA Articles 20, 80 and 74 clause 3	Law on Standardisation (new law), adopted	Regulation no. 1025/2012 of the European Parliament and of the Council of the date 25 October 2012 on European Standardization	MTI	MED MESP MIA MH MI	K2 2017	P	1,000.00	0.00	1,000.00
3.2.	Implement SAA Articles 20, 80 and 74 clause 3	Law on Accreditation (new law), adopted	Regulation (EC) no 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and market surveillance	MTI	MED MESP MIA MH	K2 2017	T	500.00	0.00	500.00

3.2.	Implement SAA Articles 20, 80 and 74 clause 3	Law 04/L-039 on Technical Requirements of Products and Conformity Assessment, amended	Regulation (EC) no. 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and market surveillance and Decision no. 768/2008/EC I of the European Parliament of 9 July 2008 on a Common Framework for the Marketing Products	MTI	MED MESP MIA MH MI	K4 2017	P	1,200.00	0.00	1,200.00
3.2.	Implement SAA Articles 20, 80 and 74 clause 3	Law on Oversight of Product in the Market, adopted	EC Regulation no. 765/2008 (setting out of the organization and functioning of inspection bodies with regards to oversight of products in the market)	MTI	MED MESP MIA MH MI, MF	K3 2017	P	9,000.00	0.00	9,000.00
3.2.	Implement SAA Articles 20, 80 and 74 clause 3	Law on Construction Products (new law), adopted	EU Regulation nr. 305/2011/EU on Construction Products	MTI	MI MESP	K2 2017	P	500.00	0.00	500.00
3.2.	Implement SAA Articles 20, 80 and 74 clause 3	Law no. 2007/02-L-128 on Narcotic Drugs, Psychotropic Substances and Precursor, adopted (amending and supplementing)	Regulation (EC) no.1920/2006 European Monitoring Centre for Drugs and Drug Addiction; Decision no. 2001/419 on transmitting samples of controlled substances and Decision no. 2005/387 on information exchange, risk assessment and controlling of new psychoactive substances.	MH	MF, MEI, KAMPE	K4 2017	P	5,000.00	0.00	5,000.00
3.2.	Implement SAA Articles 20, 80 and	Law on Metrology (new law), adopted	D1 Document of IOLM, version of	MTI	MED MESP	K4 2017	P	1,000.00	0.00	1,000.00

	74 clause 3		2012		MIA MH MI MF					
3.2.	<u>Bylaws and other regulatory acts</u>									
	Implement SAA Articles 20, 80 and 74 clause 3	Regulation on bottles as measuring containers (new sub-legal act), adopted	Directive no. 75/107/EEC of Council, dated 19.12.1974 on approximation of Member States law regarding bottles as measuring containers for pre-packed products	MTI	KMA KAS KAD	K3 2017	T	1,000.00	2,000.00	3,000.00
3.2.	Implement SAA Articles 20, 80 and 74 clause 3	Regulation on determining the competence for groups of products, between inspecting authorities, adopted	EC Regulation no. 765/2008	MTI	MESP MIA MH MI	K4 2017	P	3,000.00	0.00	3,000.00
3.2	Implement SAA Articles 20, 80 and 74 clause 3	(MTI) Regulation no. 02/2016 on Accreditation Council, adopted	EC Regulation no. 765/2008	MTI		K3 2017	P	400.00	0.00	400.00
3.2.	Implement SAA Articles 20, 80 and 74 clause 3	(MTI) Regulation no. 04/2016 on Professional Council, adopted	Rregullorja e KE 765/2008	MTI		K3 2017	P	400.00	0.00	400.00
3.2.	Implement SAA Articles 20, 80 and 74 clause 3	Administrative Instruction no. 2009/02 on organization and functioning of Kosovo Accreditation Directorate, adopted	EC Regulation no. 765/2008	MTI		K3 2017	P	400.00	0.00	400.00
3.2	Implement SAA Articles 20, 80 and 74 clause 3	Administrative Instruction no. 19/2012 on definition of form, content and usage of accreditation logo, adopted	EC Regulation no. 765/2008	MTI		K3 2017	P	400.00	0.00	400.00
3.2	Implement SAA Articles 20, 80 and 74 clause 3	Administrative Instruction no. 04/2013 on defining accreditation fees, adopted	EC Regulation no. 765/2008	MTI		K3 2017	P	400.00	0.00	400.00
3.3. Acquis Chapter 2: Free Movement of Workers										
3.3.	Framework legislation									
3.3.	No short-term measures are foreseen under this section.									
3.3.	<u>Bylaws and other regulatory acts</u>									

3.3.	No short-term measures are foreseen under this section.									
3.4.	Acquis Chapter 3: Right of Establishment and Freedom to Provide Services									
3.4.	<u>Framework legislation</u>									
3.4.	Implement SAA Articles 51, 56, 58	Law on Services (new law), adopted	Directive 2006/123/EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market	MTI	MEST MIA MESP MoJ MLGA MEI MED MH OPM MF KTA CBK	K2 2017	P	3,900.00	5,000.00	8,900.00
3.4	Implement SAA Articles 51, 56, 58	Law on Postal Services (supplemented and amended), adopted	Directive no. 97/67/EC, Directive no. 2002/39/EC and Directive no. 2008/06/EC	MED	MTI	K4 2017	P	1,000.00	0.00	1,000.00
3.4.	<u>Bylaws and other regulatory acts</u>									
3.4.	Implement SAA Articles 51, 56, 58	Administrative Instruction on the Procedures of Notification and Assessment of Sectoral Legislative Compliance, adopted	Directive no. 2006/123/EC of European Parliament and Council, dated 12 December 2006, on services in the internal market of the EU	MTI	MEST MIA MESP MoJ MLGA MEI MED MH OPM MF KTA CBK	K4 2017	P	2,500.00	15,200.00	17,700.00
3.4.	Implement SAA Articles 51, 56, 58	Administrative Instruction on determining single contact point, adopted	Directive 2006/123/KE of European Parliament and Council, dated 12 December 2006, on services in the internal market of the EU	MTI	MEST MIA MESP MoJ MLGA MEI MED MH OPM MF KTA CBK	K4 2017	P	2,400.00	14,000.00	16,400.00
3.4.	Implement SAA Article 118	Administrative Instruction of the Law on Regulated Occupations, adopted	N/A	MEST		K4 2017	NA	7,818.05	0.00	7,818.05
3.5.	Acquis Chapter 4: Free Movement of Capital									
3.5.	<u>Framework legislation</u>									

3.5.	No short-term measures are foreseen under this section.									
3.5.	<u>Bylaws and other regulatory acts</u>									
3.5.	Implement SAA Article 64	Regulation on electronic instruments (new sub-legal act), adopted	Directive 2007/64/EC	CBK		K4 2017	P	1,000.00	0.00	1,000.00
3.5.	Implement SAA Article 64	Advancement of the regulation and reporting methodology of payment system instruments, adopted	Regulation no. 1409/2013 on payment statistics (ECB/2013/43)	CBK		K4 2017	P	5,000.00	0.00	5,000.00
3.6. Acquis Chapter 5: Public Procurement										
3.6.	<u>Framework legislation</u>									
3.6.	No short-term measures are foreseen under this section.									
3.5.	<u>Bylaws and other regulatory acts</u>									
3.7. Acquis Chapter 6: Company Law										
3.7.	<u>Framework legislation</u>									
3.7.	Implement SAA Article 51, clauses 1, 2, 3	Law on Business Organizations (new)	Directive no. 2011/35/EC, Directive no. 2009/101/EC, Directive no. 2009/102/EC, Council Regulation (EC) no. 2157/2001, Directive 2012/30/EC, Directive no. 2006/43/EC.	MTI	MF OPM MEI	K2 2017	P	10,000.00	0.00	10,000.00
3.7.	Implement SAA Article 51, clauses 1, 2, 3	The new Law on Accounting, Financial Reporting and Auditing	Directive 4, (annual accounts of companies with limited liability) Directive 7, (consolidated accounts of companies with limited liability) Directive 8, (Qualifications of persons responsible for carrying out the statutory audits of accounting documents)	MF	MEI	K2 2017	P	0.00	10,000.00	10,000.00
3.8. Acquis Chapter 7: Intellectual Property Law										
3.8.	<u>Framework legislation</u>									
3.30.	Implement SAA Articles 77 and 104	Law on Customs Measures for Protection of	Regulation no. 608/2013 of the European	MF	MTI	K4 2017	P	10,000.00	0.00	10,000.00

		Intellectual Property Rights (amended and supplemented), adopted	Parliament and Council							
3.8. Bylaws and other regulatory acts										
3.8.	Implement SAA Articles 77 and 78	Regulation on Special Compensation (adjustment of private compensation schemes), adopted	Directive 2001/29/EC of the European Parliament and Council, dated 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society.	MCYS	KC KP OEK MTI	K4 2017	T	2,000.00	0.00	2,000.00
3.8.	Implement SAA Articles 77 and 78	Regulation no. 05/2013 on mediation in the field of copyright (amended and supplemented), adopted	Directive 93/83/EC of the European Parliament and Council, dated 27 September 1993, facilitating the cross border transmission of audiovisual programmes such as, particularly broadcasting via satellite and retransmission by cable.	MCYS	KC KP MTI	K3 2017	T	2,000.00	0.00	2,000.00
3.8.	Implement SAA Articles 77 and 78	Administrative Instruction no. 07/2010 on implementation of the Law no.03/L-170 on Customs Measures for the Protection of Intellectual Property Rights (amending and supplementing), adopted	Regulation no. 608/2013 of the European Parliament and of the Council, dated 12 June 2013, concerning customs enforcement of intellectual property rights and repealing Council Regulation (EC) No 1383/2003	MF	KC	K4 2017	P	10,000.00	0.00	10,000.00
3.9. Acquis Chapter 8: Competition Policy										
3.9.	Competition									
3.9.	Implement SAA Article 75, clause 1a and 1b	Administrative Instruction on group exemptions for horizontal agreements (new), adopted	Council Regulation (EEC) No. 2821/71 of 20 December 1971 on the application of Article 81(3) (formerly Article 85(3) of the EC	AKK	MTI	K1 2017	P	9,000.00	0.00	9,000.00

			Treaty to categories of agreements, decisions and concerted practices							
3.9.	Implement SAA Article 75, clause 1a and 1b	Administrative Instruction on group exemptions for vertical agreements (new), adopted	Commission Regulation (EU) No. 330/2010 on the application of Article 101(3) of the Treaty for the functioning of the EU to categories of vertical agreement and concerted practices	AKK	MTI	K2 2017	P	9,000.00	0.00	9,000.00
3.9.	Implement SAA Articles 74 and 75	Administrative Instruction on group exemptions for agreements in the insurance sector (new), adopted	Commission Regulation (EU) no. 267/2010	AKK	MTI	K2 2017	P	9,000.00	0.00	9,000.00
3.9.	Implement SAA Articles 74 and 75	Administrative Instruction on group exemptions for agreements in the transport sector (new), adopted	Commission Regulation (EU) no.169/2009, Regulation no. 3976/87	AKK	MTI	K3 2017	P	27,000.00	0.00	27,000.00
3.9.	Implement SAA Articles 74 and 75	Administrative Instruction on group exemptions for agreements in the sector of distribution and vehicle servicing (new), adopted	Commission Regulation (EU) no. 461/2010, Regulation no. 1400/2002	AKK	MTI	K4 2017	P	27,000.00	0.00	27,000.00
3.9.	State Aid Implement SAA Articles 74 and 75	Regulation No. 1/2012 on Procedures and Format of Notification for State Aid (amending and supplementing)	Commission Regulation (EC) No 794/2004 of 21 April 2004 implementing Council Regulation (EC)No 659/1999 Commission Regulation (EC) No 271/2008 of 30 January 2008 amending Regulation (EC) No 794/2004	MF	AKK	K2 2017	P	9,000.00	0.00	9,000.00

3.9.	Implement SAA Articles 74 and 75	Sub-legal act on terms and conditions for granting state aid	General Block Exemption Regulation, Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treat ("General Block Exemption Regulation"). 2. Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the opean Union to de minimis aid 3. Communication from the Commission – Guidelines on State aid for rescuing and restructuring non -financial undertakings in difficulty 4. Commission Notice on the application of Articles 87 and 88 of the EC Treaty to State aid in the form of guarantees (2008/C 155/02) 5. Commission Communication on State aid elements in sales of land and	MF	AKK	K4 2017	P	1,000.00	0.00	1,000.00
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			buildings by public authorities. Official Journal C 209, 10.7.1997. 6. Communication from the Commission to the Member States on the application of Articles 107 and 108 of the TFEU to short -term export - credit insurance (Official Journal C392, 19.12.2012)							
3.9.	Implement SAA Articles 74 and 75	Regulation no. 1/ 2013 on the Organization and Functioning of State Aid Commission, adopted	General Block Exemption Regulation, Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treat ("General Block Exemption Regulation"). 2. Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid 3. Communication from the Commission – Guidelines on State aid for rescuing and restructuring non	MF	AKK	K1 2017	P	9,000.00	0.00	9,000.00

		-financial undertakings in difficulty 4. Commission Notice on the application of Articles 87 and 88 of the EC Treaty to State aid in the form of guarantees (2008/C 155/02) 5. Commission Communication on State aid elements in sales of land and buildings by public authorities. Official Journal C 209, 10.7.1997. 6. Communication from the Commission to the Member States on the application of Articles 107 and 108 of the TFEU to short -term export - credit insurance (Official Journal C392, 19.12.2012)						
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3.10. Acquis Chapter 9: Financial Services

Framework legislation										
3.10.	Implement Article 50, 96 and Annex 6 of SAA	Law No. 04/L -093 on Micro financial Institutions and Non-Bank Financial Institutions, adopted (amended)	Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms	CBK		Q4 2017	P	10,000.00	0.00	10,000.00
Bylaws and other regulatory acts										
3.10.	Implement Article 50, 96 and Annex 6 of SAA	Regulation on Capital Adequacy, adopted (amended)	Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms. Directive 2013/36/EC of the European Parliament and of the Council of 26 June 2013 on access	CBK		Q4 2017	P	5,000.00	0.00	5,000.00

			to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC							
3.10.	Implement Article 50, 96 and Annex 6 of SAA	Regulation on Corporate Governance of Banks, adopted	Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms. Article 22 of Directive 2006/48/EC	CBK		Q1 2017	P	5,000.00	0.00	5,000.00
3.10.	Implement Article 50, 96 and Annex 6 of SAA	Regulation on Adaptation of Solvency I, adopted	1. Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) 2. Directive 2002/92/EC of the European Parliament and of the Council of 9 December 2002 on insurance mediation	CBK		Q2-2017	P	5,000.00	0.00	5,000.00
3.10.	Implement Article 50, 96 and Annex 6 of SAA	Regulation on Licensing Insurers, adopted (amended)	Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)	CBK		Q2 2017	P	5,000.00	0.00	5,000.00
3.10.	Implement Article 50, 96 and Annex 6 of SAA	Regulation on Licensing Insurance Intermediaries, adopted (amended)	Directive 2002/92/EC of the European Parliament and of the Council of 9 December 2002 on insurance mediation	CBK		Q2 2017	P	5,000.00	0.00	5,000.00

3.10.	Implement Article 50, 96 and Annex 6 of SAA	Regulation on Pension Assets and Valuation of Pensions Assets, adopted (amended)	Directive 2003/41/EC of the European Parliament and of the Council of 3 June 2003 on the activities and supervision of institutions for occupational retirement provision	CBK		Q1 2017	P		3,000.00	0.00	3,000.00
3.10.	Implement Article 50, 96 and Annex 6 of SAA	Regulation on Amount of Pension Contributions, adopted (amended)	Directive 2003/41/EC of the European Parliament and of the Council of 3 June 2003 on the activities and supervision of institutions for occupational retirement provision	CBK		Q1 2017	P		3,000.00	0.00	3,000.00
3.11. Acquis Chapter 10: Information Society and Media											
3.11.	Framework legislation										
3.11.	No short-term measures are foreseen under this section.										
3.11.	Bylaws and other regulatory acts										
3.11.	Implement Article 109, 110 and 111 of the SAA	AI on the conditions to be meet by the electronic commerce service provider (new bylaw), adopted	1. Directive no.2000/31/EC on electronic commerce	MED	RAEPC Operators	Q2 2017	P		1,500.00	0.00	1,500.00

3.11.	Implement Article 109, 110 and 111 of the SAA	Regulation on Collecting Data for Broadband Infrastructure (new bylaw), adopted	1. Directive no. 2009/140/EC on amending Directives no. 2002/21/EC of the European Parliament and of the Council of 7 March 2002 on a common regulatory framework for electronic communications networks and services; no.2002/19/EC of the European Parliament and of the Council of 7 March 2002 on access to, and interconnection of, electronic communications networks and associated facilities; and no.2002/20/EC on the authorisation of electronic communications networks and services	MED	RAEPC Operators	Q4 2017	P		2,500.00	0.00	2,500.00
3.11.	Implement Article 109, 110 and 111 of the SAA	Regulation on Installing and Using Electronic Communications Networks (new bylaw), adopted	1. Regulations on Electronic Communications Networks and Services (ECOM Regulations)	MED	RAEPC	Q2 2017	P		2,000.00	0.00	2,000.00
3.11.	Implement Article 20 and 74, paragraph 3, of SAA	Regulation on Radio Equipment (new bylaw), adopted	1. Directive no. 2014/53/EU of the European Parliament and of the Council of 16 February 2014 on the harmonisation of the laws of the Member States relating to the making available on the market of radio equipment	RAEPC	MTI	Q1 2017	P		3,027.00	1,250.00	4,277.00

3.11.	Implement Article 109, 110 and 111 of the SAA	Regulation 28 on contracts, transparency and publication of information and other protective measures for end-users for the provision of public electronic communications networks and services (amended), adopted	1. Regulation no.2015/2120 on Open Internet; 2.Directive no. 2002/22/EC on Universal Services; 3. Framework Directive no.2002/21/EC; 4.Directive no.2009/140/EC on Better Regulation; 5.Directive no. 2009/136/EC on Citizens' Rights	RAEPC		Q2 2017	P		2,877.00	500.00	3,377.00
3.11.	Implement Article 109, 110 and 111 of the SAA	Regulation no. 25 on General Authorizations, (amended), adopted	1. Regulation no. 2015/2120 on Open Internet; 2.Directive no. 2002/22/EC on Universal Services; 3. Framework Directive no. 2002/21/EC; 4.Directive no. 2009/140/EC on Better Regulation; 5.Directive no. 2009/136/EC on Citizens' Rights	RAEPC		Q2 2017	P		2,877.00	500.00	3,377.00
3.11.	Implement Article 109, 110 and 111 of the SAA	Regulation No. 20 on Quality of Electronic Communications Services (amended), adopted	1. Regulation no. 2015/2120 on Open Internet; 2.Directive no. 2002/22/EC on Universal Services; 3. Framework Directive no. 2002/21/EC; 4.Directive no. 2009/140/EC on Better Regulation; 5.Directive no. 2009/136/EC on Citizens' Rights	RAEPC		Q2 2017	p		2,877.00	250.00	3,127.00
3.11.	Implement Article 109, 110 and 111 of the SAA	Regulation for determining the minimum values of the service quality parameters, (USO) (new bylaw), adopted	1. Directive no. 2002/22/EC on Universal Services	RAEPC		Q3 2017	P		3,077.00	2,500.00	5,577.00

3.11.	Implement Article 109, 110 and 111 of the SAA	Regulation on National Numbering Plan (amended of the Regulation no. 26 on National Numbering Plan for Electronic Communications Networks in the Republic of Kosovo, Ref. RAEPC no. Prot 023/B/14) adopted	1. Directive no. 2002/22/EC on Universal Services; 2. Directive no. 2009/136/EC on Citizens' Rights	RAEPC		Q3-2017	P	2,877.00	0.00	2,877.00
3.11.	Implement Article 109, 110 and 111 of the SAA	Regulation on Transferability of Numbers (new bylaw), adopted	1. Directive no. 2002/22/EC on Universal Services; 2. Directive no. 2009/136/EC on Citizens' Rights	RAEPC		Q2 2017	P	3,027.00	1,250.00	4,277.00
3.11.	Implement Article 109, 110 and 111 of the SAA	Regulation on Media Ownership and Prevention of Media Concentration (new bylaw)	1. Directive on Audio-Visual Media Services - AVMSD	IMC		Q3 2017	P	5,500.00	0.00	5,500.00
3.11	Implement Article 109, 110 and 111 of the SAA	Regulation on creating the fund for stimulating programs (new bylaw) - determined in the Strategy	1. Directive on Audio-Visual Media Services - AVMSD	IMC		Q4 2017	P	4,500.00	0.00	4,500.00
3.12. Acquis Chapter 11: Agriculture and Rural Development										
3.12.	Framework legislation									
3.12.	Implement Article 102 of SAA	Law on Agriculture and Rural Development (new law), adopted	1.Regulation No. 236/2014 of the European Parliament and of the Council laying down common rules and procedures for implementation of the Union's instruments for financing external action; 2.Regulation No. 231/2014 of the European Parliament and of the Council establishing IPA II	MAFRD	MoF MTI MESP OPM Municipalities	Q2 2017	P	6,300.00	0.00	6,300.00
3.12.	Implement Article 102 of SAA	Law on Spirit Drinks (new law), adopted	Regulation no. 110/2008 of the European Parliament and of the Council of 15 January 2008 on	MAFRD	MOF MTI OPM Municipalities	Q3 2017	P	1,500.00	0.00	1,500.00

3.12.	<u>Bylaws and other regulatory acts</u>	the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89and REGULATION (EC) No. 1334/2008 of the European Parliament Regulation No. 110/2008 of the European Parliament and of the Council of 16 December 2008 on flavourings and certain food ingredients with flavouring properties for use in and on foods and amending Council Regulation (EEC) No 1601/91, Regulations (EC) No 2232/96 and (EC) No 110/2008 and Directive 2000/13/EC			

3.12.	Implement Article 102 of SAA	AI on establishing registration criteria and procedures for processors, importers, domestic traders and exporters of alcoholic beverages (new bylaw), adopted	1. Regulation no. 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89 and REGULATION (EC) No. 1334/2008 of the European Parliament 2. Regulation No. 110/2008 of the European Parliament and of the Council of 16 December 2008 on flavourings and certain food ingredients with flavouring properties for use in and on foods and amending Council Regulation (EEC) No 1601/91, Regulations (EC) No 2232/96 and (EC) No 110/2008 and Directive 2000/13/EC	MAFRD		Q1 2017	P		2,400.00	0.00	2,400.00
3.12.	Implement Article 102 of SAA	AI on direct payments in agriculture for 2017, adopted	1. Regulation no. 110/2008 of the European Parliament and of the Council of 15 January 2008 on the definition, description, presentation, labelling and the protection of geographical indications of spirit drinks and repealing Council Regulation (EEC) No 1576/89 and Regulation (EC) No. 1334/2008 of the	MAFRD		Q1 2017	P		3,876.00	0.00	3,876.00

3.12.	Implement Article 102 of SAA	AI on measures and criteria of support in agriculture and rural development for 2017, adopted	European Parliament; 1. Regulation (EC) No. 236/2014 of the European Parliament and of the Council laying down common rules and procedures for the implementation of the Union's instruments for financing external action 2. Regulation (EC) No. 231/2014 of the European Parliament and of the Council on establishing an Instrument for Pre-accession Assistance 3. Council Implementing Regulation (EU) No. 447/2014 of 2 May 2014 on the specific rules for implementing Regulation (EU) No 231/2014 of the European Parliament and of the Council establishing an Instrument for Pre-accession assistance (IPA II).	MAFRD		Q1 2017	P		3,876.00	0.00	3,876.00
3.12.	Implement Article 102 of SAA	AI on conditions, criteria, procedures and methods of examination of varieties adopted	1. Directive of the European Council (EC) no. 2100/94 of 27 August 1994 on Community plant variety rights; Commission Implementing Regulation 2014/97/EU of 15 October 2014 implementing Council Directive 2008/90/EC as regards the registration of suppliers and of	MAFRD		Q4 2017	P		3,758.00	0.00	3,758.00

			varieties and the common list of varieties							
3.12.	Implement Article 102 of SAA	AI on the content and manner of keeping the register of protected varieties, adopted	1. Directive of European Council (EC) no. 2100/94 of 27 August 1994 on Community plant variety rights; Commission Implementing Directive 2014/97/EU of 15 October 2014 implementing Council Directive 2008/90/EC as regards the registration of suppliers and of varieties and the common list of varieties	MAFRD		Q4 2017	P	3,581.23	0.00	3,581.00
3.12.	Implement Article 102 of SAA	AI on Importing Products for Protecting Plants, adopted	1. Regulation (EC) no. 1107/2009 of the European Parliament and of the Council and repealing the Council Directives 79/117/EEC and 91/414/EEC	MAFRD		Q4 2017	P	3,581.23	0.00	3,581.00
3.12.	Implement Article 102 of SAA	AI on determining small quantities of plants for plant consignment introduction or transfer, adopted	1. Council Directive 2000/29/EC of 8 May 2000 on protective measures against the introduction into the Community of organisms harmful to plants or plant products and against their spread within the Community	MAFRD		Q3 2017	P	3,086.43	0.00	3,086.43
3.12.	Implement Article 102 of SAA	AI on professional and technical skills, content and form of permit for the import of plants and other products, adopted	1. Council Directive 2000/29/EC of 8 May 2000 on protective measures against the introduction into the Community of organisms harmful to plants or plant products and against	MAFRD		Q4 2017	P	2,473.75	0.00	2,473.75

3.12.	Implement Article 102 of SAA	AI for the plants breeder's rights as well as the authorized persons for the protection of the plants breeder's right, adopted	their spread within the Community 1. European Council Directive (EC) no. 2100/94 of 27 August 1994 on Community plant variety; Commission Implementing Directive 2014/97/EU of 15 October 2014 implementing Council Directive 2008/90/EC as regards the registration of suppliers and of varieties and the common list of varieties.	MAFRD		Q2 2017	P		2,473.75	0.00
3.12.	Implement Article 102 of SAA	UA pér AI on the functioning and mandate of Office for Plant Varieties Protection and plant variety protection procedures, adopted	1. European Council Directive (EC) no. 2100/94 of 27 August 1994 on Community plant variety; Commission Implementing Directive 2014/97/EU of 15 October 2014 implementing Council Directive 2008/90/EC as regards the registration of suppliers and of varieties and the common list of varieties.	MAFRD		Q1 2017	P	3,463.25	0.00	3,463.25
3.12.	Implement Article 102 of SAA	AI on notification and publication of data on the introduction and spread of organisms harmful to plants, adopted	1. Council Directive 2000/29/EC of 8 May 2000 on protective measures against the introduction into the Community of organisms harmful to plants or plant products and against their spread within the Community	MAFRD		Q1 2017	P	3,463.25	0.00	3,463.25

3.12.	Implement Article 102 of SAA	AI on the permit for placing on the market of plant protection products authorized in EU Member States, adopted	1. Regulation (EC) no. 1107/2009 of the European Parliament and of the Council and repealing Council Directives 79/117/EEC and 91/414/EEC;	MAFRD		Q2 2017	P	3,463.25	0.00	3,463.25
3.13. Acquis Chapter 12: Food Safety, Veterinary, and Phytosanitary Policy										
3.13.	Framework legislation									
3.13.	Implement Article 102 of SAA in the field of food safety and agroindustry	Law no. 2004/21 on Veterinary (amended)	1. Regulation (EU) 2016/429 on transmissible animal diseases	MAFRD	MoF MEI FVA OPM	Q2 2017	P	8,457.41	0.00	8,457.41
3.13.	Implement Article 102 of SAA in the field of food safety and agroindustry	Law no. 03/L -016 on Food (amended)	1. Regulation no. 178/2002 of the European Parliament and of the Council laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety	MAFRD	MoF MEI FVA OPM	Q2 2017	P	3,000.00	0.00	3,000.00
3.13.	Implement Article 102 of SAA in the field of food safety and agroindustry	Law no. 2004/13 on Planting Material (amended)	1. Council Directive 66/401/EEC on the marketing of fodder plant seed 2. Council Directive 66/402/EEC on the marketing of cereal seed 3. Council Directive 2002/53/EC on the common catalogue of varieties of agricultural plant species 4. Council Directive 2002/54/EC on the marketing of beet seed 5. Council Directive 2002/55/EC on the marketing of vegetable seed 6. Council Directive 2002/56/EC on the	MAFRD	MoF MEI FVA OPM	Q4 2017	P	6,300.00	0.00	6,300.00

		marketing of seed potatoes 7. Council Directive 2002/57/EC on the marketing of seed of oil and fibre plants 8. Council Directive 68/193/EEC on the marketing of material for the vegetative propagation of the vine 9. Council Directive 1998/56/EC on marketing of materials for multiplication of decorative plants 10. Council Directive 92/33/EEC on the marketing of vegetable propagating and planting material, other than seed 11. Council Directive 2008/90/EC on the marketing of fruit plant propagating material and fruit plants intended for fruit production 12. Council Directive 1999/105/EC on the marketing of forest reproductive material								
3.13. Bylaws and other regulatory acts										
3.13.	Implement Article 102 of SAA	Regulation on determining the health rules for animal by-products and their derivatives not intended for human consumption (new bylaw)	1. Regulation no. 1069/2009 of the European Parliament and of the Council laying down health rules as regards animal by-products and derived products not intended for human consumption and repealing Regulation (EC) No 1774/2002 (Animal by-products)	FVA	MAFRD OPM MESP	Q4 2017	P	15,595.08	0.00	15,595.08

		Regulation) 2. Commission Regulation no. 142/2011 implementing Regulation (EC) No 1069/2009 of the European Parliament and of the Council laying down health rules as regards animal by-products and derived products not intended for human consumption and implementing Council Directive 97/78/EC as regards certain samples and items exempt from veterinary checks at the border under that Directive				
3.14. Acquis Chapter 13: Fisheries						
3.14.	No short-term measures are foreseen in this chapter.					
3.15. Acquis Chapter 14: Transport Policy						
3.15.	<u>Framework legislation</u>					

3.15.	Implement Article 113 of SAA	Law on Vehicles (new law), adopted	1. Directive no. 2007/46/EC establishing a framework for the approval of motor vehicles and their trailers, and of systems; components and separate technical units intended for such vehicles and amended of this Directive; 2. Directive no.2014/45/EU on periodic roadworthiness tests for motor vehicles and their trailers; 3. Directive no.2014/46/EU amending Council Directive; 1999/37/EC on the registration documents for vehicles; 4. Directive no. 1999/37/EC on the registration documents for vehicles; 5. Directive no. 2014/47/EU on the technical roadside inspection of the roadworthiness of commercial vehicles.	MI	MIA	Q2 2017	T		8,000.00	0.00	8,000.00
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3.15.	Implement Article 113 of SAA	Law on driving and rest time, adopted	1. Directive no 92/6/EEC on the installation and use of speed limitation devices for certain categories of motor vehicles in the Community 2. Directive no. 76/114/EC on the minimum level of training for some road transport drivers 3. Regulation no. 165/2014 /EU on tachographs in road transport and AETR agreement	MI	MIA	Q4 2017	T		3,750.00	0.00	3,750.00
3.15.	Implement Article 113 of SAA	Law no. 04/L-179 on Road Transport (amended), adopted	1. Directive no.1071/2009/EC on access to the profession of road transport operators; 2. Directive No. 1072/2009/EC on common rules on access to international road transport of goods; 3. Directive No. 1073/2009/EC on common rules on access to the international market of vehicle crew and passenger transportation services	MI	MIA KP	Q2 2017	T		3,750.00	0.00	3,750.00
3.15.	<u>Bylaws and other regulatory acts</u>										
3.15.	Implement Article 113 of SAA	AI on the manner of organization and functioning of the Road Safety Council and other relevant issues, adopted	1. Directive 2014/37/EU on amending the Directive 91/671/EEC on the use of safety belts and child-tightening systems in vehicles 2. Vienna Convention -1968	MI	OPM MEST KP MIA	Q1 2017	P		3,300.00	0.00	3,300.00
3.15.	Implement Article 113 of SAA	AI on the rules and conditions for the	1. Vienna Convention -1968	MI		Q1 2017	P		1,450.00	0.00	1,450.00

		movement of jet skis and vehicles equipped with slides, adopted								
3.15.	Implement Article 113 of SAA	AI on winter accessories for vehicles, adopted	1. Vienna Convention -1968	MI		Q1 2017	P	1,450.00	0.00	1,450.00
3.15.	Implement Article 113 of SAA	AI on conditions and criteria for establishing additional vehicle equipment and other related issues, adopted	1. Vienna Convention -1968	MI		Q1-2017	P	1,450.00	0.00	1,450.00
3.15.	Implement Article 113 of SAA	AI on organized transportation of persons by road vehicles, adopted	1. Vienna Convention -1968	MI MI	KP	Q1-2017	P	1,450.00	0.00	1,450.00
3.15	Implement Article 113 of SAA	AI on safety seat, adopted	1. Directive 2014/37/EU on amending the Directive 91/671/EEC on the use of safety belts and child-tightening systems in vehicles			Q1-2017	T	1,950.00	0.00	1,950.00
3.15.	Implement Article 113 of SAA	AI on traffic rules for chariots and movement of animals, adopted	1. Vienna Convention -1968	MI		Q1-2017	P	1,550.00	0.00	1,550.00
3.15	Implement Article 113 of SAA	AI on rules of special-purpose vehicles, adopted	1. Vienna Convention -1968	MI		Q1-2017	P	1,550.00	0.00	1,550.00
3.15.	Implement Article 113 of SAA	AI on marking special purpose vehicle, adopted	1. Vienna Convention -1968	MI	KP	Q1-2017	P	1,550.00	0.00	1,550.00
3.15.	Implement Article 113 of SAA	AI on signalling and regulation of road traffic, adopted	1. Vienna Convention -1968	MI MI	MIA KP	Q1-2017	P	3,750.00	0.00	3,750.00
3.15.	Implement Article 113 of SAA	AI on polygon for safe driving, adopted	1. Directive no. 2006/126/EC on driving licences			Q2 2017	P	1,750.00	0.00	1,750.00
3.15.	Implement Article 113 of SAA	AI for additional training program for safe driving, adopted	1. Directive no. 2006/126/EC on driving licences	MI MI		Q2 2017	P	1,750.00	0.00	1,750.00
3.15.	Implement Article 113 of SAA	AI on procedures for applying for foreign driving license, adopted	1. Directive no 2003/59/EC on the initial qualification and periodic training of drivers of certain road vehicles for the carriage of goods or passengers		MIA OPM	Q2 2017	T	3,500.00	0.00	3,500.00

3.15.	Implement Article 113 of SAA	AI on rules and manner for organization of the exam for Professional Qualification Certificate (PQC), adopted	1. Directive no 2003/59/EC on the initial qualification and periodic training of drivers of certain road vehicles for the carriage of goods or passengers	MI	MIA	Q2 2017	P		3,500.00	0.00	3,500.00
3.15.	Implement Article 113 of SAA	AI on minimum standards of physical and psychological abilities necessary to drive vehicles, adopted	1. Directive no. 2006/126/EC on driving licences	MI	OPM MIA MoH	Q2 2017	P		3,500.00	0.00	3,500.00
3.15.	Implement Article 113 of SAA	AI on professional lecturers for driving schools, adopted	1. Directive no. 2006/126/EC on driving licences	MI		Q2 2017	P		3,500.00	0.00	3,500.00
3.15.	Implement Article 113 of SAA	AI on licensing of driving schools, adopted	1. Directive no. 2006/126/EC on driving licences	MI		Q2 2017	P		3,500.00	0.00	3,500.00
3.15.	Implement Article 113 of SAA	AI on trainers in the field of driving license, adopted	1. Directive no. 2006/126/EC on driving licences	MI		Q2 2017	P		3,500.00	0.00	3,500.00
3.15.	Implement Article 113 of SAA	AI on training of candidates for driver, adopted	1. Directive no. 2006/126/EC on driving licences	MI		Q2 2017	P		3,500.00	0.00	3,500.00
3.15.	Implement Article 113 of SAA	AI on passing the exam for driving license, adopted	1. Directive no. 2006/126/EC on driving licences	MI		Q2 2017	P		3,500.00	0.00	3,500.00
3.15.	Implement Article 113 of SAA	AI for professional supervision, adopted	1. Directive no. 2006/126/EC on driving licences 2. Directive no.2003/59/EC on driving licences	MI		Q2 2017	P		2,125.00	0.00	2,125.00
3.15.	Implement Article 113 of SAA	AI on examiners, adopted	1. Directive no. 2006/126/EC on driving licences	MI		Q1 2017	T		5,000.00	0.00	5,000.00
3.15.	Implement Article 113 of SAA	AI on amending and supplementing the AI no. 02 / 2012 on the licensing of railway operators, adopted	1. Directive no 2004/49/EC on safety on the Community's railways	MI		Q2 2017	T		1,525.00	0.00	1,525.00
3.15.	Implement Article 113 of SAA	AI on amending and supplementing the AI no. 03 / 2012 on the licensing of railway infrastructure managers, adopted	1. Directive no 2004/49/EC on safety on the Community's railways	MI		Q2 2017	T		1,525.00	0.00	1,525.00

3.15.	Implement Article 113 of SAA	Regulation laying down common airspace usage requirements and operating procedures for airborne collision avoidance(new bylaw), adopted	1. Regulation (EU) no. 1332/2011 laying down common airspace usage requirements and operating procedures for airborne collision avoidance	CAA		Q1 2017	T	1,828.00	0.00	1,828.00
3.15.	Implement Article 113 of SAA	Regulation laying down detailed rules on fines and periodic penalty payment (new bylaw), adopted	1. Regulation (EU) no.646/2012 laying down detailed rules on fines and periodic penalty payment	CAA		Q1 2017	T	1,910.00	0.00	1,910.00
3.15.	Implement Article 113 of SAA	Regulation on common rules in the field of civil aviation and establishing a European Aviation Safety Agency (new bylaw), adopted	1. Regulation (EU) no.6/2013 on amending the Regulation no. 216/2008 on common rules in the field of civil aviation and establishing a European Aviation Safety Agency	CAA		Q1 2017	T	1,821.00	0.00	1,821.00
3.15.	Implement Article 113 of SAA	Regulation on working methods of the European Aviation Safety Agency for conducting standardisation inspections and for monitoring the application of the rules of Regulation (EC) No. 216/2008 (new bylaw), adopted	1. Regulation (EU) no. 628/2013 on working methods of the European Aviation Safety Agency for conducting standardisation inspections and for monitoring the application of the rules of Regulation (EC) No 216/2008	CAA		Q1 2017	T	1,943.00	0.00	1,943.00
3.15.	Implement Article 113 of SAA	Regulation on the fees and charges levied by the European Aviation Safety Agency (new bylaw), adopted	1. Regulation (EU) no. 319/2014 on the fees and charges levied by the European Aviation Safety Agency	CAA		Q1 2017	T	2,006.00	0.00	2,006.00
3.15.	Implement Article 113 of SAA	Regulation laying down technical requirements and administrative procedures related to air operations of third country operators(new bylaw), adopted	1. Regulation (EU) no. 452/2014 laying down technical requirements and administrative procedures related to air operations of third country operators	CAA		Q1 2017	T	1,944.00	0.00	1,944.00

3.15.	Implement Article 113 of SAA	Regulation on laying down requirements and administrative procedures related to aerodromes (new bylaw), adopted	1. Regulation (EU) no.139/2014 laying down requirements and administrative procedures related to aerodromes	CAA		Q1 2017	T	1,450.00	0.00	1,450.00
3.15.	Implement Article 113 of SAA	Regulation laying down common rules on air traffic flow management (new bylaw), adopted	1. Regulation (EU) no.255/2010 laying down common rules on air traffic flow management	CAA		Q1 2017	T	108.00	0.00	108.00
3.15.	Implement Article 113 of SAA	Regulation 5 as regards technical requirements and administrative procedures related to civil aviation aircrew (new bylaw), adopted	1. Regulation (EU) no. 2015/445 as regards technical requirements and administrative procedures related to civil aviation aircrew	CAA		Q4 2017	T	1,944.00	0.00	1,944.00
3.15.	Implement Article 113 of SAA	Regulation on additional airworthiness specifications for a given type of operations and amending the CAA Regulation 04/2015 (airops) (amended), adopted	1. Regulation (EU) no. 2015/640 on additional airworthiness specifications for a given type of operations	CAA		Q4 2017	T	1,849.00	0.00	1,849.00
3.15.	Implement Article 113 of SAA	Regulation on amending the CAA Regulation no. 6/2015 as regards flight testing (amended), adopted	1. Regulation (EU) no. 2015/1039 as regards flight testing	CAA		Q4 2017	T	1,872.00	0.00	1,872.00
3.15.	Implement Article 113 of SAA	Regulation as regards operations by Union air carriers of aircraft registered in a third country (new bylaw), adopted	1. Regulation (EU) no. 2015/1329 as regards operations by Union air carriers of aircraft registered in a third country	CAA		Q4 2017	T	1,837.00	0.00	1,837.00
3.15.	Implement Article 113 of SAA	Regulation as regards requirements for flight recorders, underwater locating devices and aircraft tracking systems (new bylaw), adopted	Regulation (EU) no. 2015/2338 as regards requirements for flight recorders, underwater locating devices and aircraft tracking systems	CAA		Q4 2017	T	1,929.00	0.00	1,929.00

3.15.	Implement Article 113 of SAA	Regulation as regards the implementation of essential requirements for environmental protection (new bylaw), adopted	1. Regulation (EU) no. 2016/5 as regards the implementation of essential requirements for environmental protection	CAA		Q4 2017	T	1,817.00	0.00	1,817.00
3.15.	Implement Article 113 of SAA	Regulation as regards pilot training, testing and periodic checking for performance-based navigation (PBN) (new bylaw), adopted	1. Regulation (EU) no. 2016/539 as regards pilot training, testing and periodic checking for performance-based navigation (PBN)	CAA		Q4 2017	T	1,818.00	0.00	1,818.00
3.15.	Implement Article 113 of SAA	Regulation laying down technical requirements and administrative procedures relating to air traffic controllers' licences and certificates	1. Regulation (EU) no.2015/340 laying down technical requirements and administrative procedures relating to air traffic controllers' licences and certificates	CAA		Q4 2017	T	5,240.00	0.00	5,240.00
3.15.	Implement Article 113 of SAA	Regulation on the reporting, analysis and follow-up of occurrences in civil aviation (new bylaw)	1. Regulation (EU) no. 376/2014 on the reporting, analysis and follow-up of occurrences in civil aviation	CAA		Q1 2017	T	1,908.00	0.00	1,908.00
3.15.	Implement Article 113 of SAA	Regulation on common safety targets (new bylaw), adopted	1. European Directive No. 2004/49/EC on Railway Safety	RRA		Q4 2017	T	1,400.00	0.00	1,400.00
3.15.	Implement Article 113 of SAA	Regulation on Safety Authorization (new bylaw), adopted	1. European Regulation No.1169/2010/EC on issuing safety authorization	RRA		Q4 2017	T	1,750.00	0.00	1,750.00
3.15.	Implement Article 113 of SAA	Regulation on Safety Certification (new bylaw), adopted	1. European Regulation No.1158/2010/EC on issuing safety certificate	RRA		Q4 2017	T	1,750.00	0.00	1,750.00
3.15.	Implement Article 113 of SAA	Regulation for TSI Infrastructure (new bylaw), adopted	1. European Regulation No. 1299/2014/EC on the technical specifications for interoperability for infrastructure	RRA		Q4 2017	P	5,970.00	0.00	5,970.00

3.15.	Implement Article 113 of SAA	Regulation on TSI operation and traffic management (new bylaw), adopted	1. European Regulation No. 2015/995/EC concerning the technical specification for interoperability relating to the operation and traffic management	RRA		Q4 2017	P	4,780.00	0.00	4,780.00
3.15.	Implement Article 113 of SAA	Regulation on Freight Wagons TSI (new bylaw), adopted	1. European Regulation No.321/2013/EC concerning the technical specification for interoperability relating to the freight wagons	RRA		Q4 2017	P	5,970.00	0.00	5,970.00
3.15.	Implement Article 113 of SAA	Preparation for direct cost calculation (new bylaw), adopted	1. European Regulation No. 1370/2007/EC on direct cost calculation	RRA		Q4 2017	P	5,073.00	0.00	5,073.00
3.15.	Implement Article 113 of SAA	Regulation for investigation of railway accidents and incidents (new bylaw), adopted	1. Directive no.2004/49/EU on Railway Safety	KHAIA		Q4 2017	P	550.00	0.00	550.00

3.16. Acquis Chapter 15: Energy

3.16.	<u>Framework legislation</u>									
3.16.	Implement Article 114 of SAA	Treaty on the Non-proliferation of Nuclear Weapons (NPT) signed	NA	MFA	KARPNS	Q4 2017	NA	3,700.00	0.00	3,700.00
3.16.	Implement Article 114 of SAA	Law on Energy Efficiency (new law), adopted	1. Directive no. 2012/27/EC on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC	MED	Assembly MESP	Q2 2017	P	5,000.00	0.00	5,000.00

3.16.	Implement Article 114 of SAA	Law on Radiation Protection and Nuclear Safety (new law), adopted	1.Directive no. 2013/59/EURATOM on basic safety standards 2.Directive no. 2011/70/EURATOM establishing a Community framework for the responsible and safe management of spent fuel and radioactive waste 3.Directive no. 2013/51/EURATOM for radioactive substances in water intended for human consumption 4.Directive no. 2006/117/EURATOM on the supervision and control of shipments of radioactive waste and spent fuel 5. Directive 2014/87/EURATOM on nuclear safety of nuclear installations, with amendments	KARPNS	Assembly OPM MoH MTI	Q2 2017	P		4,000.00	0.00	4,000.00
3.16.	Implement Article 114 of SAA	Law on mandatory oil reserves (new law), adopted	1. Directive no. 2009/119/EC imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products	MTI	Assembly MED MESP MIA MoF	Q4 2017	P		2,000.00	0.00	2,000.00

3.16.	Implement Article 114 of SAA	Law on trade with petroleum products and renewable fuels in Kosovo (new law), adopted	1.Directive no. 2009/30/EC amending Directive 98/70/EC as regards the specification of petrol, diesel and gas-oil and introducing a mechanism to monitor and reduce greenhouse gas emissions and amending Council Directive 1999/32/EC as regards the specification of fuel used by inland waterway vessels and repealing Directive 93/12/EEC 2. Directive no. 2009/28/EC on the promotion of the use of energy from renewable sources	MTI	Assembly MED MESP MIA MoF	Q3 2017	P		2,000.00	0.00	2,000.00
3.16. Bylaws and other regulatory acts											
3.16.	Implement Article 114 of SAA	AI for the use of biofuels and bioliquids (new bylaw), adopted	1. Directive no. 2009/28/EC on the promotion of the use of energy from renewable sources	MTI		Q4 2017	P		1,000.00	0.00	1,000.00
3.16.	Implement Article 114 of SAA	AI on the promotion of joint regional investment in energy sector (new bylaw), adopted	1. Ministerial Council Decision 2015/09/MC-EnC, on the implementation of Regulation (EC) No. 347/2013 of the European Parliament	MED	Government KOSTT ERO KEK Ngrohtoret	Q1 2017	P		2,200.00	0.00	2,200.00
3.16.	Implement Article 114 of SAA	Review of AI on renewable energy sources targets, (new bylaw), adopted	1. Directive no. 2009/28/EC on the promotion of the use of energy from renewable sources	MED	MESP MTI MEST MAFRD ERO KOSTT	Q1 2017	P		1,000.00	0.00	1,000.00
3.16.	Implement Article 114 of SAA	Review of AI on the promotion of the use of energy from renewable sources, (new bylaw), adopted	1. Directive no. 2009/28/EC on the promotion of the use of energy from renewable sources	MED	MESP MTI MEST MAFRD ERO KOSTT	Q1 2017	P		1,000.00	0.00	1,000.00

3.16.	Implement Article 114 of SAA	AI for the establishment, duties and responsibilities of the "One-Stop-Shop" for renewable energy sources, adopted	1. Directive no. 2009/28/EC on the promotion of the use of energy from renewable sources	MED	MESP MTI MEST MAFRD ERO KOSTT	Q1 2017	P		1,000.00	0.00	1,000.00
3.16.	Implement Article 114 of SAA	Regulation for resources and practices, including medical ones, (new bylaw), adopted	1. Directive no. 2013/59/EURATOM on basic safety standards, 2. Directive no. 2011/70/EURATOM establishing a Community framework for the responsible and safe management of spent fuel and radioactive waste, 3.Directive no. 2013/51/EURATOM laying down requirements for the protection of the health of the general public with regard to radioactive substances in water intended for human consumption 4.Directive no. 2006/117/EURATOM on the supervision and control of shipments of radioactive waste and spent fuel, 5. Directive 2014/87/EURATOM for the nuclear safety of nuclear installations, with amendments	KARPNS	OPM MoH MTI MoF	Q4 2017	T		5,000.00	4,000.00	9,000.00

3.16.	Implement Article 114 of SAA	Regulation on authorization (licensing, inspection and notification on practices for using radioactive substances), (new bylaw) adopted	1. Directive no. 2013/59/EURATOM on basic safety standards, 2.Directive no. 2011/70/EURATOM establishing a Community framework for the responsible and safe management of spent fuel and, 3.Directive no. 2013/51/EURATOM on radioactive substances in water intended for human consumption, 4.Directive no. 2006/117/EURATOM on the supervision and control of shipments of radioactive waste and spent fuel, 5. Directive 2014/87/EURATOM of 8 July 2014 amending Directive 2009/71/Euratom for the nuclear safety of nuclear installations	KARPNS	OPM MoH MTI MOF	Q4 2017	T		5,000.00	4,000.00	9,000.00
3.16.	Implement Article 114 of SAA	Regulation for setting minimum energy performance in new buildings in residential buildings, buildings being renovated and buildings of all types other than residential ones (new bylaw), adopted	1. Directive no. 2010/31/EC on the energy performance of buildings	MESP	MED MTI Municipalities	Q2 2017	P		4,000.00	0.00	4,000.00
3.16.	Implement Article 114 of SAA	Regulation on energy performance certificates for new buildings and other buildings (new bylaw), adopted	1. Directive no. 2010/31/EC on the energy performance of buildings	MESP	MED MTI Municipalities	Q2 2017	P		4,000.00	0.00	4,000.00
3.16.	Implement Article 114 of SAA	Regulation on the methodology of minimal calculation of	1. Directive no. 2010/31/EC on the energy performance	MESP	MED MTI Municipalities	Q2 2017	P		4,000.00	0.00	4,000.00

3.16.	Implement Article 114 of SAA	energy performance, adopted Regulation on inspection system of heating and air conditioning equipment (new bylaw), adopted	of buildings 1. Directive no. 2010/31/EC on the energy performance of buildings	MESP	s MED MTI Municipalities	Q2 2017	P	4,000.00	0.00	4,000.00
3.16.	Implement Article 114 of SAA	Revision of the market design and market rules, (new bylaw), adopted	1. Directive no. 2009/72/EC concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC 2. Regulation no. 714/2009/EC on conditions for access to the network for cross-border exchanges in electricity 3. Directive no. 2009/73/EC concerning common rules for the internal market in natural gas 4. Regulation no. 715/2009/EC on conditions for access to the natural gas transmission networks, 5. Directive no. 2009/28/EC on the promotion of the use of energy from renewable sources	KOSTT	MED ERO	Q4 2017	T	2,000.00	250,000.00	252,000.00
3.17. Acquis Chapter 16: Taxation										
3.17.	See the narrative part of this chapter.									
3.18. Acquis Chapter 17: Economic and Monetary Policy										
3.18.	See the narrative text of this chapter.									
3.19. Acquis chapter 18: Statistics										
3.19.	Framework legislation									

3.19.	Implement Article 95 of SAA	Law No. 04/L-036 on Official Statistics, adopted (amended)	Regulation (EC) No 223/2009 of the European Parliament and of the Council of 11 March 2009 on European statistics and repealing Regulation (EC, Euratom) No 1101/2008 of the European Parliament and of the Council on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities, Council Regulation (EC) No 322/97 on Community Statistics, and Council Decision 89/382/EEC	OPM	KAS, MEI	Q1 2017	P		400.00	0.00	400.00
<u>3.19. Bylaws and other regulatory acts</u>											
3.19. No short-term measures are foreseen under this section.											
3.20. Acquis Chapter 19: Social Policy and Employment											
<u>3.20. Framework legislation</u>											
3.20.	Implement Article 82 and 106 of SAA	Law no.04/L-008 on Social Economic Council, adopted (amended)	NA	MLSW	SEC	Q2 2017	NA		5,000.00	0.00	5,000.00
<u>3.20. Bylaws and other regulatory acts</u>											
3.20.	Implement Article 82 and 106 of SAA	Regulation on minimum requirements for improving the safety and health protection of workers in surface and underground mineral-extracting industries, adopted	Council Directive 92/104/EEC of 3 December 1992 on the minimum requirements for improving the safety and health protection of workers in surface and underground mineral-extracting industries (twelfth individual Directive within the meaning of Article 16 (1) of Directive 89/391 / EEC), 31992L0104	MLSW	MED, MEI	Q2 2017	P		0.00	5,000.00	5,000.00

3.20.	Implement Article 82 and 106 of SAA	Regulation on minimum requirements for improving the safety and health protection of workers in the mineral-extracting industries through drilling, adopted	Council Directive 92/91/EEC of 3 November 1992 concerning the minimum requirements for improving the safety and health protection of workers in the mineral-extracting industries through drilling (eleventh individual Directive within the meaning of Article 16 (1) of Directive 89 / 391 / EEC), 31992L0091	MLSW	MED, MEI	Q2 2017	P		0.00	5,000.00	5,000.00
3.20.	Implement Article 82 and 106 of SAA	Regulation on the protection of the health and safety of workers from the risks related to chemical agents at work, adopted	Council Directive 98/24/EC of 7 April 1998 on the protection of the health and safety of workers from the risks related to chemical agents at work (fourteenth individual Directive within the meaning of Article 16(1) of Directive 89 / 391 / EEC), 31992L0091 Council Directive 91/322/EEC of 29 May 1991 on establishing indicative limit values by implementing Council Directive 80/1107/EEC on the protection of workers from the risks related to exposure to chemical, physical and biological agents at work Council Directive 2000/39/EC of 8 June 2000 establishing a first list of indicative occupational exposure limit values in implementation of Council Directive 98/24/EC on the protection of the health and safety of workers from the risks related to chemical agents at work	MLSW	MESP, MEI	Q2 2017	P		0.00	5,000.00	5,000.00

			Council Directive 2006/15/EC of 7 February 2006 establishing a second list of indicative occupational exposure limit values in implementation of Council Directive 98/24/EC Council Directive 2009/161/EU of 17 December 2009 establishing a third list of indicative occupational exposure limit values in implementation of Council Directive 98/24/EC;							
3.20.	Implement Article 82 and 106 of SAA	Regulation on the protection of workers from the risks related to exposure to carcinogens or mutagens at work, adopted	Directive 2004/37/EC of the European Parliament and of the Council of 29 April 2004 on the protection of workers from the risks related to exposure to carcinogens or mutagens at work (Sixth individual Directive within the meaning of Article 16(1) of Council Directive 89/391/EEC);	MLSW	MESP, MEI	Q3 2017	P	0.00	5,000.00	5,000.00
3.20.	Implement Article 82 and 106 of SAA	Regulation on the protection of workers from risks related to exposure to biological agents at work, adopted	Directive 2000/54/EC of the European Parliament and of the Council of 18 September 2000 on the protection of workers from risks related to exposure to biological agents at work (seventh individual directive within the meaning of Article 16(1) of Directive 89/391/EEC);	MLSW	MESP, MEI	Q3 2017	P	0.00	5,000.00	5,000.00

3.20.	Implement Article 82 and 106 of SAA	Regulation on the prevention of sharp injuries in the hospital and healthcare sector, adopted	Council Directive 2010/32/EU of 10 May 2010 implementing the Framework Agreement on prevention from sharp injuries in the hospital and healthcare sector concluded by HOSPEEM and EPSU;	MLSW	MoH, MEI	Q3 2017	P		0.00	5,000.00	5,000.00
3.20.	Implement Article 82 and 106 of SAA	Regulation on the minimum health and safety requirements regarding the exposure of workers to the risks arising from physical agents (electromagnetic field), adopted	Directive 2004/40/EC of the European Parliament and of the Council of 29 April 2004 on the minimum health and safety requirements regarding the exposure of workers to the risks arising from physical agents (electromagnetic fields) (18th individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC)	MLSW	MESP, MEI	Q4 2017	P		0.00	5,000.00	5,000.00
3.20.	Implement Article 82 and 106 of SAA	Regulation on the minimum health and safety requirements regarding the exposure of workers to risks arising from physical agents (artificial optical radiation), adopted	Directive 2006/25/EC of the European Parliament and of the Council of 5 April 2006 on the minimum health and safety requirements regarding the exposure of workers to risks arising from physical agents (artificial optical radiation) (19 th individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC);	MLSW	MESP, MEI	Q4 2017	P		0.00	5,000.00	5,000.00
3.20.	Implement Article 82 and 106 of SAA	Regulation laying down basic safety standards for protection against the dangers arising from exposure to ionising radiation, adopted	Council Directive 2013/59/Euratom of 5 December 2013 laying down basic safety standards for protection against the dangers arising from exposure to ionising radiation, and repealing Directives 89/618/Euratom, 90/641/Euratom, 96/29/Euratom, 97/43/Euratom and 2003/122/Euratom	MLSW	MESP, MEI	Q4 2017	P		0.00	5,000.00	5,000.00

3.20.	Implement Article 82 and 106 of SAA	Administrative Instruction on the manner, procedures and monthly payment deadlines for employers who fail to fulfil the obligations deriving from the Law no. 05/L-078 on amending and supplementing the Law no. 03/L-019 on Vocational Ability, Rehabilitation and Employment of Disabled People, adopted	NA	MLSW	MoF	Q2 2017	NA	5,000.00	0.00	5,000.00
3.20.	Implement Article 82 and 106 of SAA	Rules of Procedure for the Advisory Council of EARK, adopted	NA	MLSW	MEST	Q2 2017	NA	5,000.00	0.00	5,000.00
3.20.	Implement Article 82 and 106 of SAA	Regulation on the manner of provision of the Active Labour Market Measures, adopted	NA	MLSW	MTI, MEST	Q2 2017	NA	5,000.00	0.00	5,000.00

3.21. Acquis Chapter 20: Enterprise and Industrial Policy

3.21. Framework legislation

3.21. No short-term measures are foreseen under this section.

3.21. Bylaws and other regulatory acts

3.21. No short-term measures are foreseen under this section.

3.22. Acquis Chapter 21: Trans-European Networks

3.22. This chapter contains only the narrative text, including short-term measures.

3.23. Acquis Chapter 22: Regional Policy and Coordination of Structural Instruments

3.23. This chapter contains only the narrative text, including short-term measures.

3.24. Acquis Chapter 23: Judiciary and Fundamental Rights

3.24. Framework legislation

3.24. Judicial system

3.24.	Implement Article 83 of SAA	Drafting the first phase of Civil Code	NA	MoJ	OPM KJC KJI MIA	Q4 2017	NA	0.00	650,000.00	650,000.00
3.24.	Implement Article 83 of SAA	Law on State Prosecutor (amended)	NA	MoJ	KPC	Q3 2017	NA	2,500.00	0.00	2,500.00
3.24.	Implement Article 83 of SAA	Law on KJC (amended)								
3.24.	Implement Article 83 of SAA	Law on KPC (amended)	NA	MoJ	KPC	Q2 2017	NA	2,500.00	0.00	2,500.00
3.24.	Implement Article 83 of SAA	Law no. 04-L-139 on Enforcement Procedure (amended)	NA	Assembly	MoJ KJC KPC	Q1 2017	NA	0.00	0.00	0.00

.3.24	Implement Article 83 of SAA	Law on Out Contentious Procedure (amended)	NA	MoJ	OPM MoF KJC	Q1 2017	NA	5,000.00	0.00	5,000.00
3.24.	Implement Article 83 of SAA	Law on the Office of the Disciplinary Counsel (new law)	NA	MoJ	KPC KJC OPM MoF	Q2 2017	NA	3,000.00	0.00	3,000.00
3.24.	Implement Article 83 of SAA	Law no. 02-L40 on Bar Examination (amended)	NA	MoJ		Q2 2017	NA	5,000.00	0.00	5,000.00
3.24.	Implement Article 83 of SAA	Law No. 03-L-057 on Mediation (amended)	Directive 2008/52/EC of the European Parliament and of the Council of 21 May 2008 on certain aspects of mediation in civil and commercial matters	MoJ	KJC KPC OPM MoF	Q1 2017	P	5,000.00	0.00	5,000.00
3.24.	Implement Article 83 of SAA	Law on Notary (amended)	NA	MoJ	KJC	Q1 2017	NA	5,000.00	0.00	5,000.00
3.24.	Anticorruption Policy									
	Implement Article 83 and 91 of SAA	Amendment and supplement of Law on Prevention of Conflict of Interest, Adopted		MoJ	OPM MoF MPA KJC KPC ACA	Q2 2017	NA	2,500.00	0.00	2,500.00
3.24.	Implement Article 83 and 91 of SAA	Law on suspension, namely dismiss from the office of public senior officers accused or sentenced for corruption, adopted		MoJ	Assembly MPA KJC KPC KQZ MLSW ACA	Q3 2017	NA	2,500.00	0.00	2,500.00
3.24.	Fundamental rights									
3.24.	Implement Article 3 and 4 of SAA	Juvenile Justice Code (amended)		MoJ	OPM KJC KPC MoF MIA	Q1 2017	NA	4,000.00	0.00	4,000.00
3.24.	Protection of Minorities and Cultural Heritage									
3.24	Implement Article 3 and 4 of SAA	Law on Cultural Heritage, adopted	1. Directive 93/7/EEC, 15 March 1993 on the return of cultural objects unlawfully removed 2. Directive (EC) No 116/2009, 18	MCYS		Q1 2017	P	7,000.00	0.00	7,000.00

			December 2008 on export of cultural goods							
3.24	Implement Article 3 and 4 of SAA	Law on Museum, adopted	NA	MCYS		Q2 2017	NA	6,000.00	0.00	6,000.00
3.24	Implement Article 3 and 4 of SAA	Law on the protection and promotion of the rights of communities and their members in the Republic of Kosovo (amended)	NA	OPM		Q3 2017	NA	5,000.00	0.00	5,000.00
3.24. Personal Data Protection										
3.24.	Implement Article 3 and 4 of SAA	Law on the Protection of Personal Data (amended)	NA	OPM	NAPPD	Q4 2017	NA	5,000.00	0.00	5,000.00
3.24. Bylaws and other regulatory acts										
3.24. Judicial system										
3.24.	Implement Article 83 of SAA	Amendment of the Regulation for allocation of cases as a result of changes caused by the project ICT/CMIS	NA	KPC		Q4 2017	NA	3,120.00	0.00	3,120.00
3.24	Implement Article 83 of SAA	Regulation for KPC Secretariat and systematization of jobs	NA	KPC		Q1 2017	NA	3,120.00	0.00	3,120.00
3.24.	Implement Article 83 of SAA	Regulation for Prosecution Offices Administration Committee	NA	KPC		Q3 2017	NA	3,120.00	0.00	3,120.00
3.24.	Implement Article 83 of SAA	Regulation for Committee on Budget, Finances and Personnel	NA	KPC		Q2 2017	NA	3,120.00	0.00	3,120.00
3.24.	Implement Article 83 of SAA	Regulation on lay judges, adopted	NA	KJC		Q1 2017	NA	19,397.00	0.00	19,397.00
3.24.	Implement Article 83 of SAA	Regulation for transfer of judges	NA	KJC		Q1 2017	NA	19,945.50	0.00	19,945.50
3.24.	Implement Article 83 of SAA	Regulation for Commissioner for Electronic Surveillance	NA	KJC		Q2 2017	NA	41,207.39	0.00	41,207.39
3.24.	Implement Article 83 of SAA	Administrative Instruction for training of judges, lay judges and other administrative staff	NA	KJC		Q2 2017	NA	39,342.49	0.00	39,342.49
3.24.	Implement Article 83 of SAA	Regulation for witness expenses during the criminal proceeding	NA	KJC		Q3 2017	NA	60,659.24	0.00	60,659.24
3.24. Anticorruption policy										
3.24.	Implement Article 83	Bylaws deriving from	NA	MoJ		Q2 2017	NA	2,500.00	0.00	2,500.00

	and 91 of SAA	the Law on Administration of Sequestered and Confiscated Assets, adopted								
3.24. Fundamental rights										
3.24.	Implement Article 3 and 4 of SAA	Administrative Instruction on Education of Prisoners, adopted (new bylaw)	NA	MEST	MoJ MLSW	Q4 2017	NA	2,000.00	0.00	2,000.00
3.24.	Implement Article 3 and 4 of SAA	A bylaw governing the implementation of the gender-responsive budgeting in the institutions of the RK (new bylaw)	NA	AGE	MoF	Q4 2017	NA	16,000.00	23,000.00	39,000.00
3.24. Protection of Minorities and Cultural Heritage										
3.24	Implement Article 3 and 4 of SAA	Administrative Instruction on Functionalization of Learning Centres for RAE, adopted	NA	MEST		Q2 2017	NA	2,000.00	0.00	2,000.00
3.24	Implement Article 3 and 4 of SAA	Regulation on the return of displaced persons, adopted (new bylaw)	NA	MCR	OPM, MIA	Q1 2017	NA	10,000.00	0.00	10,000.00
3.24	Implement Article 3 and 4 of SAA	Regulation for determining of criteria on activities of MCR (amendment)	NA	MCR		Q4 2017	NA	10,000.00	0.00	10,000.00
3.24. Protection of Personal Data										
3.24.	No short-term measures are foreseen under this section.									
3.25. Acquis Chapter 24: Justice, Freedom and Security										
3.25.	Framework legislation									
3.25. Border management										
3.25.	Implement Article 85 of SAA	Law no. 04/L -072 on State Border Control and Surveillance (amended).	1. Regulation (EU) no 610/2013 of the European Parliament and of the Council of 26 June 2013 amending Regulation (EC) No 562/2006 of the European Parliament and of the Council establishing a Community Code on the rules governing the movement of persons across borders	MIA		Q2 2017	P	0.00	0.00	0.00

	(Schengen Borders Code), the Convention implementing the Schengen Agreement, Council Regulation (EC) No 1683/95 and (EC) No 539/2001 and Regulations (EC) No 767/2008 and (EC) No 810/2009 of the European Parliament and of the Council 2. Regulation (EU) no 1051/2013 of the European Parliament and of the Council amending Regulation (EC) No 562/2006 in order to provide for common rules on the temporary reintroduction of border control at internal borders in exceptional circumstances (reflect the last input in narrative)				
3.25.	Visas				
3.25.	No short-term measures are foreseen under this section.				
3.25.	Document Security				
3.25.	No short-term measures are foreseen under this section.				
3.25.	Asylum				
3.25.	No short-term measures are foreseen under this section.				
3.25.	Migration				

3.25.	Implement Articles 85, 86, 87 and 88 of SAA in the area of migration	Law No. 04/L-219 on Foreigners (amended)	1. Directive 2014/36/EU of the European Parliament and of the Council on the conditions of entry and stay of third-country nationals for the purpose of employment as seasonal workers 2. Directive 2014/66/EU of the European Parliament and of the Council on the conditions of entry and residence of third-country nationals in the framework of an intra-corporate transfer 3. Regulation (EC) No. 767/2008 of the European Parliament and of the Council concerning the Visa Information System (VIS) and the exchange of data between Member States on short-stay visas (VIS Regulation)	MIA		Q2 2017	P	2,000.00	0.00	2,000.00
3.25.	Implement SAA provisions in the area of asylum (Article 85)	Law no. 04/L-217 on Asylum (amended)	1. Council Directive 2001/55/EC on minimum standards for giving temporary protection in the event of a mass influx of displaced persons and on measures promoting a balance of efforts between Member States in receiving such persons and bearing the consequences thereof 2. Council Directive 2003/86/EC on the	MIA		Q2 2017	P	2,000.00	0.00	2,000.00

	right to family reunification 3. Directive 2013/33/EU of the European Parliament and of the Council laying down standards for the reception of applicants for international protection (recast) 4. Directive 2013/32/EU of the European Parliament and of the Council of 26 June 2013 on common procedures for granting and withdrawing international protection (recast) 5. Directive 2011/95/EU of the European Parliament and of the Council of on standards for the qualification of third - country nationals or stateless persons as beneficiaries of international protection, for a uniform status for refugees or for persons eligible for subsidiary protection, and for the content of the protection granted (recast) 6. Directive 2011/51/EU of the European Parliament and of the Council amending Council Directive 2003/109/EC to extend its scope to beneficiaries of international protection				
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3.25.	Implement Articles 85, 86, 87 and 88 of SAA in the area of migration	Further improving the international cooperation in the area of readmission	1. Readmission Agreement with Latvia, signed 2. Readmission Agreement with Macedonia, signed	MIA	MFA	Q2 2017	NA	5,000.00	0.00	5,000.00
3.25. Fight against Money Laundering and Terrorist Financing										
3.25. No short-term measures are foreseen under this section.										
3.25. Fight against Narcotics										
3.25. No short-term measures are foreseen under this section.										
3.25. Fight against Organized Crime and Police Cooperation										
3.25.	Implement Article 91 of SAA	Signing cooperation agreements in the area of rule of law and police cooperation	1. Agreement with Australia, signed 2. Agreement with Belgium, signed 3. Agreement with Denmark, signed 4. Agreement with Italy, signed 5. Agreement with Estonia, signed 6. Agreement with Turkey, signed	MIA	MFA	Q4 2017	NA	20,000.00	0.00	20,000.00
3.25. Fight against Terrorism										
3.25.	Implement Article 92 of SAA in the fight against terrorism, for the purpose of strengthening the structures for prevention and fighting terrorism and its financing	Law on Critical Infrastructure (new law)	1. Council Directive 2008/114/EC of 8 December 2008 on the identification and designation of European critical infrastructures and the assessment of the need to improve their protection	MIA		Q2 2017	P	2,000.00	0.00	2,000.00
3.25. International Legal Cooperation in Criminal and Civil Matters										
3.25. No short-term measures are foreseen under this section.										
3.25. Bylaws and other regulatory acts										
3.25. Border management										
3.25. No short-term measures are foreseen under this section.										
3.25. Visas										
3.25. No short-term measures are foreseen under this section.										
3.25. Document security										
3.25. No short-term measures are foreseen under this section.										
3.25. Asylum										

3.25.	Implement Article 85 of SAA	Amendment and supplement of the AI no.16-2013 on procedures and standards of admission and initial treatment of asylum seekers.	1. Directive 2013/33/EU of the European Parliament and of the Council laying down standards for the reception of applicants for international protection (recast) 2. Directive 2013/32/EU of the European Parliament and of the Council on common procedures for granting and withdrawing international protection (recast)	MIA	MLSW, UNHCR KP MEST MoH	Q4 2017	P		250.00	0.00	250.00
3.25.	Implement Article 85 of SAA	Amendment and supplement of the AI no.17-2013 on procedures and standards of review and ruling on request for asylum.	1. Directive 2013/33/EU of the European Parliament and of the Council laying down standards for the reception of applicants for international protection (recast) 2. Directive 2013/32/EU of the European Parliament and of the Council on common procedures for granting and withdrawing international protection (recast)	MIA	MLSW, UNHCR KP MEST MoH	Q4 2017	P		250.00	0.00	250.00
3.25.	Implement Article 85 of SAA	Amendment and supplement of the Regulation 02-2014 on Functioning of the Asylum Seekers Centre.	1. Directive 2013/33/EU of the European Parliament and of the Council laying down standards for the reception of applicants for international protection (recast) 2. Directive 2013/32/EU of the European Parliament and of the Council on common procedures for granting and withdrawing international protection (recast)	MIA	MLSW, KP MEST MoH	Q4 2017	P		250.00	0.00	250.00
3.25.	Migration										

3.25.	Implement Articles 85, 86, 87 and 88 of SAA	Amendment and supplement of the AI no. 01-2014 on the procedure of issuance of residence permit for foreigners and the certificate for notification of work.	1. Directive 2014/36/EU of the European Parliament and of the Council on the conditions of entry and stay of third-country nationals for the purpose of employment as seasonal workers 2. Directive 2014/66/EU of the European Parliament and of the Council on the conditions of entry and residence of third-country nationals in the framework of an intra-corporate transfer 3. Council Directive 2003/86/EC on the right to family reunification.	MIA	MFA MLSW KP	Q4 2017	P		250.00	0.00	250.00
3.25	Implement Articles 85, 86, 87 and 88 of SAA	Amendment and supplement of the AI no.09-2014 on returning of foreigners with illegal residence in RKS.	1. Directive 2008/115/EC of the European Parliament and of the Council on common standards and procedures in Member States for returning illegally staying third-country nationals	MIA	MFA KP	Q3 2017	P		300.00	0.00	300.00
3.25.	Implement Articles 85, 86, 87 and 88 of SAA	5. Regulation on Reintegration of Repatriated Persons and Management of the Reintegration Program, reviewed	NA	MIA	OPM, MLSW, MLGA, MESP, MoH, MEST, MAFRD, MeD,	Q4 2017	NA		250.00	12,657.00	12,907.00

	Implement Articles 85, 86, 87 and 88 of SAA	Regulation on Integration of Foreigners	Communication COM/2011/0455 from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - European Agenda for the Integration of Third-Country Nationals Communication COM/2005/0389 from the Commission to the Council, the European Parliament, the European Economic and Social committee and the Committee of the Regions - A Common Agenda for Integration - Framework for the Integration of Third-Country Nationals in the European Union.	MIA	OPM, MLSW, MLGA, MESP, MoH, MEST, MAFRD, MeD,	P		400.00	0.00	400.00
3.25	Implement Articles 85, 86, 87 and 88 of SAA	Amendment and supplement of the Regulation(MPB) no. 03-2014 on operation of the detention centre for foreigners	1. Directive 2008/115/EC of the European Parliament and of the Council on common standards and procedures in Member States for returning illegally staying third-country nationals	MIA	KP MoH	Q4 2017	P	250.00	0.00	250.00
3.25. Fight against narcotics										
3.25. No short-term measures are foreseen under this section.										
3.25. Fight against Organized Crime and Police Cooperation										
3.25.	Implement Article 91 of SAA	Continuing institutional reforms and building institutional capacities in the fight against organized crime and police cooperation for the purpose of implementing SAA provisions and approximated legislation	6. Regulation for the Commission for the Compensation of Victims, drafted	MoJ	KJC KPC MoH MoF	Q1 2017	P	2,000.00	0.00	2,000.00
3.25. Fight against terrorism										
3.25. No short-term measures are foreseen under this section.										
3.25. International Legal Cooperation in Criminal and Civil Matters										

3.25.	Implement Article 83 of SAA	Law on International Private Law (new law)	1. Regulation No. 593/2008 of the European Parliament and the Council (17 June 2008) on the law applicable to contractual obligations (Rome I); 2.Regulation no. 864/2007 of the European Parliament and of the Council (11 July 2007) on the law applicable to non-contractual obligations (Rome II); 3.Regulation no. 1215/2012 of the European Parliament and of the Council (12 December 2012) on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, incorporating the first Brussels Convention; 4.Council Regulation no. 2201/2003 (27 November 2003) concerning jurisdiction and the recognition and enforcement of judgments in matrimonial matters and the matters of parental responsibility, incorporating the second Brussels Convention, amended by the Regulation 2116/2004. Council Regulation 4/2009 5.Regulation no. 4/2009 of 18 December 2008 on jurisdiction, applicable law, recognition and enforcement of decisions and cooperation in matters relating to maintenance obligations.	MoJ		Q2-2017	P		2,500.00	0.00	2,500.00
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3.26. Acquis Chapter 25: Science and Research

3.26.	Framework legislation			MEST	MTI MED	Q2 2017	NA		5,638.80	0.00	5,638.80
3.26.	Implement Article 107 of SAA	Draft Law on innovation and transfer of knowledge and technology, adopted									
3.26.	Bylaws and other regulatory acts										

3.26.	No short-term measures are foreseen under this section.									
3.27. Acquis Chapter 26: Education and Culture										
3.27.	Framework legislation									
3.27.	No short-term measures are foreseen under this section.									
3.27.	Bylaws and other regulatory acts									
3.27	Implement Article 118 of SAA	Law on Higher Education adopted	NA	Assembly	MEST	Q1 2017	NA	0.00	0.00	0.00
3.27.	Implement Article 118 of SAA	Administrative Instruction on conditions and criteria governing the establishment of dual forms of vocational education and training, where the prior training and experience are realized in the enterprise, adopted	NA	MEST	MLSW OEK	Q3 2017	NA	804.80	0.00	804.80
3.27.	Implement Article 118 of SAA	Administrative Instruction on Licensing of Private Bearers of Higher Education, adopted	NA	MEST	MLSW OEK	Q3 2017	NA	9,639.00	0.00	9,639.00
3.27.	Implement Article 118 of SAA	Administrative Instruction for evaluating the level of achievement of pupils according to the pre-university education curriculum framework of the Republic of Kosovo, adopted	NA	MEST	World Bank	Q4 2017	NA	1,500,000.00	0.00	1,500,000.00
3.27.	Implement Article 118 of SAA	Administrative Instruction on the status and performance of the Kosovo Agency for Curriculum, Standards and Evaluation	NA	MEST	World Bank	Q4 2017	NA	1,500,000.00	0.00	1,500,000.00
3.27.	Implement Article 118 of SAA	Administrative Instruction for the implementation of curriculum documents in all schools in Kosovo, adopted	NA	MEST	World Bank	Q4 2017	NA	1,500,000.00	0.00	1,500,000.00
3.27.	Implement Article 118 of SAA	Administrative Instruction 14/2013 on teacher performance Assessment, adopted	NA	MEST	World Bank	Q4 2017	NA	1,500,000.00	0.00	1,500,000.00
3.27.	Implement Article	Administrative	NA	MEST	World Bank	Q4 2017	NA	1,500,000.00	0.00	1,500,000.00

	118 of SAA	Instruction 15/2013 for funding of teacher professional development, adopted								
3.27.	Implement Article 118 of SAA	Administrative Instruction of the Law on Higher Education, adopted	NA	MEST		Q4 2017	NA	11,727.07	0.00	11,727.07
3.28. Acquis Chapter 27: Environment										
3.28. Framework legislation										
3.28.	Implement Article 115, 116 and 117 of SAA	Law on infrastructure and spatial information (new law), adopted	1. Directive 2007/2/EC establishing an Infrastructure for Spatial Information in the European Community (INSPIRE)	MESP	Assembly MoH MTI MAFRD Municipalities	Q1 2017	P	3,500.00	0.00	3,500.00
3.28.	Implement Article 115, 116 and 117 of SAA	Law no. 03/L-160 on air protection from pollution (amended), adopted	1. Directive 2004/70/EC relating to arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons in ambient air 2. Directive 2001/81/EC on national emission ceilings for certain Atmospheric pollutants 3. Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC concerning integrated pollution prevention and control 4. Directive 2004/101/EC amending Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance trading within the Community, in respect of the Kyoto Protocol's project mechanisms 5. Directive 2008/101/EC amending Directive 2003/87/EC so as to include aviation activities in the scheme	MESP	Assembly MTI MED MoH MoF	Q4 2017	P	9,000.00	0.00	9,000.00

for greenhouse gas emission allowance trading within the Community
6. Directive 2009/29/EC amending Directive 2003/87/EC so as to improve and extend the greenhouse gas emission allowance trading scheme of the Community
7. Directive 2009/30/EC amending Directive 98/70/EC as regards the specification of petrol, diesel and gas-oil and introducing a mechanism to monitor and reduce greenhouse gas emissions and amending Council Directive 1999/32/EC as regards the specification of fuel used by inland waterway vessels and repealing Directive 93/12/EEC relating to the sulphur content of certain liquid fuels
8. Decision No 406/2009/EC on the effort of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments up to 2020
9. Commission Decision 2011/278/EU determining transitional Union-wide rules for harmonised free allocation of emission allowances pursuant to Article 10a of Directive 2003/87/EC establishing a scheme for greenhouse gas emission allowance

trading within the Community
10. Regulation no. 1005/2009 on substances that deplete the ozone layer
11. Regulation no. 842/2006 of the European Parliament and of the Council on certain fluorinated greenhouse gases
12. Council Decision no. 97/101/EU establishing a reciprocal exchange of information and data from networks and individual stations measuring ambient air pollution within the Member States
13. Council Decision no. 2001/752/EU amending the Annexes to Council Decision 97/101/EC establishing a reciprocal exchange of information and data from networks and individual stations measuring ambient air pollution within the Member States
14. Commission Decision no. 2004/224/EU laying down arrangements for the submission of information on plans or programmes required under Council Directive 96/62/EC in relation to limit values for certain pollutants in ambient air
15. Commission Decision 2004/461/EC laying down a questionnaire to be used for annual reporting on ambient air quality assessment under Council Directives 96/62/EC and 1999/30/EC and under

			Directives 2000/69/EC and 2002/3/EC of the European Parliament and of the Council (replaced the Decision 2001/839/EU) 16. Decision no. 280/2004/EU of the European Parliament and of the Council concerning a mechanism for monitoring Community greenhouse gas emissions and for implementing the Kyoto Protocol 17. Commission Regulation (EU) no. 031/2010 on the timing, administration and other aspects of auctioning of greenhouse gas emission allowances pursuant to Directive 2003/87/EU establishing a scheme for greenhouse gas emission allowance trading within the Community 18. Commission Decision no. 2007/589/EC establishing guidelines for the monitoring and reporting of greenhouse gas emissions pursuant to Directive 2003/87/EC, amended and supplemented with the Commission Decision 2011/540/EC							
3.28.	Implement Article 115, 116 and 117 of SAA	Law on waste from the extractive industry, adopted	1. Directive 2006/21/EC on the management of waste from mines	MESP	Assembly MTI MOF MED MEI ICMM Mine operators	Q4 2017	P	9,000.00	0.00	9,000.00

3.28.	Implement Article 115, 116 and 117 of SAA	Law no. 03/L -119 on biocide products (amended), adopted	1. Regulation no. 528/2012 on biocidal products 2. Regulation 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals -REACH 3. Regulation no. 1272/2008 on classification, labelling and packaging of substances and mixtures-CLP	MESP	Assembly MoH MTI MAFRD	Q3 2017	P		7,000.00	0.00	7,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	Law no. 02/L-53 on hunting (amended), adopted	1. Directive 92/43/EEC on the conservation of natural habitats and of wild fauna and flora 2. Directive 79/409/EEC on the conservation of wild birds 3. Bon Convention on the Conservation of Migratory Species of Wild Animals 4. Berne Convention on the Conservation of European Wildlife and Natural Habitats 5. Rio Convention on Biodiversity	MAFRD	Assembly	Q3 2017	P		10,500.00	0.00	10,500.00
3.28.	Implement Article 115, 116 and 117 of SAA	Law no. 2003/3 on Forests in Kosovo (amended)	1.Regulation (EU) no. 691/2011 of the European Parliament and of the Council of 6 July 2011 on European environmental economic accounts 2.Regulation (EU) no. 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market	MAFRD	Assembly	Q2 2017	P		2,000.00	0.00	2,000.00
3.28.	Implement Article 115, 116 and 117 of	Law no. 02/L-102 on Noise Protection	1. Directive no. 2002/49/EC relating to	MESP	Assembly MoH	Q3 2017	P		7,000.00	0.00	7,000.00

	SAA	(amended), adopted	the assessment and management of environmental noise		MEI MLGA Municipalities					
3.28. Bylaws and other regulatory acts										
3.28.	Implement Article 115, 116 and 117 of SAA	AI no. 06/2007 on the rules and standards of the discharges on air by the stationary sources of pollution (amended), adopted	1. Directive 2010/75/EU on industrial emissions	MESP	MTI MED MoH MoF	Q4 2017	P	9,000.00	0.00	9,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	AI on the list of categories of hazardous waste by origin and content - List Y (new bylaw), adopted	1. Basel Convention on transboundary movement of hazardous waste	MESP	MTI MED MoH MoF MEI	Q1 2017	P	3,500.00	0.00	3,500.00
3.28.	Implement Article 115, 116 and 117 of SAA	AI No. 15/12 of waste landfills management (amended), adopted	1. Council Directive 1999/31/EC	MESP	MTI MED MoH MoF MEI	Q2 2017	P	4,000.00	0.00	4,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	AI No. 10/2012 upon the technical list on chemicals safety and method to fill it (amended), adopted	1. Directive 1907/2006/EC- REACH	MESP	MTI MED MoH MoF MEI	Q3 2017	P	7,000.00	0.00	7,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	AI on waste containing persistent organic pollutants, adopted	1. Regulation No. 850/2004 - POPs	MESP	MTI MED MoH MoF MEI	Q4 2017	P	9,000.00	0.00	9,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	AI No. 18/2012 for proclamation of wild species protected and strictly protected (amended - supplemented), adopted	1. Directive No. 2013/17/EC amending Directive No. 2009/147/ECand Directive No. 92/43/EEC of the European Council	MESP	MAFRD	Q4 2017	P	9,000.00	0.00	9,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	The decision on declaring the natural park "Pashtrik Mountain" and "Vermica Lake" with protected area status, issued	1. Council Directive 92/43/EEC amended by the Directive No. 97/62/EC, Directive No. 2006/105/EC and Regulation (EC) No. 1882/2003	MESP	OPM MAFRD MEI MoF Municipalities	Q3 2017	P	7,000.00	0.00	7,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	The decision on allowing the outdoor capture of local wild species and their	1. Council Regulation (EC) 338/97	MESP	MAFRD MEI MoF Municipalities	Q2 2017	P	4,000.00	0.00	4,000.00

		sustainable use, issued		s						
3.29. Acquis Chapter 28: Consumer and Health Protection										
3.29.	Framework legislation									
3.29.	Consumer protection									
3.29.	Implement Article 81 of SAA	Law on Consumer Protection, adopted (amended)	1. Directive 85/374/EEC concerning liability for defective products. 2. Directive 2002/65/EC concerning the distance marketing of consumer financial services 3. Directive 2008/122/EC on the protection of consumers in respect of certain aspects of timeshare, long-term holiday product, resale and exchange contracts. 4. Directive 2011/83/EU on consumer rights.	MTI	CBK MoH MAFRD	Q1 2017	P	1,000.00	10,000.00	11,000.00
3.29.	Health protection									

3.29.	Implement Article 106 of SAA	Law on blood transfusion, adopted (amended/ supplemented)	1. Directive 2002/98/EC setting standards of quality and safety for the collection, testing, processing, storage and distribution of human blood and blood components 2. Directive 2004/33/EC implementing Directive 2002/98/EC of the European Parliament and of the Council as regards certain technical requirements for blood and blood components 3. Directive 2005/61/EC of 30 September 2005 implementing Directive 2002/98/EC as regards traceability requirements and notification of serious adverse reactions and events 4. Directive 2005/62/EC implementing Directive 2002/98/EC of the European Parliament and of the Council as regards Community Standards and specifications relating to a quality system for blood establishments.	MoH	MoF MEI	Q2 2017	P		5,000.00	0.00	5,000.00
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3.29.	Implement Article 106 of SAA	Draft Law on Reproductive Health, adopted	1.Directive 2004/23 on setting standards of quality and safety for the donation, procurement, testing, processing, preservation, storage and distribution of human tissues and cells. 2. Commission Directive 2006/86/EC Commission Directive 2006/86/EC.	MoH	MoF MEI	Q4 2017	P		5,000.00	0.00	5,000.00
3.29. Bylaws and other regulatory acts											
3.29. Consumer Protection											
3.29.	Implement Article 81 of SAA	Administrative Instruction on E-commerce purchases, adopted	Transposition of Directive 2000/31/EC	MTI		Q4 2017	P		500.00	0.00	500.00
3.29. Health Protection											
3.29.	Implement Article 106 of SAA	Administrative Instruction for the conditions of inspection and control measures in the field of transplanting tissues and cells, adopted (new bylaw)	Decision 2010/453/EC establishing guidelines concerning the conditions of inspections and control measures and on the training and qualification of officials, in the field of human tissues and cells provided for in Directive 2004/23.	MoH	MoF MEI	Q1 2017	P		2,500.00	2,500.00	5,000.00
3.29.	Implement Article 106 of SAA	Administrative Instruction on the import and export of tissues and cells, adopted (new bylaw)	Directive 2015/566/EU implementing Directive 2004/23/EC as regards the procedures for verifying the equivalent standards of quality and safety of imported tissues and cells.	MoH	MoF MEI	Q1 2017	P		2,500.00	2,500.00	5,000.00
3.29.	Implement Article 106 of SAA	Administrative Instruction for combined warnings on tobacco packages, adopted (new bylaw)	Decision 2003/641/EC Decision C (2005) 1452 Decision C (2005) 1502 BE	MoH	MoF MEI	Q1 2017	P		2,500.00	2,500.00	5,000.00

3.29.	Implement Article 106 of SAA	Administrative Instruction for Pharmacovigilance, adopted	Directive 2001/83/EC on the Community code relating to medicinal products for human use (Consolidated Version)	MoH	MoF MEI	Q4 2017	P	2,500.00	2,500.00	5,000.00
3.29.	Implement Article 106 of SAA	Administrative Instruction on best distribution practices, adopted	1. Directive 2001/83/EC on the Community code relating to medicinal products for human use; 2. Directive 2011/62/ECAmending Directive 2001/83/EC on the Community code relating to medicinal products for human use, as regards the prevention of the entry into the legal supply chain of falsified medicinal products/Text with EEA relevance	MoH	MoF MEI	Q4 2017	P	2,500.00	2,500.00	5,000.00
3.29.	Implement Article 106 of SAA	Administrative Instruction on obligations and qualifications of responsible person, adopted	Directive 2004/23 on setting standards of quality and safety for the donation, procurement, testing, processing, preservation, storage and distribution of human tissues and cells.	MoH	MoF MEI	Q4 2017	P	2,500.00	2,500.00	5,000.00
3.29.	Implement Article 106 of SAA	Administrative Instruction on the conditions and procedures related to the experimentation, marking, treating, processing, storing, distributing, guaranteeing quality and security, for granting the license of health institutions for tissues and cells, adopted	Directive 2004/23 on setting standards of quality and safety for the donation, procurement, testing, processing, preservation, storage and distribution of human tissues and cells.	MoH	MoF MEI	Q4 2017	P	2,500.00	2,500.00	5,000.00

3.29.	Implement Article 106 of SAA	Administrative Instruction for registration of multivitamins, minerals, oligominerals, herbal substances, herbal preparations and other products for which there is no need for marketing authorization, adopted	1. Directive 2002/46/EC on the approximation of the laws of the Member States relating to food supplements; 2. Regulation (EC) No. 1170/2009 amending Directive 2002/46/EC of the European Parliament and of Council and Regulation (EC) No 1925/2006 of the European Parliament and of the Council as regards the lists of vitamin and minerals and their forms that can be added to foods, including food supplements; 3. Directive 2008/100/EC amending Council Directive 90/496/EEC on nutrition labelling for foodstuffs as regards recommended daily allowances, energy conversion factors and definitions.	MoH	MoF MEI	Q4 2017	P		2,500.00	2,500.00	5,000.00
3.30. Acquis Chapter 29: Customs Union											
3.30.	<u>Framework legislation</u>										

3.30.	Implement Article 77 and 104 of SAA	Kosovo Customs and Excise Code no 03/L - 109, amended and supplemented by 04/L099, adopted	1. Council Regulation (EEC) No 2913/92 of 12 October 1992 establishing the Community Customs Code (Council Regulation EEC) no 1913/92 establishing the Community Customs Code (OJ L 302, 19.10.1992, p.1), amended and supplemented. 2. Regulation (EC) No.82/97 of the European Parliament and of the Council of 19 December 1996 L 17121.1.1997; Regulation (EC) No.955/1999 of the Parliament's and Council of 13 April 1999 L 119 1 7.5.1999 3. Regulation (EC) no. 2700/200 of the Parliament and EC of 16 November 2000 L 311 17 12.12.2000 4. Regulation (EC) no 648/2005 of the European Parliament and of the Council of 13 April 2005 L 117 13.04.5.2005 5. Council Regulation (EC) no. 1791/2006 date 20 November 2006 L 363 1 20.12.2006 L 363 1 20.12.2006 supplemented by the membership act of Austria, Sweden and Finland C 241 21 29.8.1994 (adopted by Council Decision 95/1 KE, Euratom, ECSC L 1 1 1 1.1995	MoF	TAK KC	Q4-2017	P		20,000.00	0.00	20,000.00
3.30.	<u>Bylaws and other regulatory acts</u>										

3.30.	Implement Article 77 and 104 of SAA	Administrative Instruction No.11/2009 on the Implementation of the Customs and Excise Code of Kosovo, adopted (amended)	Council Regulation (EEC) No 2913/92 of 12 October 1992 establishing the Community Customs Code (Council Regulation EEC) no 1913/92 establishing the Community Customs Code (OJ L 302,19.10.1992,p.1), amended and corrected	MoF	KC	Q4 2017	P		10,000.00	0.00	10,000.00
3.30.	Implement Article 77 and 104 of SAA	Administrative Instruction on pre-declaration prior to arrival for the implementation of Law No. 04/L-099 amending the Customs and Excise Code of Kosovo (amended), adopted	Regulation no. 648/2005 of the Parliament and the Council (Reg.2913/1992)	MoF	KC	Q4 2017	P		10,000.00	0.00	10,000.00

3.31. Acquis Chapter 30: External Relations

3.31. This chapter only contains the narrative section.

3.32. Acquis Chapter 31: Foreign, Security and Defence Policy

3.32. This chapter only contains the narrative section.

3.33. Acquis Chapter 32: Financial Control

3.33. Framework legislation

3.33. No short-term measures are foreseen under this section.

3.33. Bylaws and other regulatory acts

3.33.	Implement Article 97 of SAA	Development of secondary legislation for the implementation of the Law on Public Internal Financial Control	1. INTOSAI guidelines for internal control standards in public sector and COSO framework	MoF	CHU/MOFK Treasury Budget	Q4 2017	P		10,400.00	0.00	10,400.00
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3.34. Acquis Chapter 33: Financial and Budgetary Provisions

3.34. This chapter only contains its narrative section, including short-term measures.

3.35. Acquis Chapter 34: Institutions

3.35. This programme does not cover this chapter at this stage of EU accession.

3.36. Acquis Chapter 35: Other issues

3.36. This programme does not cover this chapter at this stage of EU accession.

Implementing measures

No.	Objectives/ Reference framework	Measures/Actions	Indicators	Responsible institutions	Supporting institutions	Deadline	Reference documents	Budget		
								BRK	Donors	TOTAL

1. BLOCK I: POLITICAL CRITERIA

1.1. Democracy and Rule of Law

1.1.1. Constitution, Parliament and Electoral System										
1.1.1.	<u>Policy framework</u>									
1.1.1.	Implement SAA provisions on administration of the Assembly of Republic of Kosovo (Article 120) Implement Article 120 of SAA	Further improvement of the policy framework in the area of administration of the Assembly, in order to implement SAA provisions and the aligned legislation	Strategy on international inter-parliamentary cooperation , adopted	Assembly		Q1-2017		2,500.00	0.00	2,500.00
1.1.1.	<u>Institutional reforms and capacity-building</u>									
1.1.1.	No short-term measures are foreseen under this section.									
1.1.1.	<u>Implementation and enforcement</u>									
1.1.1.	Implement Article 120 and 132 of SAA	Continue the regular monitoring of the work of independent institutions	Number of reports of independent institutions	Assembly		Q4 2017		700.00	0.00	700.00
1.1.1.	Implement Article 120 and 132 of SAA	Continue monitoring of laws	Number of recommendations from monitoring and implementation	Assembly		Q4-2017		700.00	0.00	700.00
1.1.2. Public Administration										
1.1.2.	<u>Policy framework</u>									
1.1.2.	Implement Article 120 of SAA	Advanced and implemented legal and sub legal framework for delivering public services, administrative procedures and their quality control (Strategy on Modernization of Public Administration)	SMPA and APSMPA, adopted	MPA		Q3-Q4	Report on assessing the APSMAP implementation	2,500.00	0.00	2,500.00
1.1.2.	Implement Article 120 of SAA	Advanced d and implemented legal and sub legal framework for delivering public services, administrative procedures and their quality control (Strategy on Modernization of Public Administration)	Job classification, completed	MPA		Q4-2017	Strategy on Modernization of Public Administration20 15-2020	1,500.00	0.00	1,500.00

1.1.2.	Implement Article 120 of SAA	Advanced and implemented legal and sub legal framework for delivering public services, administrative procedures and their quality control (Strategy on Modernization of Public Administration)	3. Job catalogue in the Civil Service, updated	MPA		Q4-2017	Strategy on Modernization of Public Administration20 15-2020	1,500.00	0.00	1,500.00
1.1.2.	Implement Article 120 of SAA	Advanced and implemented legal and sub legal framework for delivering public services, administrative procedures and their quality control (Strategy on Modernization of Public Administration)	New salaries system in KCS, implemented.	MPA		Q4-2017	Strategy on Modernization of Public Administration20 15-2020	5,000,000.00	0.00	5,000,000.00
1.1.2.	Implement Article 120 of SAA	Completed and implemented legal and sub legal framework for delivering public services, administrative procedures and their quality control (Strategy on Modernization of Public Administration)	HRMIS, functional and linked to other systems	MPA		Q1-Q4	Law on Civil Service and Regulation on Central Register of CSs	60,000.00	0.00	60,000.00
1.1.2.	Implement Article 120 of SAA	Advanced and implemented legal and sub legal framework for delivering public services, administrative procedures and their quality control	Electronic systems interoperability platform, developed	MPA		Q4-2017	APSMPA 2015- 2017	300.00	0.00	300.00

1.1.2.	Implement Article 120 of SAA	Advanced and implemented legal and sub legal framework for delivering public services, administrative procedures and their quality control	MPA integrity plan, drafted	MPA		Q1-2017	PVSMPA 2015-2017	700.00	0.00	700.00
1.1.2.	Implement Article 120 of SAA	Advanced and implemented legal and sub legal framework for delivering public services, administrative procedures and their quality control	National Action Plan for Open Data, drafted	MPA	OPM, MLGA, MEI	Q4-2017	Open Data Charter in the Republic of Kosovo 2016	700.00	0.00	700.00
1.1.2.	Implement Article 120 of SAA	Advanced and implemented legal and sub legal framework for delivering public services, administrative procedures and their quality control	Local Economic Development Strategy, drafted	MLGA	MCYSMESP MPAMEST MED	Q4 2016		4,800.00	23,520.00	28,320.00
1.1.2.	Implement Article 120 of SAA	Advanced and implemented legal and sub legal framework for delivering public services, administrative procedures and their quality control	Draft Law on municipal immovable property management, drafted	MLGA	MCYSMESP MPAMEST MED	Q4 2017		9,850.00	0.00	9,850.00
1.1.2.	Implement Article 120 of SAA	Advanced and implemented legal and sub legal framework for delivering public services, administrative procedures and their quality control	20 projects of NGOs for advancing local self-government, funded	MLGA	Municipalities	Q4 2017		203,649.00	0.00	203,649.00

1.1.2.	Implement Article 120 of SAA	Advanced and implemented legal and sub legal framework for delivering public services, administrative procedures and their quality control	Concept Paper for Local Self-Government Academy, drafted and submitted to the Government	MLGA	OPMMPA MoF MEI ACA	Q2-2017			9,850.00	0.00	9,850.00
<u>Institutional reforms and capacity-building</u>											
1.1.2.	Implement Article 120 of SAA	The continuation of institutional reforms and institutional capacity building in the area of public administration, in order to implement the standards and principles of the EU	The roadmap for qualitative and quantitative review of agencies, adopted	MPA	OPM, MoF, MEI,	Q4-2017	Report on Agency Analysis		700.00	0.00	700.00
1.1.2.	Implement Article 120 of SAA	The continuation of institutional reforms and institutional capacity building in the area of public administration, in order to implement the standards and principles of the EU for PA	Number of e-public administrative services provided by PA, identified	MPA	IRK	Q4-2017	Project IPA II		700.00	0.00	700.00
<u>Implementation and enforcement</u>											
1.1.2.	No short-term measures are foreseen under this section.										
<u>1.1.3. Ombudsperson</u>											
1.1.3.	<u>Policy framework</u>										
1.1.3.	No short-term measures are foreseen under this section.										
1.1.3.	<u>Institutional reforms and capacity-building</u>										
1.1.3.	Implement Article 120 of SAA	Improve the conditions for the functioning of OI	OI budget for 2017, adopted in accordance with the budgetary request dated 20 June 2016 for OI	Ministry of Finance	Assembly	Q1-2017	Law on Ombudsperson		1,336,219.00	0.00	1,512,855.06
1.1.3.	Implement Article 120 of SAA	Enhance the functioning of the structures Ombudsperson Institution	Ombudsperson Deputies, appointed	Assembly	OI	Q2-2017	Law on Ombudsperson		76,260.00	0.00	76,260.00

1.1.3.	Implement Article 120 of SAA	Enhance the functioning of the structures (departments) of the Ombudsperson (restructuring of the existing departments)	Department of Admission and Administration of Complaints, operationalized (13 employees engaged within this department)	OI		Q2-2017	Law on Ombudsperson and Regulation for Internal Organization and Systematization of Jobs at the Ombudsperson Institution	138,052.40	0.00	138,052.40
1.1.3.	Implement Article 120 of SAA	Enhance the functioning of the structures (departments) of the Ombudsperson (restructuring of the existing departments)	Department on Prevention of Torture, operationalized	OI		Q2-2017	Law on Ombudsperson and Regulation on Internal Organization and Systematization of Job Positions at the Ombudsperson Institution	57,333.60	0.00	57,333.60
1.1.3.	Implement Article 120 of SAA	Enhance the functioning of the structures (departments) of the Ombudsperson (restructuring of the existing departments)	Department of Investigation of Complaints, operationalized (10 employees engaged within this department)	OI		Q2-2017	Law on Ombudsperson and Regulation on Internal Organization and Systematization of Job Positions at the Ombudsperson Institution	116,450.80	0.00	116,450.80
1.1.3.	Implement Article 120 of SAA	Enhance the functioning of the structures (departments) of the Ombudsperson (restructuring of the existing departments)	Department on Protection from Discrimination, operationalized (4 employees engaged within this department)	OI		Q2-2017	Law on Ombudsperson and Regulation on Internal Organization and Systematization of Job Positions at the Ombudsperson Institution	46,511.88	0.00	46,511.88
1.1.3.	Implement Article 120 of SAA	Enhance the functioning of the structures (departments) of the Ombudsperson (restructuring of the existing departments)	Department on Protection of the Rights of the Child, operationalized (3 employees engaged within this department)	OI		Q2-2017	Law on Ombudsperson and Regulation on Internal Organization and Systematization of Job Positions at the Ombudsperson Institution	35,789.88	0.00	35,789.88
1.1.3.	Implement Article 120 of SAA	Enhance the functioning of the	Department on Legal Affairs,	OI		Q2-2017	Law on Ombudsperson	35,789.88	0.00	35,789.88

		structures (departments) of the Ombudsperson (restructuring of the existing departments)	operationalized (3 employees engaged within this department)				and Regulation on Internal Organization and Systematization of Job Positions at the Ombudsperson Institution			
1.1.3.	Implement Article 120 of SAA	Enhance the functioning of the structures (departments) of the Ombudsperson (restructuring of the existing departments)	Department on Cooperation, Reporting and Promotion of Human Rights, operationalized	OI		Q2-2017	Law on Ombudsperson and Regulation on Internal Organization and Systematization of Job Positions at the Ombudsperson Institution	34,709.88	0.00	34,709.88
1.1.3.	Implement Article 120 of SAA	Building human capacities in the Ombudsperson Institution	Number of training sessions held	OI		Q4-2017	Law on Ombudsperson	17,000.00	0.00	17,000.00
Implementation and enforcement										
1.1.3.	Implement Article 3, 4 and 7 of SAA	Promotion of human rights, realized conform to the mandate	Foreseen promotional activities, carried out (number of roundtables, conferences, promotional visits, publication of promotional materials, etc.)	OI		Q4-2017	Law on Ombudsperson and Regulation on Internal Organization and Systematization of Job Positions at the Ombudsperson Institution	2,100.00	0.00	2,100.00
1.1.3.	Implement Article 3, 4 and 7 of SAA	Regular handling and addressing of citizens complaints filed to OI and addressing recommendations of OI	Number of received complaints	OI		Q4-2017	Law on Ombudsperson	300.00	0.00	300.00
1.1.3.	Implement Article 3, 4 and 7 of SAA	Regular handling and addressing of citizens complaints filed to OI and addressing recommendations of OI	Number of handled complaints	OI		Q4-2017	Law on Ombudsperson	300.00	0.00	300.00
1.1.3.	Implement Article 3, 4 and 7 of SAA	Regular handling and addressing of citizens complaints filed to OI and addressing recommendations of OI	Number of recommendations submitted to responsible authorities	OI		Q4-2017	Law on Ombudsperson	300.00	0.00	300.00

1.1.3.	Implement Article 3, 4 and 7 of SAA	Regular handling and addressing of citizens complaints filed to OI and addressing recommendations of OI	Number of OI recommendations implemented by responsible authorities	OPM/ OGG	Assembly	Q4-2017	Law on Ombudsperson	300.00	0.00	300.00
1.1.3.	Implement Article 3, 4 and 7 of SAA	Enhancing international cooperation	Number of memberships in international mechanisms on human rights	OI		Q4-2017	Law on Ombudsperson	4,000.00	0.00	4,000.00
1.1.4. Civilian Oversight of Security Forces										
1.1.4. Policy framework										
1.1.4	Implement SAA Articles 3 and 12	Further improvement of the policy framework in the area of civil democratic oversight of the Armed Forces	National Security Strategy, adopted	OPM/SKSK	MKSF MIA MFA MoJ KIA MoF	Q3-2017		2,500.00	0.00	2,500.00
1.1.4	Implement SAA Articles 3 and 12	Further improvement of the policy framework in the area of civil democratic oversight of the Armed Forces	Defence strategy, adopted	MKSF	MKSF MIA MFA MoJ MoF	Q4-2017		2,500.00	0.00	2,500.00
1.1.4. Institutional reforms and capacity-building										
1.1.4.	Implement SAA Articles 3 and 12	Continue the institutional reforms in the area of civil democratic oversight of the Armed Forces in order to implement the provisions of the SAA	MKSF and KSF, restructured	MKSF	MoF	Q4 2017		25,514,238.50	0.00	25,514,238.50
1.1.4.	Implement SAA Articles 3 and 12	Continue the institutional reforms in the area of civil democratic oversight of the Armed Forces in order to implement the provisions of the SAA	The Agency on Protection of Classified Information, established	OPM	AKI MoF MIA MKSF MFA MoJ	Q3 2017		25,514,238.50	0.00	25,514,238.50
1.1.4.	Implement SAA Articles 3 and 12	Continue the institutional reforms in the area of civil democratic oversight of the Armed Forces in order to implement the provisions of the SAA	The Parliamentary Commissioner for the Armed Forces, established and operationalized	Assembly	MKSF MIA	Q4 2017/2018		300.00	0.00	300.00

1.1.4.	Implement SAA Articles 3 and 12	Demonstrate concrete results in the area of civil democratic oversight of the armed forces, in accordance with the international principles and practices.	Regular biannual report, published	Assembly	MKSF MIA KIA	Q2, Q4 2017		700.00	0.00	700.00
1.1.4.	Implement SAA Articles 3 and 12	Demonstrate concrete results in the area of civil democratic oversight of the armed forces, in accordance with the international principles and practices.	Regular annual report, published	Assembly	MKSF MIA KIA	Q4 2017		700.00	0.00	700.00
1.1.4.	<u>Implementation and enforcement</u>									
1.1.4.	No short-term measures are foreseen under this section.									
1.2. Regional Cooperation and International Obligations										
1.2.	<u>Policy framework</u>									
1.2.	Implement Article 3, 4, 5, 6, 7, 8, 10,11, 12, 13, 14, 16,17,19 of SAA	Further improvement of the policy framework in the area of regional cooperation and international obligations of the Republic of Kosovo	Common Access Strategy, adopted	OPM	Ministries within Commission; Commission on Human Rights, Gender Equality, Missing Persons and Petitions; Prosecution Offices, Agency on Forensics; International organizations engaged in the process of resolving the fate of missing persons; Family associations	Q3-2017		0.00	4,000.00	4,000.00

1.2.	Implement Article 3, 4, 5, 6, 7, 8, 10,11, 12, 13, 14, 16,17,19 of SAA	Further improvement of the policy framework in the area of regional cooperation and international obligations of the Republic of Kosovo	Agreement with the Republic of Croatia, signed	MFA	OPM	Q3-2017		2,000.00	0.00	2,000.00										
1.2.	Implement Article 3, 4, 5, 6, 7, 8, 10,11, 12, 13, 14, 16,17,19 of SAA	Further improvement of the policy framework in the area of regional cooperation and international obligations of the Republic of Kosovo	Regional List of Missing Persons, drafted	OPM	MFA	Q2-2017		2,000.00	0.00	2,000.00										
1.2.	<u>Institutional reforms and capacity-building</u>																			
1.2.	Implement Article 3, 4, 5, 6, 7, 8, 10,11, 12, 13, 14, 16,17,19 of SAA	Continuation of institutional reforms in the field of regional cooperation and international obligations	Forensic capacity building (The number of forensic anthropologists)	MoJ	MEST, MCYS, OPM	Q3-2017		0.00	20,000.00	20,000.00										
1.2.	<u>Implementation and enforcement</u>																			
1.2.	No short-term measures are foreseen under this section.																			
2. BLOCK II -ECONOMIC CRITERIA																				
2.1. Existence of a Functional Market Economy																				
2.1.	This chapter of the Programme only contains its narrative section, including the short-term measures.																			
2.2. Capacity to Cope with Competitive Pressure and Market Forces within the Union																				
2.2.	This chapter of the Programme only contains its narrative section, including the short-term measures.																			
3. BLOCK III -EUROPEAN STANDARDS - APPROXIMATION OF KOSOVO'S LEGISLATION WITH THE EU ACQUIS																				
3.1. Legal Framework on Approximation of Kosovo's Legislation with the EU Acquis																				
3.1.	This chapter of the Programme only contains its narrative section, including the short-term measures.																			
3.2. Acquis Chapter 1: Free Movement of Goods																				
3.2. Policy framework																				
3.2.	Implement Article 80 of SAA	Improving the policy framework in the sectors of quality infrastructure	1. Strategy on Quality Infrastructure of Private Sector 2016-2021, which includes quality infrastructure, adopted	MTI	MoF, MEL, MoH, MED	Q2 2017	NDS	1,600.00	0.00	1,600.00										
3.2.	<u>Institutional reforms and capacity-building</u>																			
3.2.	Implement Article 80 of SAA	Capacity building of the staff of Quality Infrastructure	1. 8 officers of the Market Surveillance Inspectorate, recruited	MTI	MoF	Q1 2017	Country Report 2016	20,000.00	0.00	20,000.00										

3.2.	Implement Article 80 of SAA	Capacity building of the staff of Quality Infrastructure	2. Training sessions in the field of quality infrastructure, held (at least 5 training sessions for market surveillance, 2 training modules in the field of accreditation, 3 in the field of standardization and 2 in the field of metrology	MTI	KMA	Q4 2017	ERA, Country Report 2016, Private Sector Development Strategy 2013-2017	16,300.00	13,000.00	29,300.00
3.2.	Implement Article 80 of SAA	Increasing Number of accredited bodies for conformity assessment	1. Number of accredited Conformity Assessment Bodies	MTI		Q4 2017	Private Sector Development Strategy 2013-2017	6,600.00	0.00	6,600.00
3.2.	Implement Article 80 of SAA	Adoption of European and international standards	1. 1,500 European and International Standards, adopted	MTI	KAS	Q4 2017	Private Sector Development Strategy 2013-2017. ERA	33,500.00	0.00	33,500.00
	Implement Article 80 of SAA	Implementation of adopted standards	1. Online service system of stakeholders on standards, developed and functional	MTI		Q4 2017		6,000.00	0.00	6,000.00
3.2.	<u>Implementation and enforcement</u>									
3.2.	Implement Article 80 of SAA	Raising awareness of businesses regarding the product security	1. Informative meetings with regards to the standards in businesses and educational institutions, held	MTI	University of Prishtina	Q4 2017	Private Sector Development Strategy 2013-2017, MTI Work Plan 2017	4,100.00	0.00	4,100.00

3.2.	Implement Article 80 of SAA	Improving the market surveillance	1. At least 260 inspections carried out to control dangerous, electrical products, construction materials, child toys, a number of inspections carried out for monitoring the quality of petroleum fuels, other inspections including prices, published sales -fraudulent advertisements, product declaration, verification of the cleanliness of precious metals works, verification of data about the origin of goods, piracy, industrial property, as well as technical acceptances	MTI	DK, KP	Q4 2017	Private Sector Development Strategy 2013-2017, MTI Work Plan 2017	75,000.00	0.00	75,000.00		
3.2.	Implement Article 80 of SAA	Improving the market surveillance	2. Electronic database for informing the public regarding the dangerous products in the market, operationalized	MTI		Q4 2017	MTI Work Plan 2017, EC 2016 Kosovo Report	3,400.00	0.00	3,400.00		
3.3. Acquis Chapter 2: Free Movement of Workers												
3.3.	<u>Policy framework</u>		Implement Article 79, paragraph 9 of SAA	Negotiation of bilateral agreements on social insurance	1. Bilateral agreement with Switzerland, Belgium, Albania, Germany, Austria, Croatia, negotiated	MLSW	MFA,MEI,M oH,MoF	Q4 2017	Law No. 04/L-131 on Pension Schemes Financed by the State	90,000.00	0.00	90,000.00
3.3.	Institutional reforms and capacity-building											
3.3.	No short-term measures are foreseen under this section.											
3.3.	Implementation and enforcement											
3.3.	No short-term measures are foreseen under this section.											
3.4. Acquis Chapter 3: Right of Establishment and Freedom to Provide Services												
3.4.	<u>Policy framework</u>		Implement Articles 51, 56, 57, and 58 of SAA	Gap analysis of horizontal legislation regarding further harmonization with the Services Directive	1. Gap analysis of legislation, completed	MTI	MEST, MIA, MLSW, MoJ, MLGA,MEI, MED, MoH, OPM, MoF	Q3 2017	Project Inception Report; DT Work Plan.	10,000.00	166,720.00	176,720.00

3.4.	Implement Articles 51, 56, 57, and 58 of SAA	Gap analysis of horizontal legislation regarding further harmonization with the Services Directive	2. Action Plan for the transposition of Services Directive, completed	MTI	MEST, MIA, MLSW, MoJ, MLGA, MEI, MED, MoH, OPM, MoF	Q4 2017	ERA, Project Inception Report; DT Work Plan.	10,000.00	166,720.00	176,720.00
<u>3.4. Institutional reforms and capacity-building</u>										
3.4. No short-term measures are foreseen under this section.										
<u>3.4. Implementation and enforcement</u>										
3.4.	Implement Articles 51, 57 and 58 of SAA	Implementation and expansion of free trade regime within CEFTA	1. Database updated and divided into six categories: TIS Database 1 (Statistics), TIS Database 2 (Legal Regulation), TIS Database 3 (Key stakeholders), TIS Database 4 (Trade Barriers), TIS Database 5 (Protective and Offensive Measures), TIS Database 6 (Trade Agreements)	MTI	MEST, MIA, MLSW, MoJ, MLGA, MEI, MED, MoH, OPM, MoF, TAK, CBK	Q4 2017	MTI (TIS Database), Work Plan, Sector Researches	3,000.00	1,000.00	4,000.00
3.4.	Implement Articles 51, 57 and 58 of SAA	Implementation and expansion of free trade regime within CEFTA	2. Transport, financial, communication and health services, negotiated	MTI	MEST, MIA, MLSW, MoJ, MLGA, MEI, MED, MoH, OPM, MoF, TAK, CBK	Q12017	Work Plan, Sector Researches	7,000.00	0.00	7,000.00
3.4.	Implement Article 56 of SAA	Verification of occupational standard	1. Decision and publication of occupational standards, adopted	MEST	VET providers	Q4 2017	Law No. 03/L/060 on National Qualifications; National Development Strategy 2016/2021; AI No. 28/2014 on criteria and procedures for the verification of the occupational standard	15,809.20	0.00	15,809.20

3.4.	Implement Article 56 of SAA	Validation of qualifications and VET providers accreditation	1. Decision and publication of for adopted qualifications;	MEST	Vocational Schools	Q4 2017	Law No. 03/L/060 on National Qualifications Framework; National Development Strategy 2016/2021; AI no 35/2014 on criteria and procedures for the validation and approval of national qualification and accreditation of institutions providing qualifications in Kosovo; AI no 32/2014 on criteria and ensuring the quality of vocational education and training institutions- internal processes	2,043.00	0.00	2,043.00
3.4.	Implement Article 56 of SAA	Increasing quality in VET by monitoring accredited institutions	2. Monitoring software, developed.	MEST	ALLED	Q4 2017	Law No. 03/L/060 on National Qualifications Framework; National Development Strategy 2016/2021; AI no 35/2014 on criteria and procedures for the validation and approval of national qualification and accreditation of institutions providing qualifications in Kosovo; AI no	2,086.00	20,000.00	22,086.00

							32/2014 on criteria and ensuring the quality of vocational education and training institutions – internal processes			
3.4.	Implement Article 56 of SAA	Increasing quality in VET by monitoring accredited institutions	3. Number of monitoring according to the requests of parties regarding the eventual irregularities from ACA	MEST	ALLED	Q4 2017	Law No. 03/L/060 on National Qualifications Framework; National Development Strategy 2016/2021; AI no 35/2014 on criteria and procedures for the validation and approval of national qualification and accreditation of institutions providing qualifications in Kosovo; AI no 32/2014 on criteria and ensuring the quality of vocational education and training institutions – internal processes	5,086.00	5,086.00	10,172.00
3.5. Acquis Chapter 4: Free Movement of Capital										
3.5.	<u>Policy framework</u>									
3.5.	No short-term measures are foreseen under this section.									
3.5.	<u>Institutional reforms and capacity-building</u>									

3.5.	Implement Article 89 of SAA	Continuous capacity-building of the staff of FIU-K for the prevention of money laundering, fighting the terrorism financing and related criminal offences	1. Specialized training session for FIU staff, held	FIU	MoF	Q4 2017	Action Plan of the National Strategy of the Republic of Kosovo on Prevention of and Combating Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2014-2018	15,000.00	0.00	15,000.00
3.5.	Implement Article 89 of SAA	Increase cooperation and exchange of information between the FIU-K and international counterpart institutions with the aim of preventing and detecting money laundering, financing of terrorism and related criminal offenses.	1. Cooperation agreement with international counterparts, signed	FIU	MoF	Q4 2017	Action Plan of the National Strategy of the Republic of Kosovo on Prevention of and Combating Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2014-2019	1,000.00	0.00	1,000.00
3.5. Implementation and enforcement										
3.5.	Implement Article 89 of SAA	Implementation of the National Strategy and Action Plan of the Republic of Kosovo on Prevention and Combating Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2014-2018	1. Action Plan of the National Strategy 2014-2018, reviewed	MoF	FIU-K, KP, KC, TAK, MoJ, KPC, MESP, MTI, Municipalities	Q3 2017	Action Plan of the National Strategy of the Republic of Kosovo on Prevention of and Combating Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2014-2018, Country Report 2016, ERP 2017-2019, ERA	49,000.00	0.00	49,000.00

3.5.	Implement Article 89 of SAA	Implementation of the National Strategy and Action Plan of the Republic of Kosovo on Prevention and Combating Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes2014-2018	1. Sectoral risk assessment for the sectors most susceptible to money laundering and terrorist financing, the establishment of the working group and the identification of risks to AML / CFT , completed	MoF	FIU-K, KP, KC, TAK, MoJ, KPC, MESP, MTI, Municipalities	Q3-2017	Action Plan of the National Strategy of the Republic of Kosovo on Prevention of and Combating Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2014-2018, Country Report 2016, ERP 2017-2019, ERA	25,000.00	0.00	25,000.00
3.5.	Implement Article 89 of SAA	Implementation of the National Strategy and Action Plan of the Republic of Kosovo on Prevention and Combating Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2014-2018	2. Measures to manage the risks identified by the sectorial assessment and addressing them	MoF	FIU-K, KP, KC, TAK, MoJ, KPC, MESP, MTI, Municipalities	Q3-2017	Action Plan of the National Strategy of the Republic of Kosovo on Prevention of and Combating Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2014-2018, Country Report 2016, ERP 2017-2019, ERA	15,000.00	0.00	15,000.00
3.5.	Implement Article 89 of SAA	Implementation of the National Strategy and Action Plan of the Republic of Kosovo on Prevention and Combating Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes2014-2018	3. Non-observed/observed economy in national accounts, measured	MoF	FIU-K, KP, KC, TAK, MoJ, KPC, MESP, MTI, Municipalities	Q4-2017	Action Plan of the National Strategy and Action Plan of the Republic of Kosovo on Prevention and Combating Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes2014-2018, Country Report 2016,	300,000.00	0.00	300,000.00

3.5.	Implement Article 89 of SAA	Monitoring activities within the National Strategy and Action Plan of the Republic of Kosovo on Prevention and Combating Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2014-2020	1. Report on monitoring the Strategy activities, published	MoF	FIU-K, KP, KC, TAK, MoJ, KPC	Q3 2017	Action Plan of the National Strategy and Action Plan of the Republic of Kosovo on Prevention and Combating Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2014-2018, Country Report 2016, ERA	4,000.00	0.00	4,000.00
3.5.	Implement Article 89 of SAA	Raising awareness and communication for the prevention and fighting money laundering and financing of terrorism	1. Number of campaigns, training sessions, seminars, conferences	FIU	CBK, Sector supervisors	Q4-2017	Action Plan of the National Strategy and Action Plan of the Republic of Kosovo on Prevention and Combating Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2014-2018,	4,000.00	0.00	4,000.00
3.6. Acquis Chapter 5: Public Procurement										
3.6.	Policy framework									
3.6.	Implement Article 79 of SAA	Approval of new strategic implementing framework and monitoring	1. National Public Procurement Strategy (2015-2020) and Action Plan (2017), adopted	PPRC	PRBCPA	Q3 2017	Work Plan for 2016, Country Report 2016	304,412.00	0.00	304,412.00
3.6.	Implement Article 79 of SAA	Development of central procurement	1. List of common use items, adopted	CPA		Q1 2017	Law on PP	21,316.50	0.00	21,316.50
3.6.	Institutional reforms and capacity-building									
3.6.	Implement Article 79 of SAA	Building the administrative and institutional capacity in the area of public procurement	1. Number of training sessions and participants at the basic level, including e-procurement, held	PPRC	KIPA	Q4 2017	Training Strategy for Public Procurement, EC 2016 Kosovo Report, PRE 2017-2019	15,000.00	0.00	15,000.00
3.6.	Implement Article 79 of SAA	Making operational the electronic procurement system	1. Obligatory E-procurement at the central and local level, implemented	PPRC	PRB, CPA, MPA, MoF	Q4 2017	Contract on e-Procurement system, Country Report 2016, ERP 2017-2019	49,600.00	0.00	49,600.00

3.6.	Implement Article 79 of SAA	Making operational the electronic procurement system	2. 6 officers: 3 IT officers for e-procurement and 3 other officers, to be recruited	PPRC	MoF	Q3 2017	Contract on e-Procurement system Country Report 2016, ERP 2017-2019	597,200.00	0.00	597,200.00
3.6. Implementation and enforcement										
3.6. No short-term measures are foreseen under this section.										
3.7. Acquis Chapter 6: Company Law										
3.7. Policy framework										
3.7. No short-term measures are foreseen under this section.										
3.7. Institutional reforms and capacity-building										
3.7.	Implement Article 51 of SAA, paragraph 1, 2, 3	Facilitating procedures of doing business	1. Number of online business registration, increased	MTI		Q3 2017	MTI Work Plan for 2017. European Reform Agenda (2.2.a)	500,000.00	0.00	500,000.00
3.7.	Implement Article 51 of SAA, paragraph 1, 2, 3	Facilitating procedures of doing business	2. Business number, unified	MTI	MoF	Q4 2017	MTI Work Plan for 2017, ERA	10,000.00	0.00	10,000.00
3.7. Implementation and enforcement										
3.7.	Implement Article 51 of SAA, paragraph 1, 2, 3	Implementation of the Law on accounting, financial reporting and audit, as well as relevant administrative instructions	1. Seminars for notifying the obligations deriving from the new law on accounting, financial reporting and audit, held	MoF	KFRC TAK	Q2-2017	New law on accounting, financial reporting and audit	8,000.00	0.00	8,000.00
3.8. Acquis Chapter 7: Intellectual Property Law										
3.8. Policy framework										
3.8.	Implement Article 77 and 78 of SAA	Development of policy framework in the field of intellectual property	1. Strategy and Action Plan for the Implementation on the Intellectual Property in Kosovo 2016 - 2020, adopted	MTI	OPM, MCYS, MEI, MoF, Customs, Police	Q3 2017	MTI work plan	4,000.00	7,000.00	11,000.00
3.8.	Implement Article 77 and 78 of SAA	Development of policy framework in the field of intellectual property	2. Strategy and Action Plan for Measures for Reduction of Piracy Level 2017-2020, adopted	MCYS	MTI- IT, MTI-API, MoJ, MoF, MIA-KP, IMC	Q3- 2017	GAWP 2017	4,800.00	0.00	4,800.00
3.8. Institutional reforms and capacity-building										
3.8.	Implement Article 77 and 78 of SAA	Ongoing provision of recommendations for the Government of Kosovo in the field of IPR	1. Recommendations provided in annual meetings of the Intellectual Property State Council	MTI	OPM, MCYS, MEI, MoF, Customs, Police	Q4 2017	MTI work plan	200.00	0.00	200.00

3.8.	Implement Article 77 and 78 of SAA	Delivering training sessions in the field of industrial property for the procedures of examination of industrial property objects	1. Number of training sessions for procedures of examination of industrial property objects (trademarks, patents, industrial design and geographic indications), held	MTI		Q4 2017	MTI work plan	1,800.00	0.00	1,800.00
3.8.	Implement Article 77 and 78 of SAA	Building capacities for combating physical and digital piracy	1. Training on the supervision of implementation of copyright and combating physical and digital piracy for market inspectors, economic crime police, Independent Media Commission, held	MCYS	MTI-IT, IMC, MIA-KP	Q3 2017	GAWP 2017	4,700.00	0.00	4,700.00
3.8.	Implement Article 77 and 78 of SAA	Building capacities of the staff of Collective Associations for Copyright Management	2. Training on Collective Copyright Management for the staff of collective associations, OC staff, media representatives, held	MCYS	Collective Associations, Chamber of Advocates, Media	Q4 2017	Work Plan for the Government of Kosovo for 2017, Law on Copyright and Related Rights	3,600.00	0.00	3,600.00
3.8.	<u>Implementation and enforcement</u>									
3.8.	Implement Article 77 and 78 of SAA	Examination of outstanding cases (Backlog)	1. Number of cases that have been confiscated, proceeded for violations, sentenced, number of complaints of the parties and number of commission decision, issued	MTI	Inspectorate, Police, Customs	Q4 2017	MTI work plan	123,720.00	0.00	123,720.00
3.8.	Implement Article 77 and 78 of SAA	Undertaking continuous actions of Task Force against Piracy	1. Number of activities undertaken against piracy	MCYS	MTI, MoJ, MoF, KP	Q4 2017	EC 2016 Kosovo Report	3,400.00	0.00	3,400.00
3.9.	<u>Acquis Chapter 8: Competition Policy</u>									
3.9.	<u>Policy framework</u>									
3.9.	No short-term measures are foreseen under this section.									
3.9.	<u>Institutional reforms and capacity-building</u>									
3.9.	No short-term measures are foreseen under this section.									
3.9.	<u>Implementation and enforcement</u>									
3.9.	<u>Competition</u>									

3.9.	Implement Article 74 and 75 of SAA	Studying the current situation of market monopolies	1. Study report, prepared	ACA		Q4 2017	Law on Protection of Competition, ERA, Country Report 2016	23,000.00	0.00	23,000.00
3.9.	Implement Article 74 and 75 of SAA	Inspection of companies within the market surveillance	1. Decisions (including those of courts), conclusions, recommendations, issued	ACA		Q4 2017	Law on Protection of Competition, ERA, Country Report 2016	35,500.00	0.00	35,500.00
3.9. State aid										
3.9.	Implement Article 74 and 75 of SAA	Creating the state aid inventory	1. Data from the institutions providing aid, collected	ACA	MoF	Q4 2017	Law on State Aid	6,000.00	0.00	6,000.00
3.9.	Implement Article 74 and 75 of SAA	Preparations for notification and collection of data by the aid provider	1. Development of the standard form for data to be provided	ACA	MoF	Q2 2017	Law on State Aid	6,000.00	0.00	6,000.00
3.9.	Implement Article 74 and 75 of SAA	Preparations for notification and collection of data by the aid provider	2. Form completed by the institutions providing aid, and notifications for new initiatives received by institutions	ACA	MoF	Q4 2017	Law on State Aid	7,500.00	0.00	7,500.00
3.10. Acquis Chapter 9: Financial services										
3.10.	<u>Policy framework</u>									
3.10.	No short-term measures are foreseen under this section.									
3.10.	<u>Institutional reforms and capacity-building</u>									
3.10.	Implement Article 50, 96 and Annex 6 of SAA	Advancement of cooperation and coordination with CBK in fields necessary for the accomplishment of institution mandate	1. Annual programme of "onsite" examination (on the topics for deposits insurance), developed	DIFK	CBK	Q4 2017	DFIK Strategic Plan for the period 2015-2017, Country Report 2016	3,500.00	0.00	3,500.00
3.10.	Implement Article 50, 96 and Annex 6 of SAA	Advancement of cooperation and coordination with CBK in fields necessary for the accomplishment of institution mandate	2. Contingency plan in accordance with the recommendations of the IMF technical assistance mission, finalized	DIFK	CBK	Q4 2017	DFIK Strategic Plan for the period 2015-2017, Country Report 2016	3,500.00	0.00	3,500.00
3.10.	<u>Implementation and enforcement</u>									
3.10.	Implement Article 50, 96 and Annex 6 of SAA	Development of supervisory functions in compliance with contemporary practices and standards	1. Preparation of 3 manuals; banks liquidation, insurance companies supervision and pension funds supervision, drafted	CBK		Q4 2017	DFIK Strategic Plan for the period 2015-2017, Country Report 2016	9,000.00	0.00	9,000.00

3.10.	Implement Article 50, 96 and Annex 6 of SAA	Establishment of cooperation with ASD of Austria, Slovenia and Germany for the implementation of recommendations deriving from PTH assessment;	1. Memorandum of Understanding with ASD of Germany, signed	DIFK		Q4 2017	Business Plan and Budget FV 2017 approved by the managing board	1,270.00	0.00	1,270.00
3.10.	Implement Article 50, 96 and Annex 6 of SAA	Advancing the differential system of premiums and reporting by member banks	1. The methodology for the study of the impact of the transition from the current system of differentiated premiums to the full model based on risk exposure to banks, in accordance with EBA guidelines on the method for calculating the SSD contributions , e developed and tested	DIFK		Q4 2017	Business Plan and Budget FV 2017 approved by the managing board, Country Report 2016	2,000.00	0.00	2,000.00
3.11. Acquis Chapter 10: Information Society and Media										
<u>3.11. Policy framework</u>										
3.11.	Implement Article 109, 110 and 111 of SAA	Creating the conditions appropriate for transition to digital terrestrial broadcasting	1. Strategy for Digitalization of Terrestrial Broadcasting, adopted	IMC	MED RAEPC	Q2 2017	Law on IMC	6,500.00	0.00	6,500.00
3.11.	Implement Article 109, 110 and 111 of SAA	Planning and assessing the frequency bands of special economic importance.	1.Plan for allocation and suing bands for the provision of mobile broadband services, implemented	RAEPC		Q3 2017	Law No.04/L-109 on Electronic Communications; Sector Policy 2013-2020; Medium-term Plan 2015-2017.	1,250.00	0.00	1,250.00
<u>3.11. Institutional reforms and capacity-building</u>										
3.11.	Implement Article 109, 110 and 111 of SAA	Introduction of new measures and changing existing procedures for the purpose of efficiently and effectively contributing to the development of infrastructure of electronic communications	1. Electronic Broadband Telecommunication Infrastructure in Kosovo, established	MED	RAEPC	Q4 2017	Electronic Communication Sector Policy- Kosovo Digital Agenda 2013-2020; Law on Electronic Communications;	204,500.00	0.00	204,500.00
3.11.	Implement Article	KOS-CERT	1. Accreditation of	RAEPC	MIA	Q3 2017	National Cyber	700.00	0.00	700.00

	109, 110 and 111 of SAA	internationalization	KOS-CERT in TRUSTED INTRODUCER		MED		Security Strategy and Action Plan 2016-2019			
3.11.	Implement Article 109, 110 and 111 of SAA	KOS-CERT internationalization	1. Membership of KOS-CERT in FIRST	RAEPC	MIA MED	Q3 2017	National Cyber Security Strategy and Action Plan 2016-2019	700.00	0.00	700.00
3.11.	Implement Article 109, 110 and 111 of SAA	Establishment of mechanisms for reporting incidents and exchanging information with electronic communication service providers and other institutions.	1. Platform for reporting incidents, established	RAEPC	MIA MED	Q4 2017	Electronic Communication Sector Policy 2013-2020; National Cyber Security Strategy and Action Plan 2016-2019	0.00	2,500.00	3,750.00
3.11.	Implement Article 109, 110 and 111 of SAA	Building professional capacities in the field of electronic communications	1. 6 professional officers, employed	RAEPC	Assembly	Q4 2017	Progress Report for Kosovo 2016.	60,000.00	0.00	60,000.00
3.11. Implementation and enforcement										
3.11.	Implement Article 109, 110 and 111 of SAA	Preparation and implementation of the plan for migration to the new code	1. Obtaining and applying the telephone code 383	RAEPC	KG	Q4 2017	Telecommunication Agreement 2013; Sector policy 2013-2020;	22,050.00	0.00	22,050.00
3.11.	Implement Article 109, 110 and 111 of SAA	Creating opportunities for country citizens to use the internet of 30 Mbps and more	1. 70% of citizens use internet connection of 30Mbps, achieved	RAEPC	MED Municipalities	Q4 2017	Sector policy 2013-2020, paragraph 1.1.4.	3,000.00	0.00	3,000.00
3.11.	Implement Article 109, 110 and 111 of SAA	Preparing and implementing the project for establishing the number portability system	1. Number portability system, established	RAEPC		Q4 2017	Law No.04/L-109 on Electronic Communications; Medium-term plan 2015-2017.	402,000.00	0.00	402,000.00
3.11.	Implement Article 109, 110 and 111 of SAA	Measuring internet access service quality parameters	System (equipment and software) for measuring internet access quality parameters, ensured	RAEPC		Q4 2017	Law No.04/L-109 on Electronic Communications; Recommendations of the Assembly of the Republic of Kosovo; Medium-term plan 2015-2017.	30,000.00	0.00	30,000.00
3.12. Acquis Chapter 11: Agriculture and Rural Development										
3.12.	Policy framework									

3.12.	Implement Article 102 of SAA	Further developing the policies in the field of agriculture for the purpose of implementing the provisions of SAA and transposed acquis	1. Annual Program for Agriculture and Rural Development (2014-2020) for measures: 101, 103, 202, 302, 303, 401, 402, 501 and irrigation measures, adopted	MAFRD	Municipalities	Q2 2017	The Program of the Government of the Republic of Kosovo 2015-2018 NDS 2016-2021	9,613.33	0.00	9,613.33
3.12.	Implement Article 102 of SAA	Further developing the policies in the field of agriculture for the purpose of implementing the provisions of SAA and transposed acquis	1. Annual programme for agriculture for direct payments, for area (ha), livestock and livestock products (milk, meat), adopted	MAFRD	Municipalities	Q1 2017	ARDP 2014-2020 NDS 2016-2021 and MTEF 2017-2019	8,129.13	0.00	8,129.13
3.12.	Implement Article 102 of SAA	Further developing the policies in the field of agriculture for the purpose of implementing the provisions of SAA and transposed acquis	1 Analytical document for assessing the support in farm structure, drafted	MAFRD	Faculty of Agriculture	Q4 2017	Program for Agriculture and Rural Development 2014-2020	5,678.21	0.00	5,678.21
3.12.	Implement Article 102 of SAA	Further developing the policies in the field of agriculture for the purpose of implementing the provisions of SAA and transposed acquis	1 Green report - Kosova 2016, published	MAFRD	MoF MTI KAS Customs Faculty of Agriculture	Q4 2017	Program for Agriculture and Rural Development 2014-2020	18,011.15	0.00	18,011.15
3.12.	Implement Article 102 of SAA	Further developing the policies in the field of agriculture for the purpose of implementing the provisions of SAA and transposed acquis	1. Report on trade exchange for Chapters 1-24, according to the country of origin and exporting country, drafted	MAFRD	MoF MTI KAS Customs Faculty of Agriculture	Q4 2017	Program for Agriculture and Rural Development 2014-2020; EC 2016 Kosovo Report	4,688.71	0.00	4,688.71
3.12.	Implement Article 102 of SAA	Further developing the policies in the field of agriculture for the purpose of implementing the provisions of SAA and transposed acquis	1. Reporting on ARDP implementation 2014-2020 (drafting the annual monitoring report 2016), drafted	MAFRD		Q4 2017	The program of the Government of the Republic of Kosovo 2015-2018;	2,214.96	0.00	2,214.96

3.12.	Implement Article 102 of SAA	Further developing the policies in the field of agriculture for the purpose of implementing the provisions of SAA and transposed acquis	1. Action Plan for Organic Agriculture, adopted	MAFRD		Q1 2017	Program for Agriculture and Rural Development 2014-2020; EC 2016 Kosovo Report	4,570.73	0.00	4,570.73
3.12. Institutional reforms and capacity-building										
3.12.	Implement Article 102 of SAA	Reforming the institutional structures in the field of agriculture and rural development their capacity-building for the purpose of implementing the SAA provisions and transposed acquis	1. Seven (7) departments and 20 sectors in AAD, established in compliance with IPARD	MAFRD	MPA MoF	Q4 2017	Program for Agriculture and Rural Development 2014-2020; Recommendations deriving from the 2017 Kosovo Report	196,940.16	0.00	196,940.16
3.12.	Implement Article 102 of SAA	Reforming the institutional structures in the field of agriculture and rural development their capacity-building for the purpose of implementing the SAA provisions and transposed acquis	1. Internal Audit Unit within the Payment Agency, established	MAFRD	MPA MoF	Q4 2017	Framework Agreement between Kosovo and European Commission, date: 27March 2015; Program for Agriculture and Rural Development 2014-2020; IPARD Rules; EC 2016 Kosovo Report	22,896.00	0.00	22,896.00
3.12.	Implement Article 102 of SAA	Reforming the institutional structures in the field of agriculture and rural development their capacity-building for the purpose of implementing the SAA provisions and transposed acquis	1. Sector of Farm Accountancy Data Network, reorganized	MAFRD		Q4 2017	Program for Agriculture and Rural Development 2014-2020	2,500.00	0.00	2,500.00
3.12.	Implement Article 102 of SAA	Reforming the institutional structures in the field of agriculture and rural development their capacity-building for the	1. 19 officers within the AAD (from WB project), transferred and ten (10) new officers, recruited	MAFRD	MPA MoF	Q4	Program for Agriculture and Rural Development 2014-2020; EC 2016 Kosovo Report recommendations	129,363.88	0.00	129,363.88

		purpose of implementing the SAA provisions and transposed acquis								
3.12.	Implement Article 102 of SAA	Reforming the institutional structures in the field of agriculture and rural development their capacity-building for the purpose of implementing the SAA provisions and transposed acquis	1. Number of training sessions and education of advisers and farmers for agriculture and rural development	MAFRD		Q4 2017	Program for Agriculture and Rural Development 2014-2020; Strategy of Advisory Services 2015-2020	200,000.00	0.00	201,596.00
3.12.	Implement Article 102 of SAA	Reforming the institutional structures in the field of agriculture and rural development their capacity-building for the purpose of implementing the SAA provisions and transposed acquis	1. Accreditation package of AAD for two measures of ARDP (Measure 101 and Measure 501), finalized	MAFRD		Q4 2017	Framework Agreement between Kosovo and European Commission, date: 27 March 2015; Program for Agriculture and Rural Development 2014-2020; IPARD Rules	3,758.20	0.00	3,758.00
3.12.	Implement Article 102 of SAA	Reforming the institutional structures in the field of agriculture and rural development their capacity-building for the purpose of implementing the SAA provisions and transposed acquis	1. Operational manual for AAD - for procedures of programming, publicity, monitoring, reporting and assessment, finalized	MAFRD		Q4 2017	Framework Agreement between Kosovo and European Commission, date: 27 March 2015; Program for Agriculture and Rural Development 2014-2020; IPARD Rules	0.00	0.00	1,292.06
3.12.	Implement Article 102 of SAA	Reforming the institutional structures in the field of agriculture and rural development their capacity-building for the purpose of implementing the SAA provisions and transposed acquis	1 Manual on implementation procedures for measure for Technical Assistance 501, finalized	MAFRD		Q4 2018	Framework Agreement between Kosovo and European Commission, date: 27 March 2015; Program for Agriculture and Rural Development 2014-2020; IPARD Rules	1,292.00	0.00	1,292.06
3.12.	Implementation and enforcement									
3.12.	Implement Article 102 of SAA	Further regulation and protection of	1. Number of filed requests, consents	MAFRD	MESP MLGA	Q4 2017	Program of the Government of the	4,983.66	0.00	4,983.66

		agricultural land from change of use of agricultural land	and decisions issued for the change of land use		Municipalities		Republic of Kosovo 2015-2018 Law No. 02L/26 on Agricultural Land Country Report 2016			
3.12.	Implement Article 102 of SAA	Further regulation and protection of agricultural land from change of use of agricultural land	1 Municipal Development Plans, including the Urban and Rural Area, drafted	MAFRD	MESP MLGA Municipalities	Q4 2017	Program of the Government of the Republic of Kosovo 2015-2018 Law No. 02L/26 on Agricultural Land Country Report 2017	350,000.00	350,000.00	702,000.00
3.12.	Implement Article 102 of SAA	Further regulation and protection of agricultural land from change of use of agricultural land	1 Master Plan for Agricultural Land Regulation, drafted	MAFRD	ACA MESP Municipalities	Q4 2017	Land Consolidation Strategy 2010-2020 Law No. 04/L 040 on Land Regulation EC 2016 Kosovo Report	352,000.00	350,000.00	702,000.00
3.12.	Implement Article 102 of SAA	Further regulation and protection of agricultural land from change of use of agricultural land	1. The area of 2370 ha of the agricultural land in seven (7) cadastral zones, regulated	MAFRD	ACA Municipality of Vitia	Q4 2017	Land Consolidation Strategy 2010-2020 Law No. 04/L 040 on Land Regulation Country Report 2016	470,400.00	0.00	470,400.00
3.12.	Implement Article 102 of SAA	Further regulation and protection of agricultural land from change of use of agricultural land	1. 25 ha of the agricultural land in the Cadastral Zone Celine-Municipality of Rahovec, regulated	MAFRD	ACA Municipal Consolidation Commission Municipal Cadastral Office Courts	Q4 2017	Program of the Government of the Republic of Kosovo 2015-2018 Law No. 02L/26 on Agricultural Land Country Report 2016	30,400.00	0.00	30,400.00
3.12.	Implement Article 102 of SAA	Further development of Advising Information Centres in municipalities for agriculture and rural development	1. 34 information centres for training farmers, consolidated and operational	MAFRD	Municipalities Advising Information Centre	Q4 2017	Program for Agriculture and Rural Development 2014-2020, Strategy of Advisory Services 2015-2020	68,466.00	0.00	68,466.00
3.12.	Implement Article 102 of SAA	Further development of Advising Information Centres in municipalities for agriculture and rural development	Received applications for direct payments	MAFRD	Municipalities Advising Information Centre	Q4 2017	Program for Agriculture and Rural Development 2014-2020, Strategy of Advisory Services 2015-2020	1,800.00	0.00	1,800.00
3.12.	Implement Article 102 of SAA	Further development of Advising	4,500 trained farmers	MAFRD	Municipalities	Q4 2017	Program for Agriculture and	1,800.00	0.00	1,800.00

		Information Centres in municipalities for agriculture and rural development			Advising Information Centre		Rural Development 2014-2020, Strategy of Advisory Services 2015-2020			
3.12.	Implement Article 102 of SAA	Improvement and advancement of viticulture sector	1.Quality of grape and wine in 8 (eight) vineyard areas, with an additional area of 3200 ha, improved	MAFRD	Municipalities	Q4 2017	Program for Agriculture and Rural Development 2014-2020	201,000.00	0.00	201,800.00
3.12.	Implement Article 102 of SAA	Improvement and advancement of viticulture sector	1. 450 samples of vineyards, analysed, certified and issuance of permits for trade	MAFRD	Municipalities	Q4 2017	Program for Agriculture and Rural Development 2014-2020	7,700.00	0.00	7,700.00
3.12.	Implement Article 102 of SAA	Strengthening, management and financial control of direct payments and measures for rural development	1. Investments in measures: 101 (investments in physical assets in agricultural holdings), 103 (investments in physical assets for processing and trade in agricultural and fishery products), 202 (agro-environment and organic agriculture), 203 (maintenance and protection of forests), 302 (farm diversification and business development), 303 (preparation and implementation of local development strategies - LEADER approach), 401 (improving training), 402 (advising services), 501 (technical assistance) and measure for irrigation of agricultural land, realized	MAFRD		Q4 2017	Program for Agriculture and Rural Development 2014-2020 Country Report 2016	23,004,353.00	10,000,000.00	33,004,353.00
3.12.	Implement Article 102 of SAA	Assessment of subsidies and grants impact on the development of	1. Economic catalogue for agricultural products, published	MAFRD		Q4 2017	Program for Agriculture and Rural Development 2014-2021	255,000.00	0.00	255,000.00

		agricultural economy								
3.13. Acquis Chapter 12: Food Safety, Veterinary, and Phytosanitary Policy										
3.13. <u>Policy framework</u>										
3.13.	Implement Article 102 of SAA	Further development of the field of food safety, veterinary and phytosanitary policy for the purpose of implementing SAA provisions and transposed acquis	National plan for official controls, sampling and monitoring of residues, adopted	FVA	MAFRD KAI NPIH MTI MoH	Q1 2017	Law no. 03/L-016 on Food Law no. 2004/21 on Veterinary Hygiene package	21,200.00	0.00	21,200.00
3.13.	Implement Article 102 of SAA	Further development of the field of food safety, veterinary and phytosanitary policy for the purpose of implementing SAA provisions and transposed acquis	Training plan for food safety issues for inspectors and operators of food businesses, adopted	FVA		Q4 2017	Regulations of Hygiene Package: 10/2011;11/2011; 12/2011;13/2011.	91,200.00	0.00	91,200.00
3.13.	Implement Article 102 of SAA	Further development of the field of food safety, veterinary and phytosanitary policy for the purpose of implementing SAA provisions and transposed acquis	Multiannual plan for the control and eradication of animal diseases, adopted	FVA	MAFRD NIPH AME	Q4 2017	Law no. 03/L-016 on Food Law no. 2004/21 on Veterinary Hygiene package	1,200.00	0.00	1,200.00
3.13.	<u>Institutional reforms and capacity-building</u>									
3.13.	Implement Article 102 of SAA	Further reform of institutional structures in the field of food safety policy and veterinary and phytosanitary policy, for the purpose of developing provisions of SAA and transposed acquis	Factory for recycling animal by-products, constructed	FVA	MAFRD EUO MESP	Q4 2017	Law no. 2004/21 on Veterinary Feasibility study EC 2016 Kosovo Report	2,500,000.00	0.00	2,500,000.00
3.13.	Implement Article 102 of SAA	Further development of human capacities in the field of food safety policy and veterinary and phytosanitary policy for the purpose of implementing provisions of SAA	1. Number of veterinary entities outsourced for animals disease and identification and registration (I&R)	FVA	MAFRD	Q2 2017	Law no. 03/L-016 on Food Law no. 2004/21 on Veterinary National plan for official controls, sampling and monitoring of residues	1,350.00	0.00	1,350.00

3.13.	Implement Article 102 of SAA	and transposed acquis Further development of human capacities in the field of food safety policy and veterinary and phytosanitary policy for the purpose of implementing provisions of SAA and transposed acquis	Number of FVA officers (for animal health and welfare), trained	FVA	MAFRD	Q1 2017	Law no. 03/L-016 on Food; Law no. 2004/21 on Veterinary; National plan for official controls, sampling and monitoring of residues.	2,688.00	0.00	2,688.00
3.13.	Implement Article 102 of SAA	Further development of human capacities in the field of food safety policy and veterinary and phytosanitary policy for the purpose of implementing provisions of SAA and transposed acquis	Number of FVA officers for sampling of feed, trained	FVA	MAFRD	Q2 2017	Law no. 03/L-016 on Food; Law no. 2004/21 on Veterinary; National plan for official controls, sampling and monitoring of residues.	2,688.00	0.00	2,688.00
3.13. Implementation and enforcement										
3.13.	Implement Article 102 of SAA	Improving the protection of public health and animal health	Number of operators of business with animal and non-animal origin, approved and registered	FVA		Q4 2017	National annual plan for official controls, sampling and monitoring of residues	20,000.00	0.00	20,000.00
3.13.	Implement Article 102 of SAA	Improving the protection of public health and animal health	Number of animals vaccinated against Anthrax and Klostridiale diseases	FVA	MAFRD MoF	Q3 2017	Law no. 2004/21 on Veterinary	80,665.00	0.00	80,665.00
3.13.	Implement Article 102 of SAA	Improving the protection of public health and animal health	The number of sheep vaccinated against the brucellosis disease in Kosovo	FVA	MAFRD	Q2 2017	Law no. 2004/21 on Veterinary	151,665.00	0.00	151,665.00
3.13.	Implement Article 102 of SAA	Improving the protection of public health and animal health	The number of pigs vaccinated against classical swine fever (CSFV) in Kosovo	FVA	MAFRD	Q2 2017	Law no. 2004/21 on Veterinary	38,165.00	0.00	38,165.00
3.13.	Implement Article 102 of SAA	Improving the protection of public health and animal health	Vaccination against rabies, echinococcus and poisonous dogs throughout Kosovo	FVA	MAFRD	Q4 2017	Law no. 2004/21 on Veterinary	38,665.00	0.00	38,665.00
3.13.	Implement Article 102 of SAA	Improving the protection of public health and animal health	Vaccination of chickens against Newcastle disease	FVA	MAFRD	Q4 2017	Law no. 2004/21 on Veterinary	42,665.00	0.00	42,665.00

3.13.	Implement Article 102 of SAA	Improving the protection of public health and animal health	Number of cows vaccinated against lumpy skin diseases - LSD	FVA	OPM MoF MAFRD	Q4 2017	Law no. 2004/21 on Veterinary	900,665.00	0.00	900,665.00
3.13.	Implement Article 102 of SAA	Improving the protection of public health and animal health	Tracking the TB disease in bovine, developed	FVA	MAFRD	Q3 2017	Law no. 2004/21 on Veterinary Annual national plan for official controls, sampling and monitoring of residues	130,600.00	0.00	130,600.00
3.13.	Implement Article 102 of SAA	Improving the protection of public health and animal health	Report on cases of outbreaks of infectious animal diseases, TBC, brucellosis, Antrax, bee diseases (American and European Pesta), prepared,	FVA	MAFRD	Q4 2017	Law no. 2004/21 on Veterinary Annual national plan for official controls, sampling and monitoring of residues	600.00	0.00	600.00
3.13.	Implement Article 102 of SAA	Improving the protection of public health and animal health	Number of farmers for animal welfare, trained	FVA	MAFRD MLGA	Q4 2017	Law no. 2004/21 on Veterinary Law no. 02-10/L on Animal Welfare	70,600.00	0.00	70,600.00
3.13.	Implement Article 102 of SAA	Improving the protection of public health and animal health	Number of researches through the blood in infectious diseases of cattle: brucellosis, leucosis and bluetongue, carried out	FVA	MAFRD	Q3 2017	Law no. 2004/21 on Veterinary	60,600.00	0.00	60,600.00
3.13.	Implement Article 102 of SAA	Improving the protection of public health and animal health	Four municipalities in Kosovo (Malisheva, Suhareka, Rahovec and Klina) supplied with medicines for animals against ticks that carry the disease Crimean-Congo hemorrhagic fever	FVA	MAFRD MoH MoF	Q4 2017	Law no. 2004/21 on Veterinary	665,650.00	0.00	665,650.00
3.13.	Implement Article 102 of SAA	Improving identification and registration of animals	Identification and registration of animals (the number of slaughter, birth, movement, death of animals), reported in the I&R database	FVA	MAFRD	Q4 2017	Law no. 2004/21 on Veterinary EC 2016 Kosovo Report	402,000.00	0.00	402,000.00
3.13.	Implement Article 102 of SAA	Improving official controls in the field of phytosanitary, veterinary and	Phytosanitary internal controls and the number of samples taken;	FVA	MAFRD KAI NPIH MTI	Q4 2017	Law no. 03/L-016 on Food; Law no. 2004/21 on Veterinary;	222,360.00	0.00	222,000.00

		sanitary, including the border			MoH		Annual national plan for official controls, sampling and monitoring of residues ; Hygiene package; EC 2016 Kosovo Report			
3.13.	Implement Article 102 of SAA	Improving official controls in the field of phytosanitary, veterinary and sanitary, including the border	Controls in the field of phytosanitary in the border crossing-points	FVA	MAFRD KAI NPIH MTI MoH	Q4 2017	Law no. 03/L-016 on Food; Law no. 2004/21 on Veterinary; Annual national plan for official controls, sampling and monitoring of residues; Hygiene package; EC 2016 Kosovo Report	222,000.00	0.00	222,000.00
3.13.	Implement Article 102 of SAA	Improving official controls in the field of phytosanitary, veterinary and sanitary, including the border	Internal controls in the field of veterinary and number of samples taken;	FVA	MAFRD KAI NPIH MTI MoH	Q4 2017	Law no. 03/L-016 on Food; Law no. 2004/21 on Veterinary; Annual national plan for official controls, sampling and monitoring of residues; Hygiene package; EC 2016 Kosovo Report	222,000.00	0.00	222,000.00
3.13.	Implement Article 102 of SAA	Improving official controls in the field of phytosanitary, veterinary and sanitary, including the border	Border controls in the field of veterinary and number of samples taken;	FVA	MAFRD KAI NPIH MTI MoH	Q4 2017	Law no. 03/L-016 on Food; Law no. 2004/21 on Veterinary; Annual national plan for official controls, sampling and monitoring of residues; Hygiene package; EC 2016 Kosovo Report	222,000.00	0.00	222,000.00
3.13.	Implement Article 102 of SAA	Improving official controls in the field of phytosanitary, veterinary and sanitary, including the border	Controls in the field of phytosanitary and number of samples taken;	FVA	MAFRD KAI NPIH MTI MoH	Q4 2017	Law no. 03/L-016 on Food; Law no. 2004/21 on Veterinary; Annual national plan for official controls, sampling	222,000.00	0.00	222,000.00

							and monitoring of residues; Hygiene package; EC 2016 Kosovo Report			
3.13.	Implement Article 102 of SAA	Improving the performance for developing new testing methods of LFV	Receiving and analysing the samples according to the National Plan for Official Controls 2017 for monitoring animal diseases and food safety	FVA	MAFRD KAI NPIH MTI MoH	Q4 2017	Law no. 03/L-016 on Food Annual national plan for official controls, sampling and monitoring of residues Regulation on Microbiological Criteria for Food Stuffs Law no. 2004/21 on Veterinary Administrative Instructions for animal diseases: for bovine brucellosis, rabies, salmonellosis, leucosis and others; EC 2016 Kosovo Report	150,665.00	0.00	150,665.00
3.13.	Implement Article 102 of SAA	Improving the performance for developing new testing methods of LFV	2. Number of milk samples for technological proceeding in accordance with AIMAFRD 20/2006, analysed	FVA	MAFRD KAI NPIH MTI MoH	Q4 2017	Law no. 03/L-016 on Food Annual national plan for official controls, sampling and monitoring of residues Regulation on Microbiological Criteria for Food Stuffs Law no. 2004/21 on Veterinary Administrative Instructions for animal diseases: for bovine brucellosis, rabies, salmonellosis, leucosis and others; EC 2016 Kosovo Report	150,665.00	0.00	150,665.00
3.14. Acquis Chapter 13: Fisheries										
3.14.	No short-term measures are foreseen in this chapter.									

3.15. Acquis Chapter 14: Transport Policy										
3.15.	Policy framework									
3.15.	Implement Article 113 of SAA	Improving policies for civil aviation security in order to protect passengers, crew, ground personnel and the general public from unlawful interference (amended)	1. National programme for civil aviation security, adopted	MIA		Q2 2017	Regulation (EC) no. 185/2010 laying down detailed measures for the implementation of the common basic standards on aviation Security Regulation (EC) no. 300/2008 on common rules in the field of civil aviation security	1,500.00	0.00	1,500.00
3.15.	Implement Article 113 of SAA	Drafting policies of strategic development of civil aviation sector	1. Strategy on Civil Aviation Sector, adopted	MI		Q4 2017	Law on Civil Aviation	2,500.00	0.00	2,500.00
3.15. Institutional reforms and capacity-building										
3.15.	Implement Article 113 of SAA	Building technical and professional capacities in the field of road transport	1. Database and electronic system, established and functionalized	MI		Q4 2017	Sectorial Strategy and Multimodal Transport GAWP	10,000.00	0.00	10,000.00
3.15.	Implement Article 113 of SAA	Building technical and professional capacities in the field of road transport	1. 30,000 candidates electronically tested	MI		Q2 2017	Sectorial Strategy and Multimodal Transport GAWP	10,000.00	0.00	10,000.00
3.15.	Implement Article 113 of SAA	Building technical and professional capacities in the field of road transport	1. 70,000 candidates registered in "e-shoferi" application	MI		Q2 2017	Sectorial Strategy and Multimodal Transport GAWP	2,650.00	0.00	2,650.00
3.15.	Implement Article 113 of SAA	Building technical and professional capacities in the field of road transport	1. 70,000 candidates applied for taking exam electronically	MI		Q2 2017	Sectorial Strategy and Multimodal Transport GAWP	2,650.00	0.00	2,650.00
	Implement Article 113 of SAA	Applying the electronic testing of candidates for driving license and digitalization of the process of registering, applying for exam for driver.	Electronic testing of candidates for driving license exams, as well as the database and the electronic system for auto schools, professional lecturers, drivers, instructors, examiners, trainers, candidates for drivers, completed 1.Training sessions for five (5) inspectors (road controls for	MI		Q4 2017	Sectorial Strategy and Multimodal Transport GAWP	50,000.00	0.00	50,000.00
3.15.	Implement Article 113 of SAA	Building technical and professional capacities in the field	1.Training sessions for five (5) inspectors (road controls for	MI		Q3 2017	Law on Road Transport of Dangerous Goods	10,000.00	0.00	10,000.00

		of road transport	dangerous goods), completed							
3.15.	Implement Article 113 of SAA	Building technical and professional capacities in the field of road transport	1) Request for foreign technical assistance, realized	MI		Q4 2017	Sectorial Strategy and Multimodal TransportGAWP	10,000.00	0.00	10,000.00
3.15.	Implement Article 113 of SAA	Building technical and professional capacities in the field of road transport	1. Price list for gas measurement, completed	MI		Q4 2017	Sectorial Strategy and Multimodal TransportGAWP	1,000.00	0.00	1,000.00
3.15.	Implement Article 113 of SAA	Building technical and professional capacities in the field of road transport	1. Training of at least 30 persons for measuring gases emitted by identified vehicles, completed	MI		Q4 2017	Sectorial Strategy and Multimodal TransportGAWP	15,000.00	0.00	15,000.00
3.15.	Implement Article 113 of SAA	Building technical and professional capacities in the field of road transport	1. Identification of at least 7 centres for technical control which have the professional competence for measuring gases, completed	MI		Q4 2017	Sectorial Strategy and Multimodal TransportGAWP	15,000.00	0.00	15,000.00
3.15.	Implement Article 113 of SAA	Regulation of polygons and accompanying facilities in Regional Units for Driving License (RUDL)	1. 7 Polygons and accompanying facilities, completed	MI		Q4 2017	Law on Driving License	10,000.00	0.00	10,000.00
3.15.	Implement Article 113 of SAA	Building professional and technical capacities in the field of civil aviation	1. An official for economic adjustment that will strengthen the capacity to implement regulations 1794/2006 and 390/2013, employed	CAA		Q1 2017		36,000.00	0.00	36,000.00
3.15.	Implement Article 113 of SAA	Building and improving professional and technical capacities in the field of civil aviation security	1.Attending advanced training sessions by civil aviation security inspectors, realized	MIA		Q4 2017	National Civil Aviation Programme	33,000.00	0.00	33,000.00
3.15.	<u>Implementation and enforcement</u>									
	Implement Article 113 of SAA	The creation of an operational maintenance system, providing routine maintenance (motorway)	1. Database on the condition of motorways, established and functionalised	MI		Q4 2017	Sectorial Strategy and Multimodal Transport	0.00	100,000.00	100,000.00

3.15.	Implement Article 113 of SAA	Establishment of the intelligent transport system and establishment of controlling centre for traffic management	1. Project for the placement of SIT in the core network (motorway), completed	MI		Q3 2017	Reforming measures of connectivity	0.00	0.00	0.00
3.15.	Implement Article 113 of SAA	Improving services for the purpose of creating facilities in the road and rail transport of passengers	1.Rail and road transport lines, subsidized	MI		Q4 2017	Law on Road Transport and Railway Sectorial Strategy and Multimodal Transport	1,443,814.00	0.00	1,443,814.00
3.15.	Implement Article 113 of SAA	Enhancing the rail infrastructure security.	1. Five rail crossings, completed	MI Infrakos		Q4 2017		200,000.00	0.00	200,000.00
3.15.	Implement Article 113 of SAA	Improving services for the purpose of creating facilities in the air transport	1.Terms of Reference for the Project for Expanding the Airport Runway and establishment of air navigation services, completed	MI		Q4 2017		70,000.00	0.00	70,000.00
3.15.	Implement Article 113 of SAA	Improving services for the purpose of creating facilities in the air transport	1. Contracting the designing company, designing the project and monitoring its implementation, in all stages until the project is completed (12-18 months), completed	MI		Q4 2017		180,000.00	0.00	180,000.00
3.15.	Implement Article 113 of SAA	Improving services for the purpose of creating facilities in the air transport	1. Approving the final project for the expansion of the airport runway and initiating the procurement procedures, completed	MI		Q4 2017		50,000.00	0.00	50,000.00
3.15.	Implement Article 113 of SAA	Improving and modernizing the services of passengers transport in the bus stops	1. 10 bus stops, constructed	MI		Q4 2017	Law on Road Transport and RailwaysSectorial Strategy and Multimodal Transport MTEF	100,000.00	0.00	100,000.00
3.15.	Implement Article 113 of SAA	Improving the existing network, namely identification of the economically favourable option for the segment of R7	1. Preliminary Project of R7 (Besi-Merdare), completed	MI		Q4 2017	Sectorial Strategy and Multimodal Transport MoU of SEETO	0.00	1,200,000.00	1,200,000.00

		motorway, part of the basic SEETO network								
3.15.	Implement Article 113 of SAA	Construction of the road network of Kosovo, R6 motorway, part of the basic SEETO network	1. Priority segments, connection Babush – connection Ferizaj–connection Doganaj, completed	MI		Q4 2017	Sectorial Strategy and Multimodal Transport and MoU of SEETO	200,000,000.00	0.00	200,000,000.00
3.15.	Implement Article 113 of SAA	Construction and expansion of the existing road network, N9 (Prishtina-Peja)	1. Preliminary project (Kijeve - Zahaq), completed	MI		Q4 2017	Sectorial Strategy and Multimodal Transport and MoU of SEETO	0.00	1,400,000.00	1,400,000.00
3.15.	Implement Article 113 of SAA	Construction and expansion of the existing road network, N9 (Prishtina-Peja)	1. 16 Km of segments (Gjurgjice-Kijeve and Peja-Zahaq) R6b/N9), completed, in%	MI		Q4 2017	Sectorial Strategy and Multimodal Transport and MoU of SEETO	3,674,105.00	0.00	3,674,105.00
3.15.	Implement Article 113 of SAA	Enhancing the security and improving the road network in the national and regional roads network	1. 1940 km roads, signalled	MI		Q4 2017	Sectorial Strategy and Multimodal Transport and MoU of SEETO	400,000.00	0.00	400,000.00
3.15.	Implement Article 113 of SAA	Enhancing the security and improving the road network in the national and regional roads network	1. 1940 Km of national and regional road, maintained	MI		Q4 2017	Sectorial Strategy and Multimodal Transport and MoU of SEETO	7,000,000.00	0.00	7,000,000.00
3.15.	Implement Article 113 of SAA	Enhancing the security and improving the road network in the national and regional roads network	1. 100 km motorways (R6 and R7), maintained	MI		Q4 2017	Sectorial Strategy and Multimodal Transport and MoU of SEETO	1,702,756.00	0.00	1,702,756.00
3.15.	Implement Article 113 of SAA	Increasing quality of roads in the local road network	27 km local roads, constructed	MI		Q4 2017	Co-financing Programme with MA.	8,315,328.00	0.00	8,315,328.00
3.15.	Implement Article 113 of SAA	Increasing and improving the road traffic security	1. 1750 surveys, completed	MI		Q4 2017	Road Safety Strategy	7,000.00	0.00	7,000.00
3.15.	Implement Article 113 of SAA	Increasing and enhancing the road traffic security	1. 10,000 brochures, handed over	MI		Q4 2017	Road Safety Strategy	3,000.00	0.00	3,000.00
3.15.	Implement Article 113 of SAA	Controlling the roadworthiness of vehicles (mobile controls)	1. Equipment for controlling the roadworthiness of vehicles, provided	MI		Q4 2017	Sectorial Strategy and Multimodal Transport	5,000.00	0.00	5,000.00

3.15.	Implement Article 113 of SAA	Full implementation of the Law on Road Transport of Dangerous Goods	Training 5 inspectors of road transport of dangerous goods	MI		Q4 2016	Law 04L/183 on Road Transport of Dangerous Goods	7,000.00	0.00	7,000.00
3.15.	Implement Article 113 of SAA	Enhancing and improving the rail infrastructure	1. Project Design for the Rail Route 10 (segment F.Kosove-Mitrovice), completed	INFRAKOS	MI MoF	Q4 2017	Sectorial Strategy and Multimodal Transport 2015-2025 and MoU of SEETO	0.00	1,000,000.00	1,000,000.00
3.15.	Implement Article 113 of SAA	Enhancing and improving the rail infrastructure	1. First phase of rehabilitation of priority segments of the Rail Route 10 (segment Fushe Kosove - Hani i Elezit), commenced	INFRAKOS	MI MoF	Q4 2017	Sectorial Strategy and Multimodal Transport 2015-2025 and MoU of SEETO	3,485,000.00	21,000,000.00	24,485,000.00
3.15.	Implement Article 113 of SAA	Enhancing and improving the rail infrastructure	1. Project design for the Route 7 Fushe Kosove-Podujeve, completed	INFRAKOS		Q4 2017	Sectorial Strategy and Multimodal Transport 2015-2025 and MoU of SEETO	0.00	1,250,000.00	1,250,000.00
3.16. Acquis Chapter 15: Energy										
3.16.	Policy framework									
3.16.	Implement Article 114 of SAA	Further policy development in the field of energy for the purpose of implementing the provisions of SAA and transposed acquis	1. Energy Strategy 2017-2026, adopted	MED	Assembly OPM MoF MEI MESP ERO KOSTT ICMM Heating plant	Q1 2017	Law no. 05/L-081 on Energy National Development Strategy 2016-2021 Program of the Government 2015-2018 Economic Reform Programme EC 2016 Kosovo Report European Reform Agenda (ERA)	1,500.00	0.00	1,500.00
3.16.	Implement Article 114 of SAA	Further policy development in the field of energy for the purpose of implementing the provisions of SAA and transposed acquis	1. Strategy and action plan for radiation protection and nuclear safety, adopted	KARPNS	MIT MoH	Q3 2017	Law no. 03/L-104 on Protection from Non-Ionized, Ionized Radiation and Nuclear Security	9,430.00	0.00	9,430.00

3.16.	Implement Article 114 of SAA	Further policy development in the field of energy for the purpose of implementing the provisions of SAA and transposed acquis	1. Plan for assessing sites potentially contaminated with depleted uranium, prepared	KARPNS	FSK KP MEI	Q2 2017	SAPD Infra 2016, EC 2016 Kosovo Report	5,700.00	0.00	5,700.00
3.16.	Implement Article 114 of SAA	Further policy development in the field of energy for the purpose of implementing the provisions of SAA and transposed acquis	1. Program for the Implementation of Energy Strategy 2017-2019, adopted	MED	OPM MoF MEI MESP ERO KOSTT ICMM KEK Heating plant	Q3 2017	Law no. 05/L-081 on Energy National Development Strategy 2016-2021 Program of the Government 2015-2018 Economic Reform Programme EC 2016 Kosovo Report	4,000.00	0.00	4,000.00
3.16.	Implement Article 114 of SAA	Further policy development in the field of energy for the purpose of implementing the provisions of SAA and transposed acquis	1. Decision on modalities of ownership of PP Kosova B, taken	MED		Q4 2017	European Reform Agenda (ARE/ERA) DPS "Infra" 2016	0.00	0.00	500.00
3.16.	Implement Article 114 of SAA	Further policy development in the field of energy for the purpose of implementing the provisions of SAA and transposed acquis	1. The deadline for the decommissioning of PP Kosovo A, determined	MED		Q1 2017	European Reform Agenda(ARE/ERA) DPS "Infra" 2016	0.00	0.00	500.00
3.16.	Implement Article 114 of SAA	Further policy development in the field of energy for the purpose of implementing the provisions of SAA and transposed acquis	1. Plan for renewable sources, including appropriate measures to ensure the achievement of target 25%, adopted	MED		Q4 2017	European Reform Agenda(ARE/ERA) EC 2016 Kosovo Report	4,000.00	0.00	4,000.00
3.16.	Implement Article 114 of SAA	Further policy development in the field of energy for the purpose of implementing third package for energy	1. Rule of procedure of authorization for building new generating capacities, adopted	ERO	MED	Q2 2017	European Reform Agenda (ARE/ERA) DPSA "Infra" 2016	0.00	1,500.00	3,000.00

3.16.	Implement Article 114 of SAA	Further policy development in the field of energy for the purpose of implementing third package for energy	1. Rule for licensing energy activities, adopted	ERO	MED	Q2 2017	European Reform Agenda (ARE/ERA) DPSA "Infra" 2017	0.00	1,500.00	3,000.00
3.16.	Implement Article 114 of SAA	Further policy development in the field of energy for the purpose of implementing third package for energy	1. Rule for general conditions of energy supply, adopted	ERO	MED	Q2 2017	European Reform Agenda (ARE/ERA) DPSA "Infra" 2018	0.00	1,500.00	3,000.00
3.16.	Implement Article 114 of SAA	Further policy development in the field of energy for the purpose of implementing third package for energy	1. Rule for the determination of public supplier prices of electricity, adopted	ERO	MED	Q2 2017	European Reform Agenda (ARE/ERA) DPSA "Infra" 2019	0.00	1,500.00	3,000.00
3.16.	Implement Article 114 of SAA	Further policy development in the field of energy for the purpose of implementing third package for energy	1. Rule for determination of generation prices, adopted	ERO	MED	Q2 2017	European Reform Agenda (ARE/ERA) DPSA "Infra" 2020	0.00	1,500.00	3,000.00
3.16.	Implement Article 114 of SAA	Further policy development in the field of energy for the purpose of implementing third package for energy	1. Rule for determination of transmission system operator, adopted	ERO	MED	Q2 2017	European Reform Agenda (ARE/ERA) DPSA "Infra" 2021	0.00	1,500.00	3,000.00
3.16.	Implement Article 114 of SAA	Further policy development in the field of energy for the purpose of implementing third package for energy	1. Pricing rules for the transmission, system and market operator, issued	ERO	MED	Q2 2017	European Reform Agenda (ARE/ERA) DPSA "Infra" 2016	1,500.00	1,500.00	3,000.00
3.16.	Implement Article 114 of SAA	Improving and supplementing energy policy, with an emphasis on the establishment of open, transparent non-discriminatory market	1. Regulating prices for industrial consumers, eliminated	ERO		Q2 2017	DPSA "Infra" 2016 EC 2016 Kosovo Report	3,000.00	0.00	3,000.00
3.16.	Implement Article 114 of SAA	Improving and supplementing energy policy, with an emphasis on the establishment of open, transparent non-discriminatory	1. Cross-subsidies between tariff groups, removed	ERO		Q4 2017	DPSA "Infra" 2016 EC 2016 Kosovo Report	5,000.00	7,000.00	12,000.00

3.16.	Implement Article 114 of SAA	market Improving and supplementing energy policy in security and increasing energy capacities	1. Feasibility study for the rehabilitation of PP Kosova B, prepared	KEK	MED	Q4 2017	GAWP 2017 EC 2016 Kosovo Report	0.00	1,500,000.00	1,500,000.00
3.16.	Implement Article 114 of SAA	Improving and supplementing energy policy in energy efficiency	1. Third Action Plan for Energy Efficiency 2016-2018, adopted	MED	OPM MESP MLGA MPA MEST MoJ MKSF ERO KOSTT KEK	Q2 2017	KPVEE 2010-2018 DPSA "Infra" 2016 EC 2016 Kosovo Report	12,000.00	0.00	12,000.00
3.16.	<u>Institutional reforms and capacity-building</u>									
3.16.	Implement Article 114 of SAA	Further policy development in the field of protection from radiation and nuclear safety	1. Regulation on internal organization of KARPNS, adopted	KARPNS	OPM MoF	Q2 2017	Law no. 03/L-104 on Protection from Non-Ionized, Ionized Radiation and Nuclear Security	2,000.00	0.00	2,000.00
3.16.	<u>Implementation and enforcement</u>									
3.16.	Implement Article 114 of SAA	Construction and development of new generating capacities of electricity (PP "Kosova e Re")	1. Report of transactions for the project "Kosova e Re", prepared	MED	MoF	Q4 2017	European Reform Agenda (ARE/ERA) GAWP 2017 EC 2016 Kosovo Report	0.00	0.00	1,400,000.00
3.16.	Implement Article 114 of SAA	The decommissioning process of gasification facilities, fertilizer and heating at the site of Kosovo 'A'	1. Study for Environmental Impact Assessment, as well as the plan for dismantling for decommissioning, (supported by the technical assistance of EC), prepared draft	MED	MESP MLSW MoF MEI ERO KEK KOSTT	Q4 2017	NDS 2016 -2021 Economic Reform Programme 2017-2019 GAWP 2017 Government Decision no 04/156 of the Government of Kosovo	0.00	200,000.00	200,000.00
3.16.	Implement Article 114 of SAA	Implementation of energy efficiency measures and increasing energy efficiency in public buildings	1. EE measures in 20 public buildings of central level, implemented	MED	MEST MoH	Q4 2017	Energy Strategy 2009-2018 National Action Plan for EE 2010-2018 GAWP 2017	0.00	4,389,000.00	4,389,000.00
3.16.	Implement Article 114 of SAA	Implementation of energy efficiency measures and increasing energy	1. EE measures in public buildings of local level (Prishtina, Gjilan, Ferizaj and	MED	Municipalities	Q4 2017	Energy Strategy 2009-2018 National Action Plan for EE 2010-	0.00	2,500,000.00	2,500,000.00

3.16.	Implement Article 114 of SAA	efficiency in public buildings Implementation of measures deriving from the plan for assessing the sites potentially polluted with depleted uranium	Gjakova), implemented 1. Radiological monitoring and evaluation of radiological safety in areas contaminated by depleted uranium, carried out	KARPNS	FSK, IMP NPIH Municipalities	Q4 2017	2018 GAWP 2017 EC 2016 Kosovo Report	0.00	7,000.00	10,000.00
3.16.	Implement Article 114 of SAA	Development of open, non-discriminatory and transparent market of energy	1. Transmission system operator, certified	ERO		Q2 2017	DPSA "Infra" 2016	0.00	7,000.00	10,000.00
3.16.	Implement Article 114 of SAA	Increasing generating capacities and investments in energy generation (all sources)	1. Number of authorization for the construction of new RES capacities, issued	ERO	MED	Q4 2017	European Reform Agenda(ARE/ERA)	0.00	0.00	5,000.00
3.16.	Implement Article 114 of SAA	Improving the transmission infrastructure and secondary regulation Kosovo-Albania	1. KOSTT operation as a regulatory area, realized	KOSTT	ERO	Q4 2017	Connection Agreement KOSTT - OST	3,500,000.00	0.00	3,500,000.00
3.16.	Implement Article 114 of SAA	Improving infrastructure for energy market purposes, for reducing and monitoring energy losses on the border between KOSTT and KEDS / DSO	1. Installation of metering groups in the new commercial border KOSTT KEDS/DSO, completed	KOSTT	ERO	Q4 2017	Transmission Development Plan 2015-2024	350,000.00	0.00	350,000.00
3.16.	Implement Article 114 of SAA	Improvement of transmission infrastructure and involvement in regional mechanisms to compensate the transit of energy and capacity allocation	1. Rehabilitation of SS 110/10 kV Peja 1 - GIS System, realized	KOSTT	ERO	Q4 2017	Transmission Development Plan 2016-2025	420,000.00	0.00	420,000.00

3.16.	Implement Article 114 of SAA	Improvement of transmission infrastructure and involvement in regional mechanisms to compensate the transit of energy and capacity allocation	1. Installation of second autotransformator ATR2, 300 MVA in SS Peja 3 and SS Ferizaj 2, realized	KOSTT	ERO	Q4 2017	Transmission Development Plan 2015-2024	161,800.00	234,700.00	396,500.00
3.16.	Implement Article 114 of SAA	Improvement of transmission infrastructure and involvement in regional mechanisms to compensate the transit of energy and capacity allocation	1. Installation of metering groups and installation of OPGW in interconnection points, realized	KOSTT		Q4 2017	Transmission Development Plan 2015-2024	428,100.00	0.00	428,100.00
3.17. Acquis Chapter 16: Taxations										
3.17. <u>Policy framework</u>										
3.17. No short-term measures are foreseen under this section.										
3.17. <u>Institutional reforms and capacity-building</u>										
3.17.	Implement Article 39, 40, 70 and 105 of SAA	Advancing taxpayer services and work processes	1. Tendering the new IT system, completed	TAK	MoF	Q4 2017	Strategic Plan of TAK 2015-2020; Program of the Government 2014-2018; 2014; Annual Work Plan of TAK; Strategy for the prevention and fight against informal economy, money laundering, terrorist financing and financial crimes 2014-2018, Country Report 2016	0.00	0.00	1,200,000.00

3.17.	Implement Article 39, 40, 70 and 105 of SAA	Advancing taxpayer services and work processes	2. Number of electronic services for taxpayers, increased	TAK	MoF	Q4 2017	Strategic Plan of TAK 2015-2020; Program of the Government 2014-2018; 2014; Annual Work Plan of TAK; Strategy for the prevention and fight against informal economy, money laundering , terrorist financing and financial crimes 2014-2018, Country Report 2016	29,000.00	0.00	29,000.00
3.17.	Implement Article 39, 40, 70 and 105 of SAA	Advancing taxpayer services and work processes	3. Number of taxpayers who declare electronically, increased	TAK	MoF	Q4 2017	Strategic Plan of TAK 2015-2020; Program of the Government 2014-2018; 2014; Annual Work Plan of TAK; Strategy for the prevention and fight against informal economy, money laundering , terrorist financing and financial crimes 2014-2018, Country Report 2016	29,000.00	0.00	29,000.00

3.17.	Implement Article 39, 40, 70 and 105 of SAA	General increase of staff skills	1. Number of training sessions and number of participants by areas, held	TAK	MoF	Q4 2017	Strategic Plan of TAK 2015-2020; Program of the Government 2014-2018; 2014; Annual Work Plan of TAK; Strategy for the prevention and fight against informal economy, money laundering, terrorist financing and financial crimes 2014-2018	70,200.00	0.00	70,200.00
3.17.	Implement Article 39, 40, 70 and 105 of SAA	Signature of agreements on eliminating double tax	1. Number of signed agreements	TAK	MoF	Q4 2017	Strategic Plan of TAK 2015-2020; Program of the Government 2014-2018; 2014; Annual Work Plan of TAK; Strategy for the prevention and fight against informal economy, money laundering, terrorist financing and financial crimes 2014-2018, Country Report 2016	29,021.00	0.00	29,021.00
<u>3.17. Implementation and enforcement</u>										
3.17.	Implement Article 39, 40, 70 and 105 of SAA	Reducing the level of informal economy and fiscal evasion	1. Number of visits and controls, carried out	TAK	MoF	Q4 2017	Strategic Plan of TAK 2015-2020; Program of the Government 2014-2018; 2014; Annual Work Plan of TAK ; Annual Risk Treatment Plan; Strategy for the prevention and fight against informal economy, money laundering,	3,118,293.00	0.00	3,118,293.00

							terrorist financing and financial crimes 2014-2018, Country Report 2016			
3.17.	Implement Article 39, 40, 70 and 105 of SAA	Reducing the level of informal economy and fiscal evasion	2. Amount of collected debt, increased	TAK	MoF	Q4 2017	Strategic Plan of TAK 2015-2020; Program of the Government 2014-2018; 2014; Annual Work Plan of TAK ; Annual Risk Treatment Plan; Strategy for the prevention and fight against informal economy, money laundering , terrorist financing and financial crimes 2014-2018, Country Report 2016	655,200.00	0.00	655,200.00
3.17.	Implement Article 39, 40, 70 and 105 of SAA	Reducing the level of informal economy andfiscal evasion	3. Number of taxpayers/individual s who fail to declare, reduced	TAK	MoF	Q4 2017	Strategic Plan of TAK 2015-2020; Program of the Government 2014-2018; 2014; Annual Work Plan of TAK ; Annual Risk Treatment Plan; Strategy for the prevention and fight against informal economy, money laundering , terrorist financing and financial crimes 2014-2018, Country Report 2016	2,000,000.00	0.00	2,000,000.00
3.18. Acquis Chapter 17: Economic and Monetary Policy (refer to Block 2: Economic Criteria)										
3.19.	See the narrative text.									
3.19. Acquis Chapter 18: Statistics										
3.19.	Policy framework									

3.19.	Implement Article 95 of SAA	Policy framework development	1. Second 5-year program for the period 2018-2022 adopted	KAS	OPM	Q4 2017	Law on Official Statistics,Country Report 2016	29,500.00	0.00	29,500.00
3.19.	<u>Institutional reforms and capacity-building</u>									
3.19.	No short-term measures are foreseen under this section.									
3.19.	<u>Implementation and enforcement</u>									
3.19.	Implement Article 95 of SAA	Improving the quality of (annual and quarterly) national accounts	1. Gross Domestic Product according to the methodology ESA 2010, published	KAS		Q4 2017	Programme of Official Statistics 2013-2017 as well as Annual Plan 2017,ERA, Country Report 2016	18,000.00	0.00	18,000.00
3.19.	Implement Article 95 of SAA	Improving the quality of (annual and quarterly) national accounts	2. Supply and use tables-SUT for the referring year 2014, published	KAS		Q4 2017	Programme of Official Statistics 2013-2017 as well as Annual Plan 2017,ERA, Country Report 2016	12,000.00	0.00	12,000.00
3.19.	Implement Article 95 of SAA	Improving the quality of (annual and quarterly) national accounts	4. Government accounts on quarterly basis, published	KAS		Q4 2017	Programme of Official Statistics 2013-2017 as well as Annual Plan 2017,ERA, Country Report 2016	6,000.00	0.00	6,000.00
3.19.	Implement Article 95 of SAA	Measuring informal economy within the private sector	1. Business survey for informal economy in activities: restaurants, hotels, transport and construction, completed	KAS	World Bank	Q4 2017	Programme of Official Statistics 2013-2017 as well as Annual Plan 2017	0.00	81,500.00	81,500.00
3.19.	Implement Article 95 of SAA	Improving the quality of economic statistics in compliance with acquis	1. Data based on the new Manual for Government Finance Statistics (GFS 2014) for Government Accounts, published	KAS		Q4 2017	Programme of Official Statistics 2013-2017 as well as Annual Plan 2017,ERA, Country Report 2016	6,000.00	0.00	6,000.00
3.19.	Implement Article 95 of SAA	Improving the quality of economic statistics in compliance with acquis	2. Upgraded software program for default update of BSR from administrative data and data from surveys, created	KAS		Q4 2017	Programme of Official Statistics 2013-2017 as well as Annual Plan 2017, Country Report 2016	2,400.00	0.00	2,400.00

3.19.	Implement Article 95 of SAA	Improving the quality of economic statistics in compliance with <i>acquis</i>	3. Adjusting the classifications according to the methodology of Import Price Index (IPI) by passing from the Harmonized System (HS) in the Classification of Products by Activity (CPA)	KAS		Q4 2017	Programme of Official Statistics 2013-2017 as well as Annual Plan 2017,ERA, Country Report 2016	11,000.00	0.00	11,000.00
3.19.	Implement Article 95 of SAA	Shortening the deadline for publication of economic statistics, in compliance with the <i>acquis</i>	1. Statistical Repertoire of Enterprises in quarterly basis, published int+31 days	KAS		Q4 2017	Programme of Official Statistics 2013-2017 as well as Annual Plan 2017,ERA, Country Report 2016	1,200.00	0.00	1,200.00
3.19.	Implement Article 95 of SAA	Shortening the deadline for publication of economic statistics, in compliance with the <i>acquis</i>	2. Quarterly statistics of energy, published in t+48 days	KAS		Q4 2017	Programme of Official Statistics 2013-2017 as well as Annual Plan 2017,ERA, Country Report 2016	15,000.00	0.00	15,000.00
3.19.	Implement Article 95 of SAA	Shortening the deadline for publication of economic statistics, in compliance with the <i>acquis</i>	3. Harmonized Index of Consumer Prices (HICP) in monthly basis t + 11 days and quarterly basis t + 68 days, published	KAS		Q4 2017	Programme of Official Statistics 2013-2017 as well as Annual Plan 2017,ERA, Country Report 2016	49,000.00	0.00	49,000.00
3.19.	Implement Article 95 of SAA	Improvement of social statistics in compliance with <i>acquis</i>	1. Labour Force Survey (LFS) in quarterly basis, published	KAS	MLSW	Q4 2017	Programme of Official Statistics 2013-2017 as well as Annual Plan 2017,ERA, Country Report 2016	87,960.00	0.00	87,960.00
3.19.	Implement Article 95 of SAA	Improvement of social statistics in compliance with <i>acquis</i>	2. SILC development, completed	KAS	MLSW, World Bank	Q4 2017	Programme of Official Statistics 2013-2017 as well as Annual Plan 2017,ERA, Country Report 2016	102,300.00	0.00	102,300.00
3.19.	Implement Article 95 of SAA	Improvement of Information Technology Infrastructure in KAS	1. Infrastructure for exchange of data between KAS and Customs, created	KAS	DOG	Q4 2017	Programme of Official Statistics 2013-2017 as well as Annual Plan 2017	1,800.00	0.00	1,800.00

3.19.	Implement Article 95 of SAA	Improvement of monetary, financial and foreign sector statistics	1. Data on balance of Insurance Companies and Pension Funds, published	CBK		Q1 2017	Law on Central Bank of the Republic of Kosovo, Strategic Plan 2015-2019, Country Report 2016	3,000.00	0.00	3,000.00
3.19.	Implement Article 95 of SAA	Improvement of monetary, financial and foreign sector statistics	2. New Memorandum of Understanding with KAS to clearly explain the responsibilities for the collection, processing and exchange of data and distribution of statistics, signed	CBK		Q2 2017	Law on Central Bank of the Republic of Kosovo, Strategic Plan 2015-2019	4,000.00	0.00	4,000.00
3.19.	Implement Article 95 of SAA	Improvement of monetary, financial and foreign sector statistics	3. Number of companies of FDI in the enterprises survey, increased	CBK		Q4 2017	Law on Central Bank of the Republic of Kosovo, Strategic Plan 2015-2019, Country Report 2016	2,000.00	0.00	2,000.00

3.20. Acquis Chapter 19: Social Policy and Employment

3.20.	Policy framework									
3.20.	Implement Article 82 and 106 of SAA	Development of policy framework in the field of employment	1. Sector Strategy for Employment and Social Policy 2015-2020, adopted	MLSW	MoF	Q2 2017	MLSW Sectorial Strategy 2015 - 2020, ERA, Country Report 2016	0.00	10,000,000.00	15,550,000.00
3.20.	Institutional reforms and capacity-building									
3.20.	Implement Article 82 and 106 of SAA	Operationalization of Employment Agency of the Republic of Kosovo	1. General Director and Advisory Board of EARK, elected	MLSW	MoF, MPA	Q2 2017	MLSW Sectorial Strategy 2015 - 2020, Law on the Employment Agency of the Republic of Kosovo, Economic Reform Programme, ERA, EC 2016 Kosovo Report	25,000.00	0.00	25,000.00
3.20.	Implement Article 82 and 106 of SAA	Implementation of programmes and projects through Active Labour Market Measures	1. 5000 jobseekers trained and involved in programmes and projects, respecting the gender quota	MLSW	EAPK	Q4 2017	MLSW Sectorial Strategy 2015 - 2020, Law on the Employment Agency of the Republic of Kosovo.	1,262,591.48	0.00	1,262,591.48

							Economic Reform Programme, Conclusions of SAA Sub-Committee			
3.20.	Implement Article 82 and 106 of SAA	Development of training services quality provided in VTC	1. 5,000 jobseekers, trained	MLSW	EAPK	Q4 2017	MLSW Sectoral Strategy 2015 - 2020, GAWP 2017	854,500.00	0.00	854,500.00
3.20.	Implement Article 82 and 106 of SAA	Strengthening institutional capacities in the Labour Inspectorate	1. Number of labour inspectors, increased for 10 inspectors	MLSW	MoF, MPA	Q4 2017	Strategic Development Plan of the LI 2017-2021, Country Report 2016, ERA	100,000.00	0.00	100,000.00
3.20.	Implement Article 82 and 106 of SAA	Strengthening institutional capacities in the Labour Inspectorate	2. 15 labour inspectors, trained	MLSW	IKAP	Q4 2017	Strategic Development Plan of the LI 2017-2021, Country Report 2016, ERA	2,000.00	0.00	0.00
3.20.	<u>Implementation and enforcement</u>									
3.20.	No short-term measures are foreseen under this section.									

3.21. Acquis Chapter 20: Enterprise and Industrial Policy

3.21	Policy framework									
3.21	Implement Article 99 and 100 of SAA	Strengthening administrative capacities within KIESA	Restructuring KIESA in order to enable it to efficiently fulfil responsibilities and implement its priorities	MTI		Q3 2017	ERA, Country Report 2016.	139,446.00	0.00	0.00
	Implement Article 99 and 100 of SAA	Strengthening administrative capacities within KIESA	Establishment of Advising Board within KIESA with the participation of business community and involvement of Office of the Prime Minister	MTI		Q3 2017	ERA	500.00	0.00	500.00
3.21.	Implement Article 99 and 100 of SAA	Strengthening administrative capacities within KIESA	1. Head of the sector for the development of economic zones, recruited	MTI		Q4 2017	Annual reports of SMEs, ERA, Country Report 2016	5,600.00	0.00	5,600.00
	Implement Article 99 and 100 of SAA	Strengthening administrative capacities within KIESA	2. 3 programmes for capacity-building, designed	MTI		Q4 2017	Private Sector Development Strategy 2013-2017, National Development Strategy NDS 2016-2020, ERA,	0.00	0.00	0.00

							Country Report 2016			
3.21.	Implement Article 99 and 100 of SAA	Strengthening administrative capacities within KIESA	1. Construction sector, functionalized	MTI		Q4 2017	Law on Construction Products and KPISAA 2017, EC 2016 Kosovo Report	5,340.00	0.00	5,340.00
3.21. Institutional reforms and capacity-building										
3.21. No short-term measures are foreseen under this section.										
3.21. Implementation and enforcement										
3.21.	Implement Article 99 and 100 of SAA	Implementation of policies for private sector development	1. Study for prioritizing sectors for development of clusters, completed	MTI		Q4 2017	Private Sector Development Strategy 2013-2017, ERP 2017-2019, National Development Strategy NDS 2016-2020, ERA	80,000.00	13,000.00	102,000.00
3.21.	Implement Article 99 and 100 of SAA	Implementation of policies for private sector development	1. Research for value chains for potential industry sectors- determination of missing links and measures for their development, drafted and published	MTI		Q3 2017	Private Sector Development Strategy 2013-2017, ERP 2017-2019, National Development Strategy NDS 2016-2020, ERA	45,000.00	8,000.00	53,000.00
3.22. Acquis Chapter 21: Trans-European Networks										
3.22.	This chapter only contains the narrative text.									
3.23. Acquis Chapter 22: Regional Policy and Coordination of Structural Instruments										
3.23.	This chapter only contains the narrative text, including short-term measures									
3.24. Acquis Chapter 23: Judiciary and Fundamental Rights										
3.24.	<u>Policy framework</u>									
3.24.	<u>Judicial system</u>									
3.24.	Implement Article 83 of SAA	Improvement of legal framework regulating the criminal justice system	1. Concept Paper for Criminal Code and Criminal Procedure Code, adopted	MoJ	KJC, KPC, KP, Customs, OPM, MoF	Q2 2017	GAWP 2017	2,500.00	0.00	2,500.00
3.24.	Implement Article 83 of SAA	Improvement of legal framework regulating the criminal justice system	1. Concept Paper for regulating the administration of courts and prosecution offices, adopted	MoJ	KJC KPC	Q1 2017	GAWP 2017	2,500.00	0.00	2,500.00
3.24.	Implement Article 83 of SAA	Comprehensive analysis of rule of law sector	1. Strategic and development objectives for the field of rule of law, identified and	MoJ	OPM, MoF, MIA, KJC, KPC,KIA	Q4 2017	Government Decision no 07/117, dated 23.11.2016	3,000.00	0.00	3,000.00

3.24.	Implement Article 83 of SAA	Comprehensive analysis of rule of law sector	assessed 2. Terms of Reference,	MoJ	OPM, MoF, MIA, KJC, KPC,KIA	Q1 2017	Government Decision no 07/117, dated 23.11.2016	5,000.00	0.00	5,000.00
	Implement Article 83 of SAA	Comprehensive analysis of rule of law sector	3. Legal infrastructure governing the field of rule of law, reviewed	MoJ	OPM, MoF, MIA, KJC, KPC,KIA	Q4 2017	Government Decision no 07/117, dated 23.11.2016	5,000.00	0.00	5,000.00
3.24.	Implement Article 83 of SAA	Comprehensive analysis of rule of law sector	4. Database, established	MoJ	OPM, MoF, MIA, KJC, KPC,KIA	Q3 2017	Government Decision no 07/117, dated 23.11.2016	30,000.00	20,000.00	50,000.00
3.24.	Implement Article 83 of SAA	Comprehensive analysis of gaps in the current situation with regards to the transposition of acquis in the field of criminal justice.	1. Report with all identified acts of <i>acquis</i> for Chapter 23, published	MoJ		Q4 2017	GAWP 2017	3,000.00	0.00	3,000.00
3.24.	Implement Article 83 of SAA	Comprehensive analysis of gaps in the current situation with regards to the transposition of acquis in the field of criminal justice.	2. Number of <i>acquis</i> acts, approximated	MoJ		Q4 2017	GAWP 2017	2,000.00	0.00	2,000.00
3.24.	Implement Article 83 of SAA	Continuous increase of the accountability and transparency of prosecutorial system	1. Strategy for communication with media and public, adopted	KPC		Q2 2017	Strategy for communication with media and public, KPC Annual Report, Annual Report of State Prosecutor	17,000.00	0.00	17,000.00
3.24.	Implement Article 83 of SAA	Reforming institutional structures for capacity-building in the justice system	1. Analysis for legal education, completed	MoJ	KJI UP	Q4 2017		1,500.00	0.00	1,500.00
3.24.	Implement Article 83 of SAA	Capacity-building, assessment and functioning of courts and prosecution offices	1. Analytical reports on the performance of courts in certain topics with high risk, adopted	KJC		Q4 2017		2,000.00	0.00	2,000.00
3.24.	Implement Article 83 of SAA	Capacity-building, assessment and functioning of courts and prosecution offices	2. Roadmap for statistics, adopted	KJC		Q2 2017		1,000.00	0.00	1,000.00

3.24.	Implement Article 83 of SAA	Approval of the Strategy for Backlog Reduction and Alternative Procedures	1. Pilot-project regulating the mediation procedure referred by the courts to the Basic Court of Prishtina, implemented	KJC		Q3 2017	KJC decision for establishment of a pilot programme for mediation	30,000.00	0.00	30,000.00
3.24.	Fight against corruption									
3.24.	Implement Article 83 and 91 of SAA	Ex post assessment of the legislation in the field against corruption	1. Ex post assessment of the Law on the Protection of Informants, completed	MOJ	OPM, MIA, KJC, KPC,	Q3 2017		2,500.00	1,000.00	3,500.00
3.24.	Implement Article 83 and 91 of SAA	Improvement of the legislative framework in the field of fight against corruption	1. Concept Paper for the declaration and origin of assets;	MoJ	Assembly, MPA, KJC, KPC, CEC, MLSW, ACA	Q3 2017		2,500.00	0.00	2,500.00
3.24.	Implement Article 83 and 91 of SAA	Improvement of the legislative framework in the field of fight against corruption	2. Concept Paper concerning the suspension, namely dismissing senior public officials accused or sentenced for the criminal offence of corruption	MoJ	Assembly, MPA, KJC, KPC, KQZ, MLSW, ACA	Q2 2017		2,500.00	0.00	2,500.00
3.24.	Implement Article 83 and 91 of SAA	Reviewing the mandate of Anti-Corruption Agency	1. Analysis for the mandate and mission of the Agency, completed	ACA		Q1 2017		3,000.00	12,500.00	15,500.00
3.24.	Fundamental rights									
3.24.	Implement Article 3 and 4 of SAA	Improvement of policy framework for the protection of human rights	1. Strategy and Action Plan for Human Rights in the Republic of Kosovo (2017-2022), adopted	OPM	Ministries, Municipalities International Agencies, NGOs	Q2 2017	Government Work Plan (2015-2018) SAAAP 2015 SAPD Conclusions for Kosovo 2016 Law no. 05/L - 019 on Ombudsperson (LO), Law no. 05/L -020 on Gender Equality (LGE) and Law no. 05/L -021 on the Protection from Discrimination	5,000.00	2,000.00	7,000.00
3.24	Implement Article 3 and 4 of SAA	Advancing policies for execution of criminal sanctions	2. Concept Paper for execution of criminal sanctions, adopted	MoJ	KJC, KPC, OPM, MoF, MIA	Q3 2017	GAWP	2,500.00	0.00	2,500.00

3.24.	Implement Article 3 and 4 of SAA	Advancing the legal framework for access to justice	1. Concept Paper for Free Legal Aid, adopted	MoJ	AFLA	Q2 2017		3,000.00	0.00	3,000.00
3.24.	Implement Article 3 and 4 of SAA	Improving the policy framework for protection of children	1. Strategy and Action Plan on the Rights of Children (2017-2022), adopted	OPM (OGG)	Ministries, Municipalities International Agencies, NGOs	Q1 2017	Government Work Plan (2015-2018) SAAAP 2015 of EC for 2015, SAPD Conclusions for Kosovo 2016	5,000.00	10,000.00	15,000.00
3.24.	Implement Article 3 and 4 of SAA	Improving the policy framework for protection of children	2. National indicators for children rights, drafted	OPM (OGG)		Q4 2017	Government Work Plan (2015-2018); National Development Strategy, Convention on the Rights of the Child, Sustainable Development Goals (SDG) and Millennium Challenge Corporation (MCC).	20,000.00	100,000.00	120,000.00
3.24.	Implement Article 3 and 4 of SAA	Improving the policy framework for protection of children	3. Harmonized data system	OPM (OGG)		Q4 2017	Government Work Plan (2015-2018); National Development Strategy, Convention on the Rights of the Child, Sustainable Development Goals (SDG) and Millennium Challenge Corporation (MCC).	3,000.00	0.00	3,000.00
3.24.	Implement Article 3 and 4 of SAA	Improving the policy framework for protection of children	4. Annual report for monitoring the implementation of legislation and policies for children rights	OPM (OGG)		Q4 2017	Government Work Plan (2015-2018);	10,000.00	5,000.00	15,000.00
3.24.	Implement Article 3 and 4 of SAA	Improving the safety level for communities	1. Strategy and Action Plan for Community Safety 2017-2019, adopted	MIA	Institutions involved in the strategy for	Q4 2017	GAWP 2017	2,000.00	0.00	2,000.00

					community safety					
3.24.	Implement Article 3 and 4 of SAA	Promotion of equal opportunities and fight against discrimination	1. Promotional activities in the field of human rights, organized	MEST	OPM	Q4 2017	Anti-discrimination Law	10,500.00	0.00	10,500.00
3.24.	Implement Article 3 and 4 of SAA	Promotion of equal opportunities and fight against discrimination	2. Promotional activities for the Resolution 13245 "Women, Peace and Security ", carried out	MEST	OPM	Q4 2017	Law on Gender Equality	5,000.00	0.00	5,000.00
3.24.	Implement Article 3 and 4 of SAA	Promotion of equal opportunities and fight against discrimination	3. (Two) guidelines for the protection of children in the internet, published	MEST	OPM	Q4 2017	Law on Children Protection	3,160.00	0.00	3,160.00
3.24.	Implement Article 3 and 4 of SAA	Prevention of domestic violence and promotion of gender equality	1. Kosovo Program on Gender Equality 2017-2021, adopted	AGE	Line Ministries and Municipalities	Q4 2017	Law on Gender Equality; Government Strategic Plan	14,000.00	32,000.00	45,000.00
3.24.	Implement Article 3 and 4 of SAA	Prevention of domestic violence and promotion of gender equality	2. Gender Index for Kosovo, drafted	AGE	KAS	Q4 2017	Law on Gender Equality; Government Strategic Plan	13,000.00	24,000.00	37,000.00
3.24.	Implement Article 3 and 4 of SAA	Drafting the affirmative measure concerning the opening of a public kindergarten	1. Affirmative measures, adopted	AGE	MoF, MPA, MEST	Q4 2017	National Development Strategy -NDS, LGEJ	1,000.00	6,500.00	7,500.00
3.24.	Implement Article 3 and 4 of SAA	Advancing policies for execution of criminal sanctions	1. Strategy for Execution of Criminal Sanctions, adopted	MoJ	KJC, KPC, MIA, MoF, KPS, OPM,	Q1 2017	GAWP 2017	0.00	20,000.00	20,000.00
3.24.	Implement Article 3 and 4 of SAA	Advancing policy framework for property rights	1. National Strategy for Property Rights, adopted	MoJ		Q2 2017		850,000.00	0.00	850,000.00
3.24.	Implement Article 3 and 4 of SAA	Advancing policy framework for property rights	2. Concept Paper on property and other real rights, adopted.	MoJ		Q2 2017	GAWP 2017 National Strategy for Property Rights	2,500.00	0.00	2,500.00
3.24	Implement Article 3 and 4 of SAA	Advancing policy framework for property rights	3. Concept Paper on purchasing immovable property from foreign citizens, adopted	MoJ	MTI	Q3 2017	GAWP 2017 National Strategy for Property Rights	2,500.00	0.00	2,500.00
3.24.	Implement Article 3 and 4 of SAA	Provision of comprehensive access and establishment of facilitating policies for disabled	1. National Plan for the Rights of Persons with Disabilities 2017-2019, adopted	OPM (OGG)	Ministries, Municipalities International Agencies NGOs	Q1 2017	National Strategy on the Rights of Persons with Disabilities 2013-2023	10,000.00	0.00	10,000.00

3.24.	Protection of Minorities and Cultural Heritage									
3.24.	Implement Article 3 and 4 of SAA	Improving living conditions for Roma, Ashkali and Egyptian communities	1. Strategy and Action Plan for the inclusion of Roma, Ashkali and Egyptian communities in Kosovo society, 2017-2021, adopted	OGG/OPM, Ministries, Municipalities	NGOs, international institutions	Q1 2017	Strategy and Action Plan for the inclusion of Roma, Ashkali and Egyptian communities in Kosovo society, 2017-2021	1,808,738.00	1,254,858.00	3,063,596.00
3.24.	Implement Article 3 and 4 of SAA	Improving the implementation of the Law on the Use of Languages	1. Strategy for the Protection of Language Rights (2016-2021), adopted	OPM (Office of Language Commissioner)		Q4 2017	Law no. 02/37 on the Use of Languages	3,441,000.00	0.00	3,441,000.00
3.24.	Implement Article 3 and 4 of SAA	Advancing the protection of cultural heritage	1. Guidelines for defining and handling perimeters, protected areas and protected areas of CH assets, drafted	MCYS	Relevant RCCHs, relevant Municipalities, KCCH, Civil Society	Q3 2017		5,400.00	0.00	5,400.00
3.24.	Implement Article 3 and 4 of SAA	Advancing the protection of cultural heritage	2. Guideline for marking CH assets, drafted	MCYS	MI, IAK, KIPM, Relevant RCCHs, relevant Municipalities, KCCH, Civil Society	Q2 2017		5,000.00	0.00	3,000.00
3.24.	Protection of Personal Data									
3.24.	Implement Article 3 and 4 of SAA	Finalising the policy framework for the protection of personal data	National Strategy for the Protection of Personal Data(2017-2020), adopted	NAPPD	Law on Protection of Personal Data	Q4 2017		0.00	0.00	0.00
3.24.	Institutional reforms and capacity-building									
3.24.	Judicial system									
3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	1. 3 members in the Kosovo Prosecutorial Council, elected	KPC	Assembly of Kosovo	Q2-2017	Law No. 05/L-035 on amending and supplementing the Law No. 03/L-224 on the Kosovo Prosecutorial Council	6,306.00	0.00	6,306.00
3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	2. Permanent Commissions of KPC, functionalized	KPC	Assembly of Kosovo	Q2- 2017	On amending and supplementing the Law No. 03/L-224 on Kosovo Prosecutorial Council	27.000,00	0.00	27.000,00

3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	3. 3 officers in the Office of the National Coordinator on Combating Economic Crime, recruited in compliance with gender index	KPC		Q4 2017	Annual report of ONCCEC	13,230.00	0.00	13,230.00
3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	4. 2 officers in the Unit for combating corruption and economic crimes within the Basic Prosecution Office of Prishtina, recruited in compliance with the gender index	KPC		Q4 2017	Unit periodic reports State Prosecutor Annual Report	16,687.43	0.00	16,687.43
3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	5. 4 officers in the Unit for the Interception of Electronic Communications, recruited	KPC	KJC /KP /KIA	Q3-2017	Regulation on the Unit for the Interception of Electronic Communications	35,857.00	0.00	35,857.00
3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	6. 7 chief prosecutors of basic prosecution offices trained in compliance with the gender index	KPC		Q4 2017	Annual Report of State Prosecutor KJI Annual Report	2,480.00	0.00	2,480.00
3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	7. 18 prosecutors decreed in compliance with the provisions of the Law on Gender Equality	KPC	President Office	Q4 2017	Law No. 05/L-035 on amending and supplementing the Law No. 03/L-224 on Kosovo Prosecutorial Council	238,366.80	0.00	238,366.80
3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	8. SPORK staffed with 6 prosecutors, in compliance with the Law on Gender Equality	KPC	MoJ	Q4 2017	Decisions of KPC Annual Report of KPC	158,608.80	0.00	158,608.80
3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	9. 15 prosecutors from non-majority communities, appointed	KPC	President Office	Q4 2017	Annual Report of KPC Annual Report of State Prosecutor	216,417.60	0.00	216,417.60
3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	10. 34 supporting staff from non-majority municipalities, recruited	KPC	President Office	Q4 2017	Annual Report of KPC Annual Report of State Prosecutor	155,884.05	0.00	155,884.05

3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	11. 85 legal associates in prosecution offices of Kosovo recruited respecting the gender aspect	KPC		Q4 2017	Annual Report of KPC Annual Report of State Prosecutor	646,862.58	0.00	646,862.58
3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	12. 23 legal officers recruited in prosecution offices of Kosovo	KPC		Q4 2017	Annual Report of KPC Annual Report of State Prosecutor	141,289.09	0.00	141,289.09
3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	13. 50 interns in the prosecutorial system, recruited in compliance with the Law on Gender Equality	KPC		Q4 2017	Annual Report of KPC Annual Report of State Prosecutor Intern Programme	157,500.00	0.00	157,500.00
3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	14. 5 officers in the KPC Secretariat, recruited respecting the gender index	KPC		Q3 2017	Regulation on the activity and systematization of jobs of the KPC Secretariat	50,014.44	0.00	50,014.44
3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	15. 1/3 of prosecutors and prosecution offices, assessed	KPC		Q4 2017	Commission Report for the prosecutors' performance assessment Annual Report of KPC	4,800.00	0.00	4,800.00
3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	16. Performance assessment for the staff of SKPC, PPRUand prosecution offices, completed	KPC		Q4 2017	Annual Report of KPC Annual Report of State Prosecutor	20,000.00	0.00	20,000.00
3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	17. Information and Communication Technology infrastructure in the prosecutorial system, consolidated	KPC		Q4 2017	Annual Report of KPC	132,800.00	0.00	132,800.00
3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	18. Electronic case management - ICT/SMIL, functionalized	KPC	KJC	Q4 2017	Annual Report of KPC ICT/SMIL Report	118,500.00	0.00	118,500.00
3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	19. Statistical data system within the Office of the State Prosecutor, unified	KPC		Q4 2017	Annual Report of KPC	4,800.00	0.00	4,800.00

3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	20. One facility for KPC/State Prosecutor, ensured	KPC	MPA	Q4 2017	Annual Report of KPC	685.000.00	0.00	685.000.00
3.24.	Implement Article 83 of SAA	Enhancing physical security for prosecutors and supporting staff of prosecutors	1. Number of prosecutors equipped with security measures	KPC	KP	Q4 2017	Annual Report of KPC Annual Report of State Prosecutor	3.000.00	0.00	3.000.00
3.24.	Implement Article 83 of SAA	Continuous increase of accountability and transparency of the prosecutorial system	2. 9 officers in Office of Public Communication in KPC and SP, recruited in compliance with the provisions of the Gender Equality Law	KPC		Q4 2017	Annual Report of KPC	57,167.03	0.00	57,167.03
3.24.	Implement Article 83 of SAA	Continuous increase of accountability and transparency of the prosecutorial system	3. Websites of KPC and SP, updated	KPC		Q2-2017		3,000.00	0.00	3,000.00
3.24.	Implement Article 83 of SAA	Ensuring the implementation of civil and criminal decisions and mechanisms for the implementation of laws and court decisions	4. 10 bankruptcy administrators, appointed	MoJ		Q4 2017		8,000.00	0.00	8,000.00
3.24.	Implement Article 83 of SAA	Further advancement of private enforcement system	1. 15 private enforcement agents, appointed	MoJ		Q4 2017	GAWP 2017	12,000.00	0.00	12,000.00
3.24.	Implement Article 83 of SAA	Further advancement of private enforcement system	2. Number of cases executed in compliance with the private enforcement procedure, reported	MoJ		Q4 2017	GAWP 2017	0.00	0.00	0.00
3.24.	Implement Article 83 of SAA	Further advancement of private enforcement system	3. Plan for enforcement agents, drafted.	MoJ		Q1 2017	Stand By Agreement	3,000.00	0.00	3,000.00
3.24.	Implement Article 83 of SAA	Further advancement of private enforcement system	4. 50 private enforcement agents, trained	MoJ		Q4 2017	GAWP 2017	0.00	4,000.00	4,000.00
3.24.	Implement Article 83 of SAA	Ensuring continuous functioning of KJC	1. Assigning judges for the assessment for objective planning, realized	KJC		Q1 2017		10,000.00	0.00	10,000.00
3.24	Implement Article 83 of SAA	Ensuring continuous functioning of KJC	2. Annual Work Plan, drafted	KJC		Q1 2017		2,000.00	0.00	2,000.00

3.24.	Implement Article 83 of SAA	Capacity-building, assessment and functioning of courts and prosecution offices	1. 46 positions for judges and 108 positions for supporting staff, recruited.	KJC		Q1- 017		598,592.00	0.00	598,592.00
3.24.	Implement Article 83 of SAA	Capacity-building, assessment and functioning of courts and prosecution offices	2. Number of candidates who passed the preparatory exam for judges	KJC		Q1-2017		0.00	0.00	0.00
3.24.	Implement Article 83 of SAA	Capacity-building, assessment and functioning of courts and prosecution offices	3. Establishment of a mechanism within KJC to monitor the implementation of their decisions	KJC		Q4 2017		0.00	0.00	0.00
3.24.	Implement Article 83 of SAA	Capacity-building, assessment and functioning of courts and prosecution offices	4. 10 judges dealing with serious crimes, advanced	KJC		Q4 2017		0.00	0.00	0.00
3.24.	Implement Article 83 of SAA	Capacity-building, assessment and functioning of courts and prosecution offices	5. Number of appointment acts issued	KJC		Q1 2017	Regulation on the activity, internal organization and systematization of jobs in SKJC	0.00	0.00	0.00
3.24.	Implement Article 83 of SAA	Operationalization of the Office for Management of Licenses for Court Interpreters	1. Commission of the office for management of licenses for court interpreters, established	KJC		Q2 2017	Regulation on the appointment of court interpreters and translators	0.00	0.00	0.00
3.24.	Implement Article 83 of SAA	Operationalization of the Office for Management of Licenses for Court Interpreters	2. Test for translator, organized	KJC		Q2 2017	Regulation on the appointment of court interpreters and translators	0.00	0.00	0.00
3.24.	Implement Article 83 of SAA	Operationalization of the Office for Management of Licenses for Court Interpreters	3. Number of licenses, issued	KJC		Q2 2017	Regulation on the appointment of court interpreters and translators	0.00	0.00	0.00
3.24.	Implement Article 83 of SAA	Operationalization of the Office for criminal evidence management	4. Number of data entered in the system	KJC		Q4 2017	Regulation on keeping records for convicted persons	0.00	0.00	0.00
3.24.	Implement Article 83 of SAA	Operationalization of the Office for criminal evidence management	5. Verification of data quality in the database with physical folder, carried out	KJC		Q4 2017	Regulation on keeping records for convicted persons	0.00	0.00	0.00
3.24.	Implement Article	Operationalization of	6. Number of issued	KJC		Q4 2017	Regulation on	0.00	0.00	0.00

	83 of SAA	the Office for criminal evidence management	certificates				keeping records for convicted persons			
3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	1. 4 training sessions and activities for members of KPC, held	KPC	KJI	Q4 2017	Annual Report of KPC Annual Report of KJI	7,840.00	0.00	7,840.00
3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	2. 4 training sessions for administrators of prosecution offices, held	KPC	KJI/KIPA	Q4 2017	Annual Report of KPC Annual Report of KJI Report of KIPA	6,400.00	0.00	6,400.00
3.24.	Implement Article 83 of SAA	Reforming institutional structures for capacity-building in the justice system	1. 40 notaries, trained	MoJ		Q4 2017		2,000.00	4,909,650.00	4,911,650.00
3.24.	Implement Article 83 of SAA	Ensuring the implementation of civil and criminal decisions and mechanisms for enforcing laws and court decisions	Number of advanced training sessions for mediators and bankruptcy administrators, held	MoJ		Q4 2017		3,000.00	0.00	3,000.00
3.24.	Implement Article 83 of SAA	Building capacities for judges and prosecutors for the development of court and prosecutorial system	1. 200 judges in Ongoing Training Programme, trained	KJI		Q4 2017	Training programme for 2017 Initial Training Programme for newly appointed prosecutors Initial Training Programme for newly appointed judges Research and Publication Programme	69,510.00	0.00	69,510.00
3.24.	Implement Article 83 of SAA	Building capacities for judges and prosecutors for the development of court and prosecutorial system	2. 61 newly appointed judges in the Initial Training Programme, trained	KJI	KJC	Q4-2017	Training programme for 2017 Initial Training Programme for newly appointed prosecutors Initial Training Programme for newly appointed judges Research and Publication Programme	141,160.00	0.00	141,160.00

3.24.	Implement Article 83 of SAA	Building capacities for judges and prosecutors for the development of court and prosecutorial system	3. 100 prosecutors within the Ongoing Training Programme, trained	KJI	KPC	Q4-2017	Training programme for 2017 Initial Training Programme for newly appointed prosecutors Initial Training Programme for newly appointed judges Research and Publication Programme	29,790.00	0.00	29,790.00
3.24.	Implement Article 83 of SAA	Building capacities for judges and prosecutors for the development of court and prosecutorial system	4. 25 prosecutors in the Initial Training Programme, trained	KJI	KPC	Q4-2017	Training programme for 2017 Initial Training Programme for newly appointed prosecutors Initial Training Programme for newly appointed judges Research and Publication Programme	55,800.00	0.00	55,800.00
3.24.	Implement Article 83 of SAA	Building capacities for judges and prosecutors for the development of court and prosecutorial system	5. 30 supporting staff of courts, trained	KJI	KJC	Q4-2017	Training programme for 2017 Initial Training Programme for newly appointed prosecutors Initial Training Programme for newly appointed judges Research and Publication Programme	5,325.00	0.00	5,325.00
3.24.	Implement Article 83 of SAA	Building capacities for judges and prosecutors for the development of court and prosecutorial system	1. 30 supporting staff of prosecution offices, trained	KJI	KPC	Q4-2017	Training programme for 2017 Initial Training Programme for newly appointed prosecutors Initial Training Programme for newly appointed judges Research and Publication Programme	5,325.00	0.00	5,325.00

3.24.	Implement Article 83 of SAA	Capacity-building, assessment and functioning of courts and prosecution offices	1. Number of training sessions specialised for judges, held	KJI	KJC	Q4 2017	Programme	6,000.00	0.00	6,000.00
3.24.	Implement Article 83 of SAA	Capacity-building, assessment and functioning of courts and prosecution offices	2. Number of training sessions for supporting staff, held	KJI	KJC	Q4 2017	Kosovo Report 2016	6,000.00	0.00	6,000.00
3.24.	Implement Article 83 of SAA	Capacity-building, assessment and functioning of courts and prosecution offices	3. Number of training sessions specialised for judges, held	KJI	KJC	Q4 2017		6,600.00	0.00	6,600.00
3.24.	Implement Article 83 of SAA	Capacity-building, assessment and functioning of courts and prosecution offices	4. Number of training sessions specialised for prosecutors, held	KJI	KPC			6,600.00	0.00	6,600.00
3.24.	Implement Article 83 of SAA	Ensuring the implementation of civil and criminal decisions and mechanisms for implementation of laws and court decisions	1. No. of advanced training sessions for mediators and bankruptcy administrators	MoJ				3,000.00	0.00	3,000.00
3.24.	Implement Article 83 of SAA	Approving the Strategic Plan for Public Communication	1. Number of press conferences and meetings with media on quarterly basis.	KJC		Q1-Q4 2017	Communication Strategy 2014-2019	1,000.00	0.00	1,000.00
3.24.	Fight against corruption									
3.24.	Implement Article 83 of SAA	Further development of professional capacities of prosecutors to prevent, detect and combat corruption, organized crime and terrorism	1. 10 prosecutors of the Unit for Combating Economic Crime and Corruption, trained	KPC	KJI	Q4 2017	Annual Report of KPC Annual Report of KJI	5,600.00	0.00	5,600.00
3.24.	Implement Article 83 and 91 of SAA	Ensuring the confiscation of assets unjustified during the investigations	1. Number of joint training sessions and workshops with the law enforcement institutions	MoJ	KPC, KJC, MIA, KIPA	Q4 2017	GAWP	0.00	10,000.00	10,000.00

3.24.	Implement Article 83 and 91 of SAA	Ensuring the transparency and accountability in financing political parties	1. Financial report of political parties, published	Assembly	KQZ	Q1 2017	Law on financing political parties	200.00	0.00	200.00
3.24.	Implement Article 83 and 91 of SAA	Ensuring the transparency and accountability in financing political parties	2. Additional budget for proper funding for audit service procurement for financial reports of political parties, committed	Assembly	MoF	Q1 2017	Law on financing political parties	0.00	0.00	0.00
3.24.	Implement Article 83 and 91 of SAA	Ensuring the transparency and accountability in financing political parties	3. Independent auditors selected through the open call	Assembly	CEC	Q1 2017	Law on financing political parties	120,000.00	0.00	120,000.00
3.24.	Implement Article 83 and 91 of SAA	Ensuring the transparency and accountability in financing political parties	4. Audit of the financing of political parties, completed and published	Assembly	CEC	Q2 2017	Law on financing political parties	0.00	0.00	0.00
3.24. Fundamental rights										
3.24.	Implement Article 3 and 4 of SAA	Raising awareness and informing citizens on their rights in case of the breach of these rights, in compliance with the new package of laws on human rights	1. Campaigns for the promotion of Law on the Protection from Discrimination, launched	OPM (OGG)	Ministries Municipalities NGOs	Q1 2017	Government Work Plan (2015-2018) SAAAP 2015 of EC for 2015 Law no. 05/L - 021 on the Protection from Discrimination	5,000.00	3,000.00	8,000.00
3.24.	Implement Article 3 and 4 of SAA	Promotion of equal opportunities and fight against discrimination	1. Inclusion of the human rights and anti-discrimination component in the training curriculum of KIPA for civil servants at the local and central level of governance	KIPA	OPM (OGG) MLGA	Q1 2017	Government Work Plan (2015-2018) Law no. 05/L - 019 on Ombudsperson (LO), Law no. 05/L -020 on Gender Equality (LGE) and Law no. 05/L -021 on the Protection from Discrimination	0.00	0.00	0.00
3.24.	Implement Article 3 and 4 of SAA	Promotion of equal opportunities and fight against discrimination	2. Number of training sessions for officers of central and local level in the field of human rights, with a focus on	KIPA	OPM (OGG) MLGA	Q4 2017	Law no. 05/L - 019 on Ombudsperson (LO), Law no. 05/L -020 on	2,000.00	0.00	2,000.00

			Law on Protection from Discrimination, held				Gender Equality (LGE) and Law no. 05/L -021 on the Protection from Discrimination			
3.24.	Implement Article 3 and 4 of SAA	Promotion of equal opportunities and fight against discrimination	3. Monitoring the implementation of the Law on the Protection from Discrimination in respecting the rights of disabled	OPM (OGG)	Ministries Municipalities NGOs	Q4 2017	Law no. 05/L -021 on the Protection from Discrimination	2,000.00	0.00	2,000.00
3.24.	Implement Article 3 and 4 of SAA	Promotion of equal opportunities and fight against discrimination	4. Information sessions and training sessions for education officers and teachers, held	MEST	OPM	Q4 2017	Law no. 05/L -021 on the Protection from Discrimination	0.00	7,000.00	7,000.00
3.24.	Implement Article 3 and 4 of SAA	Provision of free legal aid for all citizens of the Republic of Kosovo, regardless of their ethnicity	1. Office of Free Legal Aid in Ferizaj and Gjakova, operationalized	AFLA		Q4 2017	Law on Free Legal Aid	10,000.00	0.00	10,000.00
3.24.	Implement Article 3 and 4 of SAA	Provision of free legal aid for all citizens of the Republic of Kosovo, regardless of their ethnicity	2. 4 officers in the Office of Free Legal Aid in Ferizaj and Gjakova, recruited	AFLA		Q4 2017	Law on Free Legal Aid	22,999.97	0.00	22,999.97
3.24.	Implement Article 3 and 4 of SAA	Improvement of security level for communities	1. Number of training sessions of officers in the field of public security	MIA	KP, MLGA	Q4 2017	National Strategy for Community Safety	2,500.00	0.00	2,500.00
3.24.	Implement Article 3 and 4 of SAA	Improving the correctional institutions system and professional development of correctional service staff	1. Detention centres, constructed /renovated	MoJ		Q4 2017		530,000.00	0.00	530,000.00
3.24.	Implement Article 3 and 4 of SAA	Improving the correctional institutions system and professional development of correctional service staff	2. Number of KCS staff, recruited	MoJ		Q4 2017		239,277.91	0.00	239,277.91
3.24.	Implement Article 3 and 4 of SAA	Improving the correctional institutions system and professional development of correctional service	3.Number of training sessions for KCS officers, held	MoJ		Q4 2017		5,000.00	30,000.00	35,000.00

		staff								
3.24.	Implement Article 3 and 4 of SAA	Improving the correctional institutions system and professional development of correctional service staff	4. Economic unit of Correctional Service, established	MoJ	MoF, MTI, MED, MAFRD, MLSW	Q3-2017	GAWP	53,000.00	10,000.00	63,000.00
3.24.	Implement Article 3 and 4 of SAA	Building institutional capacities in the field of juvenile justice	1. Number of trained staff	MoJ		Q1-Q4 2017	GAWP 2017	0.00	10,000.00	10,000.00
3.24.	Protection of minorities and cultural heritage									
3.24.	Implement Article 3 and 4 of SAA	Improving the implementation of the Law on the Use of Languages	1. Electronic mean for monitoring, operationalized	OPM(Office of Language Commissioner)	OSCE	Q4 2017	Law no. 02/37 on the Use of Languages	1,000.00	0.00	1,000.00
3.24.	Implement Article 3 and 4 of SAA	Improving the implementation of the Law on the Use of Languages	2. Language courses for civil servants, held	OPM (Office of Language Commissioner)	ECMI	Q4 2017	Law no. 02/37 on the Use of Languages	14,000.00	0.00	14,000.00
3.24.	Implement Article 3 and 4 of SAA	Improving the implementation of the Law on the Use of Languages	3. Sub-modules for training the civil officers for language rights, held	OPM (Office of Language Commissioner)	KIPA/OSCE	Q4 2017	Law no. 02/37 on the Use of Languages	0.00	0.00	0.00
3.24.	Implement Article 3 and 4 of SAA	Advancing the protection of cultural heritage	1. Nature Museum (feasibility study and conceptual project), established	MCYS	MK, Municipality of Prishtina/Fush Kosova	Q4 2017	Document of Programming Policies MCYS - 2016;GAWP; PIF-WBIF	200,000.00	0.00	200,000.00
3.24.	Implement Article 3 and 4 of SAA	Advancing the protection of cultural heritage	2. Laboratory for conservation and restoration, operationalized	MCYS	KIPM	Q4 2017		70,000.00	0.00	70,000.00
3.24.	Protection of Personal Data									
3.24.	Implement the SAA provisions in the field of fundamental rights and protection of minorities (Article3 and Article 4)	Building institutional capacities in the field of protection of personal data	1. Number of training sessions for NAPPD officers, held	NAPPD		Q4 2017		10,000.00	0.00	10,000.00
3.24.	Implementation and enforcement									
3.24.	Judicial system									
3.24.	Implement Article 83 of SAA	Implementation of the Plan for Backlog Reduction	1. Reduction of backlog for 20%	KJC		Q4 2017	National Backlog Reduction Strategy National Development Strategy 2016-	0.00	0.00	0.00

							2021			
3.24.	Implement Article 83 of SAA	Ongoing implementation of the security measures for judges, prosecutors, supporting staff and witnesses	1. The number of cases of threats against judges, reported	KJC		Q4 2017	Memorandum of Understanding between Police and KJC	0.00	0.00	0.00
3.24.	Implement Article 83 of SAA	Ongoing implementation of the security measures for judges, prosecutors, supporting staff and witnesses	2. Number of close protection measures for prosecutors provided	MIA, KP	KPC	Q4 2017	Memorandum of Understanding between Police and KJC	0.00	0.00	0.00
3.24.	Implement Article 83 of SAA	Ongoing implementation of the security measures for judges, prosecutors, supporting staff and witnesses	3. Number of close protection measures for judges, provided	MIA, KP	KJC	Q4 2017	Memorandum of Understanding between Police and KJC	0.00	0.00	0.00
3.24.	Implement Article 83 of SAA	Ensuring the implementation of civil and criminal decisions and mechanisms for the implementation of laws and court decisions	1. Number of criminal judgments, executed	KJC		Q4 2017		0.00	0.00	0.00
3.24.	Implement Article 83 of SAA	Ensuring the implementation of civil and criminal decisions and mechanisms for the implementation of laws and court decisions	2. Number of civil judgments, executed	KJC		Q4 2017		0.00	0.00	0.00
3.24.	Implement Article 83 of SAA	Ensuring the implementation of civil and criminal decisions and mechanisms for the implementation of laws and court decisions	3. No. of inspections of the Commission for Notaries and Private Enforcement Agents, realized	MoJ		Q4 2017		6,000.00	0.00	6,000.00
3.24.	Implement Article 83 of SAA	Ensuring the implementation of civil and criminal decisions and mechanisms for the implementation of laws and court	4. Number of cases solved through the mediation procedure	MoJ		Q4 2017		0.00	0.00	0.00

		decisions								
3.24.	Implement Article 83 of SAA	Ongoing reduction of the number of backlog in the prosecutorial system	1. 10% of the number of cases reduced with alternative procedures	KPC		Q4 2017	Annual Report of State Prosecutor	2,849,259.00	0.00	2,849,259.00
3.24.	Implement Article 83 of SAA	Ongoing reduction of the number of backlog in the prosecutorial system	2. 10% of the number of cases reduced through the increase of the annual case rate	KPC		Q4 2017	Annual Report of KPC Annual Report of State Prosecutor	2,849,259.00	0.00	2,849,259.00
3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	1. Periodic reports of monitoring the work of the State Prosecutor, published	KPC		Q4 2017	Annual Report of KPC Annual Report of State Prosecutor	20,000.00	0.00	20,000.00
3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	2. Number of disciplinary measures from the Disciplinary Commission of KPC, imposed	KPC		Q4 2017	Annual Report of KPC Annual Report of State Prosecutor	4,800.00	0.00	4,800.00
3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	3. Number of disciplinary measures, imposed	KPC		Q4 2017	Annual Report of KPC Annual Report of State Prosecutor	27,000.00	0.00	27,000.00
3.24.	Implement Article 83 of SAA	More efficient administration of prosecutorial system and strengthening of administration	4. Regular reports of the Inter-Institutional Tracking Mechanism for Characteristic Criminal Offences, published	KPC		Q4 2017	Annual Report of State Prosecutor Reports of the Inter-Institutional Tracking Mechanism for Characteristic Criminal Offences	20,000.00	0.00	20,000.00
3.24.	Implement Article 83 of SAA	Reforming institutional structures for capacity-building in the justice system	1. Number of awareness-raising campaigns for mediation, realized.	MoJ		Q4 2017	GAWP, Country Report	0.00	3,000.00	3,000.00
3.24.	Fight against corruption									
3.24.	Implement Article 83 and 91 of SAA	Continuing the handling of cases of conflict of interest	1. Number of cases filed for conflict of interest	ACA		Q2 2017		12,408.00	0.00	12,408.00
3.24.	Implement Article 83 and 91 of SAA	Continuing the handling of cases of conflict of interest	2. No. of cases avoided the conflict of interest	ACA		Q2 2017		12,408.00	0.00	12,408.00
3.24.	Implement Article 83 and 91 of SAA	Continuing the handling of cases of conflict of interest	3. No. of cases without conflict of interest	ACA		Q2 2017		12,408.00	0.00	12,408.00

3.24.	Implement Article 83 of SAA	Ensuring the implementation of civil and criminal decisions and mechanisms for the implementation of laws and court decisions	1. Number of cases solved with mediation procedure	MoJ		Q4 2017		0.00	0.00	0.00
3.24.	Implement Article 83 and 91 of SAA	Ensuring the confiscation of the assets unjustified during investigations	1. Number and value of assets, confiscated	MoJ		Q4 2017		0.00	0.00	0.00
3.24.	Implement Article 83 and 91 of SAA	Ensuring the confiscation of the assets unjustified during investigations	2. Value of assets, returned	MoJ		Q4 2017		0.00	0.00	0.00
3.24.		Ensuring the confiscation of the assets unjustified during investigations	3. Number of auctions held for the sale of sequestered and confiscated assets and generated revenues	MoJ		Q4 2017		1,500.00	0.00	1,500.00
3.24.	Implement Article 83 and 91 of SAA	Ensuring the increase of the number of corruption cases solved in courts	1. Number of corruption cases solved	KJC		Q4 2017		0.00	0.00	0.00
3.24.	Implement Article 83 and 91 of SAA	Handling corruption cases in the activities of public procurement	1. No. of opinions issued by ACA	ACA		Q1 2017		15,000.00	0.00	15,000.00
3.24.	Implement Article 83 and 91 of SAA	Handling corruption cases in the public procurement activities	2. No. of opinions received by the Contracting Authority	ACA		Q4 2017		15,000.00	0.00	15,000.00
3.24.	Implement Article 83 and 91 of SAA	Continuing the declaration of assets by senior officers	1. No. of senior officers who declare assets in ACA	ACA		Q2 2017		7,160.00	0.00	7,160.00
3.24.	Implement Article 83 and 91 of SAA	Continuing the declaration of assets by senior officers	2. No. of forms subject to the complete control	ACA		Q2 2017		7,160.00	0.00	7,160.00
3.24.	Implement Article 83 and 91 of SAA	Continuing the declaration of assets by senior officers	3. No. of senior public officers from the northern Kosovo who declare assets in ACA	ACA		Q2 2017		7,160.00	0.00	7,160.00
3.24.		Continuing the declaration of assets by senior officers	4. No. of criminal report for failure to declare and false declaration of assets	ACA		Q2 2017		7,160.00	0.00	7,160.00
3.24.	Implement Article 83 and 91 of SAA	Increasing the handling of cases of conflict of interest according to the	1. No. of cases forwarded to the prosecution office	ACA		Q4 2017		7,160.00	0.00	7,160.00

		Criminal Code								
3.24.	Implement Article 83 and 91 of SAA	Raising general awareness in the field of fight against corruption	1. No. of awareness raising campaigns, completed	ACA		Q4 2017		3,000.00	0.00	3,000.00
3.24.	Implement Article 83 and 91 of SAA	Monitoring the implementation of Anti-Corruption Strategy and Action Plan	1. Report on monitoring and implementation of the Anti-Corruption Strategy and Action Plan 2013-2017 (twice per year – 6-months period)	ACA		Q3 2017		30,000.00	0.00	30,000.00
3.24. Fundamental rights										
3.24.	Implement Article 3 and 4 of SAA	Promotion of equal opportunities and fight against discrimination	1. Training sessions for officers at the local level for the legal package for human rights, held	MLGA	KIPA	Q4 2017	Law against Discrimination, Law on Gender Equality, Law on Ombudsperson	24,000.00	5,520.00	29,520.00
3.24.	Implement Article 3 and 4 of SAA	Advancing the protection and respect of children rights	1. Report on monitoring and implementing the Protocol for the prevention and referring the violence in pre-university education institutions	OPM		Q4 2017	Government Work Plan (2015-2018); Conclusions of SAPD for Kosovo 2016, National Development Strategy, Regulation 21/2013 Protocol for the prevention, referring and addressing the violence in pre-university education institutions.	7,500.00	0.00	7,500.00
3.24.	Implement Article 3 and 4 of SAA	Advancing the protection and respecting of children rights	2. Report on monitoring the implementation of juvenile justice indicators	OPM		Q4 2017	Government Work Plan (2015-2018); Conclusions of SAPD for Kosovo 2016, National Development Strategy , Juvenile Justice Code	7,500.00	0.00	7,500.00

3.24.	Implement Article 3 and 4 of SAA	Providing free legal aid for all citizens of the Republic of Kosovo, regardless of ethnicity	1. Number of received cases, including comparative data	AFLA		Q4 2017	Annual Work Plan of AFLA 2017	10,000.00	0.00	10,000.00
3.24.	Implement Article 3 and 4 of SAA	Providing free legal aid for all citizens of the Republic of Kosovo, regardless of ethnicity	2. Cases received in courts, decided in favour of the party	AFLA		Q4 2017	Annual Work Plan of AFLA 2017	0.00	0.00	0.00
3.24.	Implement Article 3 and 4 of SAA	Providing free legal aid for all citizens of the Republic of Kosovo, regardless of ethnicity	3. Number of cases received from parties belonging to non-majority communities	AFLA		Q4 2017	Annual Work Plan of AFLA 2017	0.00	0.00	0.00
3.24.	Implement Article 3 and 4 of SAA	Implementing the Law against Domestic Violence	1. Number of awareness-raising campaigns	MoJ	MIA, KPC, KJC	Q4 2017	National Strategy of the Republic of Kosovo for Protection against Domestic Violence and Action Plan , GAWP	0.00	120,191.00	120,191.00
3.24.	Implement Article 3 and 4 of SAA	Implementing the Law against Domestic Violence	2. Recruiting the officer in the Office of National Coordinator against Domestic Violence	MoJ		Q1 2017	National Strategy of the Republic of Kosovo for Protection against Domestic Violence and Action Plan, GAWP	6,000.00	0.00	6,000.00
3.24.	Implement Article 3 and 4 of SAA	Protection of freedom of expression, monitoring the content of media	1. Number of reports for monitoring the audio-visual content of media	IMC		Q4 2017		10,000.00	0.00	10,000.00
3.24.	Implement Article 3 and 4 of SAA	Protection of freedom of expression, monitoring the content of media	2. Number of breaches identified regarding the audio-visual content of media	IMC		Q4 2017		10,000.00	0.00	10,000.00
3.24.	Implement Article 3 and 4 of SAA	Protection of freedom of expression, monitoring the content of media	3. Number of complaints received	IMC		Q4 2017		10,000.00	0.00	10,000.00
3.24.	Implement Article 3 and 4 of SAA	Protection of freedom of expression, monitoring the content of media	4. Number of decisions published	IMC		Q4 2017		10,000.00	0.00	10,000.00

3.24.	Implement Article 3 and 4 of SAA	Fight against corruption, smuggling, nepotism and discrimination in prisons system	1. Number of cases of smuggling in prisons, reported	MoJ		Q4 2017		20,000.00	0.00	20,000.00
3.24.	Implement Article 3 and 4 of SAA	Fight against corruption, smuggling, nepotism and discrimination in prisons system	2. Number of inspections carried out for smuggling identified in prisons,	MoJ		Q4 2017		50,000.00	0.00	50,000.00
3.24.	Implement Article 3 and 4 of SAA	Fight against corruption, smuggling, nepotism and discrimination in prisons system	3. Number of recommendations for the prevention of smuggling	MoJ		Q4 2017		10,000.00	0.00	10,000.00
3.24.	Implement Article 3 and 4 of SAA	Fight against corruption, smuggling, nepotism and discrimination in prisons system	4. Number of penalties of prisoners, reported	MoJ		Q4 2017		0.00	0.00	0.00
3.24.	Implement Article 3 and 4 of SAA	Fight against corruption, smuggling, nepotism and discrimination in prisons system	5. Number of prisoners complaints, handled	MoJ		Q4 2017		6,000.00	0.00	6,000.00
3.24.	Implement Article 3 and 4 of SAA	Fight against corruption, smuggling, nepotism and discrimination in prisons system	6. Number of measures imposed on the KCS staff	MoJ		Q4 2017		24,000.00	0.00	24,000.00
3.24.	Implement Article 3 and 4 of SAA	Fight against corruption, smuggling, nepotism and discrimination in prisons system	7. Number of inspections of illegal benefits and privileges of prisoners, carried out	MoJ		Q4 2017		10,000.00	0.00	10,000.00
3.24.	Implement Article 3 and 4 of SAA	Fight against corruption, smuggling, nepotism and discrimination in prisons system	8. Number of supervisory visits in implementing the legislation by the central office of KCS	MoJ		Q4 2017		15,000.00	0.00	15,000.00
3.24.	Implement Article 3 and 4 of SAA	Fight against corruption, smuggling, nepotism and discrimination in prisons system	9. Number of minors with educational-correctional measures, handled	MoJ		Q4 2017		0.00	0.00	0.00
3.24.	Implement Article 3 and 4 of SAA	Fight against corruption, smuggling, nepotism and discrimination in prisons system	10. Programmes for professional education for prisoners in compliance with EU standards, prepared	MLSW	MoJ	Q4 2017		0.00	0.00	0.00

3.24.	Implement Article 3 and 4 of SAA	Improving the execution of judicial and administrative decisions in the field of property rights	1. Number of decisions delivered to parties	KPA		Q4 2017		433,033.00	0.00	433,033.00
3.24.	Implement Article 3 and 4 of SAA	Improving the execution of judicial and administrative decisions in the field of property rights	2. Number of implemented decisions	KPA		Q4 2017		611,613.00	0.00	611,613.00
3.24.	Implement Article 3 and 4 of SAA	Improving the execution of judicial and administrative decisions in the field of property rights	3. Number of executed eviction orders	KPA		Q4 2017		291,055.00	0.00	291,055.00
3.24.	Implement Article 3 and 4 of SAA	Improving the execution of judicial and administrative decisions in the field of property rights	4. Number of properties under the administration of the Agency and included in the rental schemes	KPA		Q4 2017		226,362.00	0.00	226,362.00
3.24.	Implement Article 3 and 4 of SAA	Improving the execution of judicial and administrative decisions in the field of property rights	5. Number of rented properties	KPA		Q4 2017		169,572.00	0.00	169,572.00
3.24.	Implement Article 3 and 4 of SAA	Improving the execution of judicial and administrative decisions in the field of property rights	7. Implementation of 35 pending decisions to demolish illegal structures constructed on private property	KPA		Q4 2017		30,000.00	0.00	30,000.00
3.24.	Implement Article 3 and 4 of SAA	Promotion and strengthening of human rights protection, including those of the LGBTI community	1. Number of investigations, prosecutions undertaken for cases of attacks against the LGBTI community	MIA		Q4 2017		0.00	0.00	0.00
3.24.	Implement Article 3 and 4 of SAA	Promotion and strengthening of human rights protection, including those of the LGBTI community	2. Number of indictments for cases of attacks against LGBTI community, filed	KPC		Q4 2017		0.00	0.00	0.00
3.24.	Implement Article 3 and 4 of SAA	Promotion and strengthening of human rights protection, including those of the LGBTI community	3. Number of judgments for the violation of rights of persons belonging to LGBTI community	KJC	MIA	Q4 2017	Annual Report of State Prosecutor	1,424,629.50	0.00	1,424,629.50

3.24.	Implement Article 3 and 4 of SAA	Ensure the freedom of expression and prove results with regards to the attacks against journalists	1. Number of initiated investigations on cases of attacks and threats against journalists	MIA		Q4 2017		2,000.00	0.00	2,000.00
3.24.	Implement Article 3 and 4 of SAA	Ensure the freedom of expression and prove results with regards to the attacks against journalists	1. Number of indictments for cases of attacks and threats against journalists, filed	KPC		Q4 2017		0.00	0.00	0.00
3.24.	Implement Article 3 and 4 of SAA	Implementing the Law against Domestic Violence	1. Number of cases of domestic violence, investigated	MIA		Q4 2017		0.00	0.00	0.00
3.24.	Implement Article 3 and 4 of SAA	Implementing the Law against Domestic Violence	2. Number of indictments of cases of domestic violence, filed	KPC		Q4 2017		0.00	0.00	0.00
3.24.	Implement Article 3 and 4 of SAA	Implementing the Law against Domestic Violence	3. Number of judgments for cases of domestic violence	KJC		Q4 2017		0.00	0.00	0.00
3.24.	Protection of Minorities and Cultural Heritage									
	Implement Article 3 and 4 of SAA	Improving the access of community members and reducing the number of school dropouts	1. Organization and monitoring the additional teaching for repatriated pupils	MEST	MIA	Q4 2017	KESP; Repatriation Strategy (MIA)	11,850.00	0.00	11,850.00
3.24.	Implement Article 3 and 4 of SAA	Improving the access of community members and reducing the number of school dropouts	2. Implementation of action plan against school dropouts	MEST		Q4 2017	Administrative Instruction 19/12 on establishment and enforcement of teams for prevention and response toward abandonment and non-enrolment in compulsory education	9,560.00	99,750.00	109,310.00
3.24.	Implement Article 3 and 4 of SAA	Improving the access of community members and reducing the number of school dropouts	3 Allocation of 500 scholarships for pupils benefiting scholarships; scholarships for pupils of upper secondary schools of Roma, Ashkali and Egyptian communities for the school year 2016/2017;	MEST		Q4 2017	Kosovo Education Strategic Plan 2017-2021; Strategy for Integration of RAE Communities in Kosovo 2007-2017	65,000.00	0.00	65,000.00

3.24.	Implement Article 3 and 4 of SAA	Improving the access of community members and reducing the number of school dropouts	4. Allocation of scholarships for students of Roma, Ashkali and Egyptian communities for the academic year 2016/2017.	MEST		Q4 2017	Kosovo Education Strategic Plan 2017-2021; Strategy for Integration of RAE Communities in Kosovo 2007-2017	15,000.00	0.00	15,000.00
3.24.	Implement SAA provisions in the field of protection of fundamental rights and protection of minorities (Article 3 and Article 4)	Improving the access of community members and reducing the number of school dropouts	5. Number of pupils from non-majority communities, registered	MEST		Q4 2017	Kosovo Education Strategic Plan 2017-2021; Strategy for Integration of RAE Communities in Kosovo 2007-2017	2,303.53	0.00	2,303.53
3.24.	Implement SAA provisions in the field of protection of fundamental rights and protection of minorities (Article 3 and Article 4)	Improving the access of community members and reducing the number of school dropouts	6. Number of pupils returned to schools (after dropping-out)	MEST		Q4 2017	Kosovo Education Strategic Plan 2017-2021; Strategy for Integration of RAE Communities in Kosovo 2007-2017	5,130.59	0.00	5,130.59
3.24	Implement Article 3 and 4 of SAA	Preventing and prosecuting the cases of ethnically-motivated cases and ensuring harmonized statistics	1. Number of indictments for violations of the rights of persons belonging to minorities	KPC	KP/KJC	Q4 2017	Annual Report of State Prosecutor	2,849,259.00	0.00	2,849,259.00
3.24	Implement Article 3 and 4 of SAA	Preventing and prosecuting the cases of ethnically-motivated cases and ensuring harmonized statistics	1. Number of judgments for violation of rights of persons belonging to minorities	KJC	KP/KPC	Q4 2017	Annual Report of State Prosecutor	1,424,629.50	0.00	1,424,629.50
3.24.	Implement Article 3 and 4 of SAA	Providing opportunities for return of displaced persons	1. Database for displaced persons, created	MCR	MIA, IOM, UNHCR, DRC,	Q4 2017	Strategy for Communities and Returns 2014-2018	20,000.00	0.00	20,000.00
3.24.	Implement Article 3 and 4 of SAA	Providing opportunities for return of displaced persons	2. Provision of information for the displaced persons on the conditions, criteria and procedures of return through go-and-see and go-and-inform	MCR	Municipalities	Q4 2017	Strategy for Communities and Returns 2014-2018, Guidelines for supporting the return	10,000.00	0.00	10,000.00

3.24.	Implement Article 3 and 4 of SAA	Providing opportunities for return of displaced persons	visits, up to 20 visits conducted 3. Number of returned displaced persons, registered in municipalities	MCR	Municipalities	Q4 2017	Strategy for Communities and Returns 2014-2018, Guidelines for supporting the return	20,000.00	0.00	20,000.00	
3.24.	Implement Article 3 and 4 of SAA	Providing opportunities for return of displaced persons	4. Number of reconstructed houses	MCR	Municipalities	Q4 2017	Strategy for Communities and Returns 2014-2018, Guidelines for supporting the return, Project within IPA 2014 and IPA 2016	2,980,000.00	1,000,000.00	3,980,000.00	
3.24.	Implement Article 3 and 4 of SAA	Supporting projects in view of return, reintegration and stabilization of communities	1. Number of supported projects	MCR	Municipalities	Q4 2017	Strategy for Communities and Returns 2014-2018, Guidelines for supporting the return, Project within IPA 2014, Regulation 02.2012.CV01 for NGO Project Financing for Community Development and Stabilization	3,600,000.00	1,000,000.00	4,600,000.00	
3.24.	Implement Article 3 and 4 of SAA	Closure of collective centres in Shterpce	1. 5 Collective centres in the Municipality of Shterpce, closed	MCR	Municipality of Shterpce	Q4 2017	Strategy for Communities and Returns 2014-2018, Guidelines for supporting the return, Project within IPA 2014	100,000.00	3,500,000.00	3,600,000.00	
3.24.	Implement Article 3 and 4 of SAA	Improving the implementation of the Law on the Use Languages	1. Number of recommendations of language commissioner, issued	OPM (Office of Language Commissioner)		Q4 2017	Law no. 02/37 on the Use of Languages	10,000.00	0.00	10,000.00	
3.24.	Implement Article 3 and 4 of SAA	Improving the implementation of the Law on the Use Languages	1. Number of citizens complaints, solved	OPM (Office of Language Commissioner)		Q4 2017	Law no. 02/37 on the Use of Languages	10,000.00	0.00	10,000.00	

3.24.	Implement Article 3 and 4 of SAA	Advancing the protection of cultural heritage	1. Management Plan for the Archaeological Park Ulpiana	MCYS	IAK	Q2 2017	Regulation No.10/2016 on establishment and administration of Archaeological Park Municipium Ulpiana - Justiniana Secunda	50,000.00	0.00	50,000.00
3.24.	Implement SAA provisions in the field of protection of fundamental rights and protection of minorities (Article 3 and Article 4)	Implementing Strategy and Action Plan for RAE Communities and improving the level of civil registration for Roma, Ashkali and Egyptian communities	1. Number of persons from RAE community, registered	MLGA		Q4 2017	Strategy for integration of RAE communities	6,400.00	0.00	6,400.00
3.24.	Implement SAA provisions in the field of protection of fundamental rights and protection of minorities (Article 3 and Article 4)	Implementing the legislation for cultural heritage	1. Number of violations and illegal constructions in protected areas	MLGA	MCYS KP MLGA	Q4 2017	Law on Cultural Heritage Law on Spatial Planning Law on Historic Centre of Prizren Law on Hoça e Madhe	3,200.00	0.00	3,200.00
3.24. Protection of Personal Data										
3.24.	Implement SAA provisions in the field of protection of fundamental rights and protection of minorities (Article 3 and Article 4)	Implementing the legal framework in the field of protection of personal data	1. 50 regular inspections and 100 inspections based on complaints on the implementation of legal provisions for the protection of personal data	NAPPD		Q4 2017		75,000.00	0.00	75,000.00
3.24.	Implement SAA provisions in the field of protection of fundamental rights and protection of minorities (Article 3 and Article 4)	Implementing the legal framework in the field of protection of personal data	2. Awareness-raising campaigns for the protection of personal data, carried out	NAPPD		Q4 2017		30,000.00	0.00	30,000.00
3.25. Acquis Chapter 24: Justice, Freedom and Security										
3.25.	<u>Policy framework</u>									
3.25.	<u>Border management</u>									

3.25.	Implement Article 85 of SAA	Further improving the policy framework in the field of border management for the purpose of implementing SAA provisions and approximated legislation	1. Signature of the operational protocol for operationalization of the Trilateral Joint Centre Kosovo-Albania-Montenegro	MIA	MFA	Q3 2017	National Strategy for Integrated Border Management 2013-2018	67,250.00	0.00	67,250.00
3.25.	Implement Article 85 of SAA	Further improving the policy framework in the field of border management for the purpose of implementing SAA provisions and approximated legislation	2. Action Plan of the Strategy for Integrated Border Management, reviewed	MIA		Q4 2017	National Strategy for Integrated Border Management 2013-2018	34,000.00	0.00	34,000.00
3.25.	Implement Article 85 of SAA	Further improving the policy framework in the field of border management for the purpose of implementing SAA provisions and approximated legislation	3. Interstate Common Integrated Risk Analysis Model	MIA		Q4 2017	National Strategy for Integrated Border Management 2013-2018	91,200.00	0.00	91,200.00
3.25. Visas										
3.25. No short-term measures are foreseen under this section.										
3.25. Document security										
3.25. No short-term measures are foreseen under this section.										
3.25. Asylum										
3.25. No short-term measures are foreseen under this section.										
3.25. Migration										
3.25.	Implement Articles 85, 86, 87 and 88 of SAA	Further improving the policy framework in the field of migration for the purpose of implementing SAA provisions and approximated legislation	1. Migration Profile for 2016, adopted	MIA	Government Authority for Monitoring Migration Movements	Q4 2017	Government decision on the establishment of authority	500.00	10,000.00	10,500.00
3.25.	Implement Articles 85, 86, 87 and 88 of SAA	Further improving the policy framework in the field of migration for the purpose of implementing SAA provisions and approximated	2. Response plan for the management of potential migrant flow , updated	MIA	KP, FSK, MKSF, MoH, MLSW, MLGA, MPA, MEST, UNHCR, MUNICIPALITIES, IOM,	Q3 2017	Response plan for the management of potential migrant flow; Decision of the minister of MIA for appointment of the National	150.00	0.00	150.00

		legislation			Red Cross, KFOR, etc.		Coordinator for the Management of Migration Flows			
3.25.	Implement Articles 85, 86, 87 and 88 of SAA	Further improving the policy framework in the field of migration for the purpose of implementing SAA provisions and approximated legislation	4. New Strategy for Reintegration of Repatriated Persons and Action Plan 2017-2022, adopted	MIA	OPM, MLSW, MLGA, MESP, MoH, MEST, MAFRD, MeD,	Q4 2017	GAWP	0.00	12,657.00	12,657.00
3.25. 3.25.	Fight against Money Laundering and Terrorist Financing Implement Article 89 of SAA in the field of money laundering and terrorist financing	Reviewing, updating and supplementing and amending the Plan of Performance and Resources for Financial Intelligence Unit of Kosovo 2015-2017	1. Reviewing the Plan 2015-2017 and drafting the Plan of Performance and Resources of MoF 2017-2019	MoF		Q1 2017	Plan of Performance and Resources for Financial Intelligence Unit of Kosovo 2015-2017	1,069.00	0.00	1,069.00
3.25.	Implement Article 89 of SAA in the field of money laundering and terrorist financing	Updating, amending and supplementing and drafting Standard Operating Procedures to ensure the complete and correct implementation of the Law on Prevention of Money Laundering and Fighting the Terrorist Financing and efficient work processes in MoF	2. Standard Operating Procedures of MoF, drafted	MoF		Q4 2017	Plan of Performance and Resources for Financial Intelligence Unit of Kosovo 2015-2017 Action Plan of the National Strategy of the Republic of Kosovo for the Prevention of and Fight against Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2014-2018	2,350.00	0.00	2,350.00
3.25.	Fight against narcotics Implement Article 90 of SAA in the field of fight against narcotics	Further improving the policy framework in the field of fight against narcotics for the purpose of implementing SAA provisions and approximated legislation	1. New Strategy against Narcotics and Action Plan 2017-2022, adopted	MIA		Q4 2017	GAWP	1,090.72	0.00	1,090.72
3.25.	Fight against Organized Crime and Police Cooperation									

	Implement Article 91 of SAA	Further improving the policy framework in the field of fight against organized crime for the purpose of implementing SAA provisions and approximated legislation	1. Strategy and Action Plan against Organized Crime 2017-2022, adopted	MIA		Q4 2017	GAWP	1,090.72	0.00	1,090.72
3.25.	Implement Article 91 of SAA	Further improving the policy framework in the field of fight against organized crime for the purpose of implementing SAA provisions and approximated legislation	2. Strategy and Action Plan on control and collection of small arms and light weapons 2017 - 2022, adopted	MIA		Q4 2017	GAWP	1,090.72	0.00	1,090.72
3.25. Fight against terrorism										
3.25.	Implement Article 92 of SAA	Strengthen Kosovo structures in prevention and elimination of terrorist acts and their financing	1. New Strategy and Action Plan against Terrorism 2017-2022, adopted	MIA		Q4 2017	GAWP, EC 2016 Kosovo Report	1,090.72	0.00	1,090.72
3.25.	Implement Article 92 of SAA	Strengthen Kosovo structures in prevention and elimination of terrorist acts and their financing	2. Drafting manuals for identification of radicalized persons	MIA	MEST, MLGA, MLSW, MoJ	Q3 2017	Strategy for fight against violent extremism and radicalization that leads to terrorism	0.00	0.00	0.00
3.25. International Legal Cooperation in Criminal and Civil Matters										
3.25.	Implement Article 83 of SAA	Intensify international legal cooperation	1. Concept Paper on the International Legal Cooperation in Criminal and Civil Issues	MoJ	MFA, OPM, KJC, KPC	Q3-2017		250.00	0.00	250.00
3.25. Institutional reforms and capacity-building										
3.25. Border management										
3.25.	Implement Article 85 of SAA	Continuing institutional reforms and building institutional capacities in the field of border management for the purpose of implementing the provisions of SAA and approximated	1. Link of BMS to DCAM	MIA		Q4 2017	Annual Plan KP 2017	25,000.00	0.00	25,000.00

3.25.	Implement Article 85 of SAA	legislation Continuing institutional reforms and building institutional capacities in the field of border management for the purpose of implementing the provisions of SAA and approximated legislation	2. Improving the infrastructure and advancing the equipment in BCP: Equipment for controlling documents outside the cabin (bus and train). Equipment for controlling documents, green line. Equipment for controlling luggage, persons, vehicles, etc. Supply of dogs.	MIA		Q4 2017	Annual Plan of KP 2017, EC 2016 Kosovo Report	2,575,514.84	10,400,000.00	12,975,514.84
3.25.	Implement Article 85 of SAA	Continuing institutional reforms and building institutional capacities in the field of border management for the purpose of implementing the provisions of SAA and approximated legislation	3. Training curriculum of the Border Police with basic, advanced and specialized training sessions, drafted and updated	MIA		Q2 2017	Annual Plan of KP 2017	14,000.00	0.00	14,000.00
3.25.	Implement Article 85 of SAA	Continuing institutional reforms and building institutional capacities in the field of border management for the purpose of implementing the provisions of SAA and approximated legislation	4. Specialised training sessions for identification of falsified documents	MIA		Q4 2017	Annual Plan of KP 2017	35,000.00	0.00	35,000.00
3.25.	Implement Article 85 of SAA	Continuing institutional reforms and building institutional capacities in the field of border management for the purpose of implementing the	5. Specialised training sessions for initial training of asylum seekers, minors and vulnerable persons	MIA		Q4 2017	Annual Plan of KP 2017	0.00	53,426.00	53,426.00

		provisions of SAA and approximated legislation								
3.25.	Implement Article 85 of SAA	Continuing institutional reforms and building institutional capacities in the field of border management for the purpose of implementing the provisions of SAA and approximated legislation	Construction of police stations for border patrol squads in Vitomirica	MIA		Q4 2017	Annual Plan of KP 2017	161,600.00	0.00	161,600.00
3.25.	Implement Article 85 of SAA	Continuing institutional reforms and building institutional capacities in the field of border management for the purpose of implementing the provisions of SAA and approximated legislation	7. Advancing and linking of databases within NCBM	MIA		Q4 2017	NCBM development plan	0.00	177,788.00	177,788.00
3.25. Visas										
3.25. No short-term measures are foreseen under this section.										
3.25. Document security										
3.25. No short-term measures are foreseen under this section.										
3.25. Asylum										
3.25.	Implement Article 85 of SAA	Continuing institutional reforms and building institutional capacities in the field of asylum for the purpose of implementing the provisions of SAA and approximated legislation	1. 7 judges from the administrative department, trained, respecting the gender quota	KJI	KJC	Q4 2017	Annual Plan of KJI 2017	350.00	0.00	350.00
3.25	Implement Article 85 of SAA	Continuing institutional reforms and building institutional capacities in the field of asylum for the purpose of implementing the	2. Number of training sessions for the staff on admission, identification and profiling of asylumseekers, especially those without identification	MIA	UNHCR, Twinning Project, Regional Project	Q4 2017	Annual Plan of MIA 2017	0.00	20,000.00	20,000.00

		provisions of SAA and approximated legislation	documents							
3.25.	Implement Article 85 of SAA	Continuing institutional reforms and building institutional capacities in the field of asylum for the purpose of implementing the provisions of SAA and approximated legislation	3. Number of training sessions for officers regarding the interviewing techniques for asylum seekers, especially persons with special needs.	MIA	UNHCR, Twinning Project, Regional Project	Q4 2017	Annual Plan of MIA 2017	0.00	20,000.00	20,000.00
3.25. Migration										
3.25.	Implement Articles 85, 86, 87 and 88 of SAA	Continuing institutional reforms and building institutional capacities in the field of asylum for the purpose of implementing the provisions of SAA and approximated legislation	2. Number of staff trained for the procedures of admission, retention and return of foreigners.	MIA	Twinning Project, Regional Project, UNHCR, IOM	Q4 2017	Annual Plan of MIA 2017, EC 2016 Kosovo Report	0.00	20,000.00	20,000.00
3.25.	Implement Articles 85, 86, 87 and 88 of SAA	Continuing institutional reforms and building institutional capacities in the field of asylum for the purpose of implementing the provisions of SAA and approximated legislation	3. Number of reintegration staff trained for the reception and reintegration of unaccompanied children.	MIA	MLSW, Municipalities	Q4 2017	Annual Plan of MIA 2017	5,000.00	0.00	5,000.00
3.25. Fight against Money Laundering and Terrorist Financing										
3.25.	Implement Article 91 of SAA	Continuing institutional reforms and building institutional capacities in the field of fight against the organized crime and police cooperation for the purpose of implementing the provisions of SAA and approximated legislation	1. 10 judges and 5 prosecutors trained by the department for serious crimes and general department of courts and prosecution offices, as well as 25 prosecutors and 61 newly appointed judges, trained respecting the gender quota	KJI		Q4 2017	Training Programme for 2017	1,135.00	0.00	1,135.00

3.25.	Implement Article 89 of SAA	Continuing institutional reforms and building institutional capacities in the field of fight against the money laundering and terrorist financing for the purpose of implementing the provisions of SAA and approximated legislation	2. Number of joint training sessions of law enforcement agencies in the field of money laundering, financial crime and terrorist financing	MIA	FIU, Customs, TAK, CBK, KPC, KJC	Q4 2017	1. National Strategy and Action Plan for the Prevention of and Fight against Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2014-2018 2. Action Plan for the prevention of violent extremism and radicalisation leading to terrorism 2015 – 2020	25,000.00	0.00	25,000.00
3.25.	Implement Article 89 of SAA	Continuing institutional reforms and building institutional capacities in the field of fight against the money laundering and terrorist financing for the purpose of implementing the provisions of SAA and approximated legislation	3. Number of training sessions in the field of money laundering, financial crime and terrorist financing.	MIA	KP, international partners	Q4 2017	Annual Training Programme of KP 2017	42,000.00	0.00	42,000.00
3.25. Fight against narcotics										
3.25. No short-term measures are foreseen under this section.										
3.25. Fight against organized crime and police cooperation										
3.25.	Implement Article 91 of SAA	Continuing institutional reforms and building institutional capacities in the field of fight against the organized crime and police cooperation for the purpose of implementing the provisions of SAA and approximated legislation	1. Provision of new equipment in the field of cyber security	MIA		Q4 2017	Work Plan of KP 2017	300,000.00	0.00	300,000.00
3.25.	Implement Article 91 of SAA	Continuing institutional reforms and building	2. Web platform for reporting cyber crimes, established	MIA		Q4 2017	National Cyber Security Strategy	12,400.00	0.00	12,400.00

		institutional capacities in the field of fight against the organized crime and police cooperation for the purpose of implementing the provisions of SAA and approximated legislation								
3.25.	Implement Article 89 of SAA	Continuing institutional reforms and building institutional capacities in the field of fight against the money laundering and terrorist financing for the purpose of implementing the provisions of SAA and approximated legislation	3. 30 judges and 20 prosecutors (according to the gender quota) from the department of serious crimes of courts and prosecution offices, trained	KJI	KJC, KPC	Q4 2017	Training Programme of KJI 2017	3,691.88	0.00	3,691.88
3.25.	Implement Article 91 of SAA	Continuing institutional reforms and building institutional capacities in the field of fight against the organized crime and police cooperation for the purpose of implementing the provisions of SAA and approximated legislation	4. Number of training sessions in the field against organized crime	MIA		Q4 2017	National Strategy against Organized Crime	65,000.00	0.00	65,000.00
3.25.	Implement Article 91 of SAA	Continuing institutional reforms and building institutional capacities in the field of fight against the organized crime and police cooperation for the purpose of implementing the provisions of SAA and approximated legislation	5. Establishment of the division for compensation of crime victims	MoJ	KJC, KPC, MoH, MoF	Q2 2017		12,000.00	0.00	12,000.00

3.25.	Implement Article 91 of SAA	Continuing institutional reforms and building institutional capacities in the field of fight against the organized crime and police cooperation for the purpose of implementing the provisions of SAA and approximated legislation	7. Implementation of the programme for compensation of victims: number of compensated victims	Moj	KJC, KPC, MoH, MoF, OPM	Q3 2017		550,000.00	0.00	550,000.00
3.25.	Fight against terrorism Implement Article 92 of SAA	Strengthen Kosovo structures for the prevention and elimination of terrorist acts and their financing	1. Referring mechanism in Gjilan and other Municipalities, functionalized	MIA	KP, MLGA, MEST	Q4 2017	Strategy for fighting violent extremism and radicalization leading to terrorism	0.00	0.00	0.00
3.25.	Implement Article 92 of SAA	Strengthen Kosovo structures for the prevention and elimination of terrorist acts and their financing	4. Advancing equipment in the field of information technology	MIA		Q4 2017	Strategy for fighting violent extremism and radicalization leading to terrorism	450,000.00	0.00	450,000.00
3.25.	International Legal Cooperation in Criminal and Civil Matters									
3.25.	Implement Article 83 of SAA	Intensify international legal cooperation	1. 10 judges and 8 prosecutors (according to the gender quota), trained	KJI	KJC, KPC	Q4 2017	Training Programme of KJI 2017	575.00	0.00	575.00
3.25.	Implement Article 83 of SAA	Intensify international legal cooperation	2. 25 prosecutors 61 judges newly appointed, trained	KJI	KJC, KPC	Q4 2017	Training Programme of KJI 2017	575.00	0.00	575.00
3.25.	Implementation and enforcement									
3.25.	Border management									
3.25.	Implement Article 85 of SAA	Providing regular and systematic control of the state border, in accordance with IBM concept in order to implement the provisions of SAA and approximated legislation	1. Number of front-line controls	MIA		Q4 2017	National Strategy on IBM Law on State Border Control and Surveillance	126,500.00	0.00	126,500.00
3.25.	Implement Article 85 of SAA	Providing regular and systematic control of the state border, in accordance with IBM concept in	2. The number of second-line controls	MIA	Customs	Q4 2017	National Strategy on IBM Law on State Border Control and Surveillance	94,200.00	0.00	94,200.00

		order to implement the provisions of SAA and approximated legislation								
3.25.	Implement Article 85 of SAA	Providing regular and systematic control of the state border, in accordance with IBM concept in order to implement the provisions of SAA and approximated legislation	3. Number of patrols along the green line of the border.	MIA		Q4 2017	National Strategy on IBM Law on State Border Control and Surveillance	200,000.00	0.00	200,000.00
3.25.	Implement Article 85 of SAA	Providing regular and systematic control of the state border, in accordance with IBM concept in order to implement the provisions of SAA and approximated legislation	4. Number of tactical analysis carried out by KP	MIA	KP	Q4 2017	National Strategy on IBM Law on State Border Control and Surveillance	18,000.00	0.00	18,000.00
3.25.	Implement Article 85 of SAA	Providing regular and systematic control of the state border, in accordance with IBM concept in order to implement the provisions of SAA and approximated legislation	5. Number of intelligent information exchanged between central, regional and local level	MIA	NCBM	Q4 2017	National Strategy on IBM Law on State Border Control and Surveillance	14,000.00	0.00	14,000.00
3.25.	Implement Article 85 of SAA	Providing regular and systematic control of the state border, in accordance with IBM concept in order to implement the provisions of SAA and approximated legislation	6. Number of profiles of persons based on the intelligence information and other information	MIA	NCBM	Q4 2017	National Strategy on IBM Law on State Border Control and Surveillance	8,000.00	0.00	8,000.00
3.25.	Visas									
3.25.	Implement Article 85 of SAA	Improve document security, ensuring implementation of the provisions of SAA and national legislation	1. Increasing for 30% of inspections in the field of civil status, compared to the previous year	MIA	MLGA	Q4 2017	Law on Civil Status	5,000.00	0.00	5,000.00
3.25.	Implement Article 85 of SAA	Improve document security, ensuring implementation of the provisions of SAA	2. Increasing for 30% of inspections in CED, compared to the previous year	MIA		Q4 2017	Law on Civil Status	5,000.00	0.00	5,000.00

		and national legislation									
3.25.	Implement Article 85 of SAA	Improve document security, ensuring implementation of the provisions of SAA and national legislation	3. Increasing for 30% of inspections in CED, compared to the previous year	MIA	MLGA	Q4 2017	Law on Civil Status	2,000.00	0.00	2,000.00	
3.25. Document security											
3.25.	Implement Article 85 of SAA	Improve document security, ensuring implementation of the provisions of SAA and national legislation	1. Increasing for 30% of inspections in CED, compared to the previous year	MIA	MLGA	Q4 2017	Law on Civil Status	5,000.00	0.00	5,000.00	
3.25.	Implement Article 85 of SAA	Improve document security, ensuring implementation of the provisions of SAA and national legislation	2. Increasing for 30% of inspections in CED, compared to the previous year	MIA		Q4 2017	Law on Civil Status	5,000.00	0.00	5,000.00	
3.25.	Implement Article 85 of SAA	Improve document security, ensuring implementation of the provisions of SAA and national legislation	3. Increasing for 30% of inspections in CED, compared to the previous year	MIA	MLGA	Q4 2017	Law on Civil Status	2,000.00	0.00	2,000.00	
3.25. Asylum											
3.25.	Implement Article 85 of SAA	Ensure appropriate conditions for appropriate treatment of asylum seekers, ensuring the implementation of provisions of SAA and transposed legislation	1. Number of requests for international protection	MIA		Q4 2017	Law on Asylum	100.00	0.00	100.00	
3.25.	Implement Article 85 of SAA	Ensure appropriate conditions for appropriate treatment of asylum seekers, ensuring the implementation of provisions of SAA and transposed legislation	2. Number of requests approved, rejected and number of cases with the termination of procedure	MIA		Q4 2017	Law on Asylum	100.00	0.00	100.00	

3.25.	Implement Article 85 of SAA	Ensure appropriate conditions for appropriate treatment of asylum seekers, ensuring the implementation of provisions of SAA and transposed legislation	3. Number of decisions from the National Commission for Refugees	National Commission for Refugees		Q4 2017	Law on Asylum Decision for the establishment of the National Commission for Refugees	100.00	0.00	100.00
3.25.	Implement Article 85 of SAA	Ensure appropriate conditions for appropriate treatment of asylum seekers, ensuring the implementation of provisions of SAA and transposed legislation	4. Number of asylum seekers admitted and treated in the Centre for Asylum seekers	MIA	KP, MLSW, MoH, MEST	Q4 2017	Law on Asylum, Regulation on the functioning of the Centre for Asylum. AI on the standards for admission and initial treatment of asylum seekers.	120,000.00	0.00	120,000.00
3.25. Migration										
3.25.	Implement Article 85 of SAA	Improve further the international cooperation in the field of readmission	1. Number of readmitted persons.	MIA	MFA	Q4 2017	Law on Readmission Bilateral Agreement for Readmission	500.00	0.00	500.00
3.25.	Implement Article 85 of SAA	Improve further the international cooperation in the field of readmission	2. Number of EU member states with which it has been established the networking of information exchange necessary for organized admission and sustainable reintegration	MIA	MFA	Q4 2017	Strategy for the Reintegration of Repatriated Persons 2013-2017 Regulation GRK no. 04 / 2016 on reintegration of repatriated persons and management of reintegration program	500.00	0.00	500.00
3.25.	Implement Article 85 of SAA	Focus on the sustainable reintegration of readmitted persons	4. Number of persons benefiting from the Reintegration Fund (comparative statistic for beneficiaries of emergent aid and sustainable reintegration;	MIA	MESP, MLSW, MLGA, MEST,	Q4 2017	Strategy for the Reintegration of Repatriated Persons 2013-2017 Regulation GRK no. 04 / 2016 on reintegration of repatriated persons and management of reintegration program	1,000.00	0.00	1,000.00
3.25.	Implement Article 85 of SAA	Focus on the sustainable reintegration of	5. Number of pupils reintegrated in the school system;	MEST	MIA, MLGA	Q4 2017	Strategy for the Reintegration of Repatriated	14,700.33	0.00	14,700.33

		readmitted persons					Persons 2013-2017 Regulation GRK no. 04 / 2016 on reintegration of repatriated persons and management of reintegration program			
3.25.	Implement Article 85 of SAA	Focus on the sustainable reintegration of readmitted persons	6. Number of pupils benefiting from the language courses and additional teaching	MEST	MIA, MLGA	Q4 2017	Strategy for the Reintegration of Repatriated Persons 2013-2017 Regulation GRK no. 04 / 2016 on reintegration of repatriated persons and management of reintegration program	10,000.00	0.00	10,000.00
3.25.	Implement Article 85 of SAA	Focus on the sustainable reintegration of readmitted persons	8. Number of business plans, approved and executed;	MIA	MLSW, Municipalities	Q4 2017	Strategy for the Reintegration of Repatriated Persons 2013-2017 Regulation GRK no. 04 / 2016 on reintegration of repatriated persons and management of reintegration program	1,022,621.00	0.00	1,022,621.00
3.25.	Implement Article 85 of SAA	Focus on the sustainable reintegration of readmitted persons	9. Number of beneficiaries of consultancy in business development	MIA	MLSW, Municipalities	Q4 2017	Strategy for the Reintegration of Repatriated Persons 2013-2017	18,909.00	0.00	18,909.00
3.25.	Implement Article 85 of SAA	Focus on the sustainable reintegration of readmitted persons	10. Number of persons participating in professional training sessions	MLSW	Municipalities	Q4 2017	Strategy for the Reintegration of Repatriated Persons 2013-2017 Regulation GRK no. 04 / 2016 on reintegration of repatriated persons and management of reintegration program	50,320.00	0.00	50,320.00

3.25.	Implement Article 85 of SAA	Focus on the sustainable reintegration of readmitted persons	11. Number of employees	MLSW	MIA, Municipalities	Q4 2017	Strategy for the Reintegration of Repatriated Persons 2013-2017 Regulation GRK no. 04 / 2016 on reintegration of repatriated persons and management of reintegration program	431,467.00	0.00	431,467.00
3.25.	Implement Article 85 of SAA	Focus on the sustainable reintegration of readmitted persons	12. Number of vulnerable persons benefiting from the fund	MIA	MLSW, MoH, Municipalities	Q4 2017	Strategy for the Reintegration of Repatriated Persons 2013-2017	530,000.00	0.00	530,000.00
3.25.	Implement Article 85 of SAA	Focus on the sustainable reintegration of readmitted persons	13. Number of unaccompanied children, returned and reintegrated	MIA	MLSW, Municipalities	Q4 2017	Strategy for the Reintegration of Repatriated Persons 2013-2017 Regulation GRK no. 04 / 2016 on reintegration of repatriated persons and management of reintegration program	10,000.00	0.00	10,000.00
3.25.	Implement Article 85 of SAA	Ensure an efficient procedure for treating foreigners illegally residing in Kosovo	14. Number of foreigners equipped with residence permit	MIA	MLSW	Q4 2017	Law on Foreigners	1,500.00	0.00	1,500.00
3.25.	Implement Article 85 of SAA	Ensure an efficient procedure for treating foreigners illegally residing in Kosovo	15. Number of persons expelled from Kosovo, by force and voluntarily.	MIA	MFA	Q4 2017	Law on Foreigners	5,000.00	0.00	5,000.00
3.25.	Implement Article 85 of SAA	Ensure an efficient procedure for treating foreigners illegally residing in Kosovo	16. Number of persons detained and treated in the Detention Centre for Foreigners	MIA	MoH	Q4 2017	Law on Foreigners Regulation on the Detention Centre for Foreigners	240,000.00	0.00	240,000.00
3.25.	Implement Article 85 of SAA	Ensure an efficient procedure for treating foreigners illegally residing in Kosovo	Number of inspections within the territory of Kosovo for the purpose of preventing and identifying the irregular migrants	MIA		Q4 2017	Law on Foreigners Migration Strategy Development Plan of DPK -2017	6,400.00	0.00	6,400.00

3.25.	Implement Article 85 of SAA	Advance the programme for prevention of irregular migration	Realization of awareness-raising campaign: a) 1 documentary b) 80,000 flyers handed over c) 2 conferences with the participation of Embassies, civil society, municipality d) informing session in Municipalities: Prishtina, Ferizaj, Mitrovica, Fushe Kosove, Podujeve, Prizren, Peja, Gjakova, Gjilan, Kamenica e) 1 videospot and radio message, realized	MEI	MIA	Q4 2017	State Strategy on Migration 2013-2018	0.00	198,500.00	198,500.00
3.25.	Implement Article 85 of SAA	Advance the cooperation of authorities in prevention and fighting the irregular migration	Number of criminal reports for cases of migrant smuggling	MIA		Q4 2017	Criminal Code and Criminal Procedure Code, Development Plan DKP/2017	12,000.00	0.00	12,000.00
3.25.	Implement Article 85 of SAA	Ensure an efficient procedure for treating foreigners illegally residing in Kosovo	Number of fines imposed on foreigners illegally residing in the territory of the Republic of Kosovo	MIA		Q4 2017	Law on Foreigners	25,000.00	0.00	25,000.00
3.25	Implement Article 85 of SAA	Ensure an efficient procedure for treating foreigners illegally residing in Kosovo	Number of departure orders issued and executed	MIA		Q4 2017	Law on Foreigners	14,000.00	0.00	14,000.00
3.25	Implement Article 85 of SAA	Advance the cooperation of authorities in prevention and fighting the irregular migration	Number of Kosovar asylum seekers in EU countries (comparative statistics)	MIA		Q4 2017		100.00	0.00	100.00
3.25	Fight against money laundering and terrorist financing									
3.25.	Implement Article 89 of SAA	Prove concrete results in the field of fight against money laundering and terrorist financing	1. Number of cases/reports for suspicious transactions, reviewed by FIU	MoF		Q4 2017	National Strategy of the Republic of Kosovo for the Prevention of and Fight against Informal Economy,	6,345.00	0.00	6,345.00

							Money Laundering, Terrorist Financing and Financial Crimes 2014-2018			
3.25.	Implement Article 89 of SAA	Prove concrete results in the field of fight against money laundering and terrorist financing	2. Number of exchanged information	MoF	KPC, MoF, KIA, ACA	Q4 2017	National Strategy of the Republic of Kosovo for the Prevention of and Fight against Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2014-2018	2,115.00	0.00	2,115.00
3.25.	Implement Article 89 of SAA	Prove concrete results in the field of fight against money laundering and terrorist financing	3. Number of cases investigated for money laundering	MIA	MoF	Q4 2017	National Strategy of the Republic of Kosovo for the Prevention of and Fight against Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2014-2018	100,000.00	0.00	100,000.00
3.25.	Implement Article 89 of SAA	Prove concrete results in the field of fight against money laundering and terrorist financing	4. Number of cases investigated for terrorist financing	MIA		Q4 2017	National Strategy of the Republic of Kosovo for the Prevention of and Fight against Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2014-2018	165,000.00	0.00	165,000.00
3.25.	Implement Article 89 of SAA	Prove concrete results in the field of fight against money laundering and terrorist financing	7. Number of judgments of first and second instance and data related to judgments (acquittals/punitive etc.)	KJC		Q4 2017	Criminal Code and Criminal Procedure Code	5,000.00	0.00	5,000.00
3.25.	Implement Article 89 of SAA	Prove concrete results in the field of fight against money laundering and terrorist financing	8. Number of arrested persons and criminal groups in cases of money laundering and terrorist financing	MIA		Q4 2017	National Strategy of the Republic of Kosovo for the Prevention of and Fight against Informal Economy,	120,000.00	0.00	120,000.00

							Money Laundering, Terrorist Financing and Financial Crimes 2014-2018			
3.25. Fight against narcotics										
3.25.	Implement SAA Article 90	Prove concrete results in the field of fight against narcotics	2. Quantity and type of confiscated drugs.	MIA		Q4 2017	Criminal Code and Criminal Procedure Code National Strategy against Narcotics	64,000.00	0.00	64,000.00
3.25.	Implement SAA Article 90	Prove concrete results in the field of fight against narcotics	3. Number of criminal reports	MIA		Q4 2017	Criminal Code and Criminal Procedure Code National Strategy against Narcotics	7,000.00	0.00	7,000.00
3.25.	Implement SAA Article 90	Prove concrete results in the field of fight against narcotics	5. Number of information exchanged with national and international institutions	MIA		Q4 2017	Criminal Code and Criminal Procedure Code National Strategy against Narcotics	7,000.00	0.00	7,000.00
3.25.	Implement SAA Article 90	Prove concrete results in the field of fight against narcotics	6. Number of international operations	MIA		Q4 2017	Criminal Code and Criminal Procedure Code National Strategy against Narcotics	7,500.00	0.00	7,500.00
3.25.	Implement SAA Article 90	Efficient investigation and prosecution against illegal drugs and their precursors	7. The number of indictments filed, diversity measures and educational measures for offenses of illegal drugs and their precursors	KPC		Q4 2017	Annual Report of KPC Annual Report of KJI	118,500.00	0.00	118,500.00
3.25.	Implement SAA Article 90	Efficient investigation and prosecution against illegal drugs and their precursors	9. Number of training sessions and activities for capacity-building for prosecutors for criminal offences of illegal drugs and their precursors	KPC		Q4 2017	Annual Report of KPC Annual Report of KJI	49,300.00	0.00	49,300.00
3.25.	Implement SAA Article 90	Prove concrete results in the field of fight against narcotics	10. Number of judgments of the first instance and second instance related to the judgments (acquittals/punitive etc.)	KJC		Q4 2017	Criminal Code and Criminal Procedure Code National Strategy against Narcotics	5,000.00	0.00	5,000.00
3.25	Fight against organized crime and police cooperation									

3.25	Implement Article 91 of SAA	Prove concrete results in the field of fight of organized crime and corruption	1. Number of marked cases within the top cases of organized crime and corruption	KPC	KP, TAK, FIU, Customs		Criminal Code and Criminal Procedure Code	1,000.00	0.00	1,000.00
3.25.	Implement Article 91 of SAA	Prove concrete results in the field of fight of organized crime and corruption	1. Number of indictments filed regarding the top cases of organized crime and corruption	KPC	KP, TAK, FIU, Customs		Criminal Code and Criminal Procedure Code	1,000.00	0.00	1,000.00
3.25.	Implement Article 91 of SAA	Prove concrete results in the field of fight of organized crime and corruption	1. Number of judgments of the first and second instance and data related to the judgments	KPC	KP, TAK, FIU, Customs		Criminal Code and Criminal Procedure Code	1,000.00	0.00	1,000.00
3.25.	Implement Article 91 of SAA	Prove concrete results in the field of fight of organized crime and corruption	1. Approximate monetary value of confiscated assets	KPC	KP, TAK, FIU, Customs		Criminal Code and Criminal Procedure Code	1,000.00	0.00	1,000.00
3.25.	Implement Article 91 of SAA	Prove concrete results in the field of fight of organized crime and corruption	1. Updating the database for top cases and generation of reports from this system	KPC	KP, TAK, FIU, Customs		Criminal Code and Criminal Procedure Code	1,000.00	0.00	1,000.00
3.25.	Implement Article 91 of SAA	Prove concrete results in the field of fight of organized crime and corruption	1. Number of criminal reports related to the organized crime and corruption	MIA	KP	Q4 2017	National Strategy against Organized Crime Criminal Code	4,000.00	0.00	4,000.00
3.25.	Implement Article 91 of SAA	Prove concrete results in the field of fight of organized crime and corruption	3. Number of exchanged information	MIA	KP	Q4 2017	National Strategy against Organized Crime Criminal Code	35,000.00	0.00	35,000.00
3.25.	Implement Article 91 of SAA	Prove concrete results in the field of fight of organized crime and corruption	4. Number of national and international operations and joint investigations	MIA	KP	Q4 2017	National Strategy against Organized Crime Criminal Code	14,000.00	0.00	14,000.00
3.25.	Implement Article 91 of SAA	Efficient investigation and prosecution against organized crime and serious crimes at the cross-border level	5. Number of indictments filed for criminal offences of organized crime and serious crimes at the cross-border level	KPC	KJC	Q4 2017	Annual Report of KPC Annual Report of State Prosecutor	5,000.00	EUR 0.00	EUR 5,000.00

3.25.	Implement Article 91 of SAA	Increasing efficiency and effectiveness for investigating and prosecuting criminal offences of corruption	8. 10% of the strategic plan for the fight against corruption, implemented	KPC		Q4 2017	Annual Report of KPC Annual Report of State Prosecutor	5,000.00	0.00	5,000.00
3.25.	Implement Article 91 of SAA	Increasing efficiency and effectiveness for investigating and prosecuting criminal offences of corruption	9. 10% more indictments filed for criminal offences of corruption	KPC		Q4 2017	Annual Report of KPC Annual Report of State Prosecutor	5,000.00	0.00	5,000.00
3.25.	Implement Article 91 of SAA	Increasing efficiency and effectiveness for investigating and prosecuting criminal offences of corruption	10% more of sequestered assets that were gained through criminal offences	KPC		Q4 2017	Annual Report of KPC Annual Report of State Prosecutor	5,000.00	0.00	5,000.00
3.25.	Implement Article 91 of SAA	Increasing efficiency and effectiveness for investigating and prosecuting criminal offences of organized crime	11. 10% more confiscated assets with final decision	KPC		Q4 2017	Annual Report of KPC Annual Report of State Prosecutor	5,000.00	0.00	5,000.00
3.25.	Implement Article 91 of SAA	Prove concrete results in the field of fight against organized crime and corruption	12. Number of judgments of the first and second instance and data related to the judgments for criminal offences of organized crime, corruption (acquittals/punitive etc.)	KJC		Q4 2017	National Strategy against Organized Crime Criminal Code	5,000.00	0.00	5,000.00
3.25.	Implement Article 91 of SAA	Prove concrete results in the field of fight against organized crime and corruption	13. Number of criminal reports related to the cases of trafficking in human beings and migrant smuggling	MIA		Q4 2017	National Strategy against Trafficking in Human Beings	5,000.00	0.00	5,000.00
3.25.	Implement Article 91 of SAA	Prove concrete results in the field of fight against organized crime and corruption	Number of indictments filed for criminal offences of THB and migrant smuggling					5,000.00	0.00	5,000.00

3.25.	Implement Article 91 of SAA	Prove concrete results in the field of fight against organized crime and corruption	15. Number of information exchanged in cases of trafficking in human beings with national and international institutions	MIA		Q4 2017	National Strategy against Trafficking in Human Beings	5,000.00	0.00	5,000.00
3.25.	Implement Article 91 of SAA	Prove concrete results in the field of fight against organized crime and corruption	16. Number of victims of trafficking in human beings, identified by KP	MIA		Q4 2017	National Strategy against Trafficking in Human Beings	8,000.00	0.00	8,000.00
3.25.	Implement Article 91 of SAA	Prove concrete results in the field of fight against organized crime and corruption	17. Number of victims of trafficking in human beings treated in shelters	MLSW		Q4 2017	National Strategy against Trafficking in Human Beings	80,000.00	0.00	80,000.00
3.25.	Implement Article 91 of SAA	Prove concrete results in the field of fight against organized crime and corruption	18. Number of victims of trafficking in human beings repatriated in countries of origin	MIA		Q4 2017	National Strategy against Trafficking in Human Beings	16,000.00	0.00	16,000.00
3.25.	Implement Article 91 of SAA	Prove concrete results in the field of fight against organized crime and corruption	19. Number of indictments of the first and second instance related to THB and migrant smuggling, as well as data on judgments (acquittals, punitive, etc.)	KJC		Q4 2017	National Strategy against Trafficking in Human Beings	1,000.00	0.00	1,000.00
3.25.	Fight against terrorism									
3.25.	Implement Article 92 of SAA	Prove concrete results in the field of fight against terrorism	1. Number of criminal reports for terrorism	MIA		Q4 2017	Strategy against Terrorism Law on Prohibition of Joining the Armed Conflicts Outside State Territory Criminal Code	18,000.00	0.00	18,000.00
3.25.	Implement Article 92 of SAA	Prove concrete results in the field of fight against terrorism	3. Number of information exchanged with national and international institutions.	MIA		Q4 2017	Strategy against Terrorism Law on Prohibition of Joining the Armed Conflicts Outside State Territory Criminal Code	7,000.00	0.00	7,000.00

3.25.	Implement Article 92 of SAA	Prove concrete results in the field of fight against terrorism	4. Number of indictments filed for criminal offence of terrorism	KPC		Q4 2017	Annual Report of KPC Annual Report of State Prosecutor	5,000.00	0.00	5,000.00
3.25.	Implement Article 92 of SAA	Prove concrete results in the field of fight against terrorism	7. Number of judgments and their data	KJC		Q4 2017	Strategy against Terrorism Law on Prohibition of Joining the Armed Conflicts Outside State Territory Criminal Code	5,000.00	0.00	5,000.00
3.25.	Implement Article 92 of SAA	Prove concrete results in the field of fight against terrorism	Awareness-raising campaigns related to the prevention of terrorism.	MIA		Q4 2017	Strategy against Terrorism	16,000.00	0.00	16,000.00
3.25. International Legal Cooperation in Criminal and Civil Issues										
3.25.	Implement Article 83 of SAA	Intensify international legal cooperation	1. Number of cases proceeded and handled in the issues of international legal cooperation, including the Republic of Serbia	Moj	MFA	Q4 2017	GAWP	10,000.00	0.00	10,000.00
3.25.	Implement Article 83 of SAA	Intensify international legal cooperation	2. Number of signed agreements	Moj	MFA	Q4 2017	GAWP	5,000.00	0.00	5,000.00
3.26. Acquis Chapter 25: Science and Research										
3.26.	<u>Policy framework</u>									
3.26.	Implement Article 107 of SAA	Approving the new strategic framework and implementing measures in the field of research and innovation	1. National Strategy for Innovation and Transfer of Technology, adopted	MEST	MED, MTI	Q2 2017	Law No. 04/L-135 on Scientific-Research Activities, ERA, Conclusions of the Sub-Committee for Innovation, Information Society, Social Policy and Employment 2017	19,947.72	0.00	19,947.72
3.26.	<u>Institutional reforms and capacity-building</u>									
3.26.	Implement Article 107 of SAA	Approving the new strategic framework and implementing measures in the field of research and innovation	4. Research-Scientific Institutes, equipped with laboratory equipments	MEST		Q4 2017	National Plan and Programme on Science, Conclusions of the Sub-Committee for Innovation, Information Society, Social Policy and Employment 2017	59,935.79	0.00	59,935.79

3.26.	Implement Article 107 of SAA	Strengthening capacities for increasing the participation in EU Programme Horizon 2020	1. National contact points for the Programme "Horizon 2020", supported to improve the coordination and provision of information for scientific/research community	MEST		Q4 2017	EU Framework Programme for Research and Innovation, Conclusions of the Sub-Committee for Innovation, Information Society, Social Policy and Employment 2017	36,000.00	0.00	36,000.00
3.26.	Implement Article 107 of SAA	Strengthening capacities for increasing the participation in EU Programme Horizon 2020	2. Sessions, informing activities and annual conferences for Horizon 2020, organized	MEST		Q4 2017	EU Framework Programme for Research and Innovation, Conclusions of the Sub-Committee for Innovation, Information Society, Social Policy and Employment 2017	2,000.00	0.00	2,000.00
3.26.	Implement Article 107 of SAA	Strengthening capacities for increasing the participation in EU Programme Horizon 2020	3. Website for Programme Horizon 2020, developed	MEST		Q4 2017	EU Framework Programme for Research and Innovation, Conclusions of the Sub-Committee for Innovation, Information Society, Social Policy and Employment 2017	0.00	0.00	0.00
3.26.	<u>Implementation and enforcement</u>									
3.26.	No short-term measures are foreseen under this section.									
3.27. Acquis Chapter 26: Education and culture										
3.27.	<u>Policy framework</u>									
3.27.	Implement Article 118 of SAA	Improving the strategic framework	1. Strategy on Culture, adopted and reflects obligations deriving from Annex V of Ahtisaari Plan	MCYS		Q2 2017	Country Report, Conclusions of the Sub-Committee for Innovation, Information Society, Social Policy and Employment 2017	1,500,000.00	0.00	1,500,000.00
3.27.	Implement Article 118 of SAA	Improving the overall quality of higher education	1. Higher Education Information Management System (HEIMS), functional	MEST	Public Universities	Q4 2017	KESP 2017-2021, Conclusions of the Sub-Committee for Innovation, Information Society, Social	455,586.35	25,000.00	480,586.35

3.27.	Implement Article 118 of SAA	Improving the overall quality of higher education	1. Industrial Councils in HEI, established and functional	MEST	HEI	Q2 2017	Policy and Employment 2017 ERA	628.24	0.00	628.24	
3.27.	Implement Article 118 of SAA	Improving the overall quality of higher education	2. Reviewing study programmes and enrolment policies, carried out	MEST	HEI	Q3 2017	ERA	628.24	0.00	628.24	
3.27.	Implement Article 118 of SAA	Improving institutional capacities in pre-university education	1. Kosovo Agency for Curricula, Standards and Assessment, established	MEST	World Bank	Q2 2017	Law on Regulated Professions ERA	46,003.14	0.00	46,003.14	
3.27.	Implement Article 118 of SAA	Improving institutional capacities in pre-university education	1. System for licensing teachers, functional	MEST	MEST	Q4 2017	Law 2004/37 on Education Inspection, KESP, Conclusions of the Sub-Committee for Innovation, Information Society, Social Policy and Employment 2017	23,221.00	0.00	23,221.00	
3.27.	<u>Institutional reforms and capacity-building</u>										
3.27.	No short-term measures are foreseen under this section.										
3.27.	<u>Implementation and enforcement</u>										
3.27.	Implement Article 118 of SAA	Increasing the level of participation of children in pre-school education institutions and children with special needs	2. 4 new schools built (4 pre-primary grades, 5-6 years)	MEST	MED	Q4 2017	Country Report 20216, Conclusions of the Sub-Committee for Innovation, Information Society, Social Policy and Employment 2017	105,314.12	0.00	105,314.12	
3.27.	Implement Article 118 of SAA	Increasing the level of participation of children in pre-school education institutions and children with special needs	3. 9 kindergartens, public pre-school institutions, built	MEST	MED	Q4 2017	KESP 2017-2021, Law on Pre-school Education, Country Report 2016, Conclusions of the Sub-Committee for Innovation, Information Society, Social Policy and Employment 2017	500,942.35	0.00	500,942.35	

3.27.	Implement Article 118 of SAA	Increasing the level of participation of children in pre-school education institutions and children with special needs	4. The core curriculum for pre-school education, finalized and piloted	MEST	Donors	Q4 2017	NQF, KESP, Country Report 2016, Conclusions of the Sub-Committee for Innovation, Information Society, Social Policy and Employment 2017	41,084.71	0.00	41,084.71
3.27.	Implement Article 118 of SAA	Implementing new curricula in pre-university education	Competence-based curriculum, in all schools and pre-university education in Kosovo, implemented and new plans and programmes for grades: preparatory, grade 1, 6, 10, as well as new curricula for grades: 2, 7, 11, implemented in 95 schools	MEST		Q3 2017	Law on Higher Education; KESP 2017-2021, Conclusions of the Sub-Committee for Innovation, Information Society, Social Policy and Employment 2017	200,000.00	0.00	200,000.00
3.27.	Implement Article 118 of SAA	Harmonization of educational programmes of VET with labour market needs	1. Curriculum for 10 priority profiles, reviewed and teachers for implementing this curriculum, trained	MEST	OEK	Q3 2017	KESP 2017-2021, ERA	58,245.60	100,000.00	158,245.60
3.27.	Implement Article 118 of SAA	Harmonization of educational programmes of VET with labour market needs	Occupational standards for adults, drafted	MEST	MLSW	Q4 2017	KESP 2017-2021, ERA, Country Report 2016, Conclusions of the Sub-Committee for Innovation, Information Society, Social Policy and Employment 2017	19,566.58	0.00	19,566.58
3.27.	Implement Article 118 of SAA	Increasing the level of participation of children in pre-school education institutions and children with special needs	5. Evaluating teams for disabled children in municipalities, trained	MEST	Municipalities	Q4 2017	National Plan for Disabled; KESP 2017 - 2021, Strategy for education of pupils with special needs in pre-university education ;	6,204.12	11,500.00	17,704.12

3.27.	Implement Article 118 of SAA	Increasing the level of participation of children in pre-school education institutions and children with special needs	25 assistants of fifth level (ISCED), for children with special needs admitted in Competence Centres in Ferizaj; as well as occupational standards and curricula, drafted	MEST	LUX DEVELOPMENT	Q4 2017	Law on Regulated Professions, Country Report 2016, Conclusions of the Sub-Committee for Innovation, Information Society, Social Policy and Employment 2017	16,614.43	105,000.00	121,614.43
3.27.	Implement Article 118 of SAA	Increasing the level of participation of children in pre-school education institutions and children with special needs	7. 780 teachers for education with special needs, trained	MEST		Q4 2017	National Plan for Disabled; KESP 2017 - 2021; Strategy for education of pupils with special needs in pre-university education; Country Report 2016, Conclusions of the Sub-Committee for Innovation, Information Society, Social Policy and Employment 2017	558.43	104,640.00	105,198.43
3.28. Acquis Chapter 27: Environment										
3.28. Policy framework										
3.28.	Implement Article 115, 116 and 117 of SAA	Further develop policies for the protection and improvement of air quality	1. Action Plan on Air Quality, adopted	MESP	ASSEMBLY OPM MED MoF MEI MTI MI Operators	Q3 2017	Law No. 03/L-160 on Air Protection from Pollution	9,000.00	0.00	9,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	Improving policies for protection of waters from harmful actions	Geophysical survey of underground water bodies in the basin of the White Drin, completed	MESP	MoH Municipalities University of Prishtina MAFRD	Q4 2017	Law No.04/L-147 on Waters of Kosovo	0.00	787,000.00	794,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	Improving policies for protection of waters from harmful actions	1. The management plan for the basin of the White Drin - initial phase of identifying sensitive issues (erosion, floods, pollution points), finished	MESP	OPM MED MEI MoF Municipalities MoH Operators	Q4 2017	Draft Strategy on Waters of Kosovo, Law No.04/L-147 on Waters of Kosovo	0.00	394,000.00	394,000.00
3.28.	Implement Article	Improving policies	1. Number of	MESP	MAFRD	Q4 2017	Strategy and	60,000.00	100,000.00	160,000.00

	115, 116 and 117 of SAA	for management of national parks "Bjeshkët e Nemuna" and "Sharr"	identified areas for preparing regulatory plans		Municipalities laying in the area of parks		Action Plan for Biodiversity 2011-2020			
3.28.	Implement Article 115, 116 and 117 of SAA	Improving policies for protection of natural values - biodiversity	1. Action Plan for Biodiversity 2016-2020, adopted	MESP	OPM MAFRD MTI	Q2 2017	Law No.03/L-233 on Nature Protection	9,000.00	0.00	9,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	Implementation of strategy and policy for non-wood forest products	1.National inventory and determination of the annual quota for non-timber forest products	MAFRD	MESP MLGA Municipalities APP	Q4 2017	Law no. 2003/3 on Forests in Kosovo Law no. 02/L-53 on Hunting Law no. 03/L-025 on Environmental Protection	8,500.00	65,000.00	73,500.00
3.28.	Implement Article 115, 116 and 117 of SAA	Improving policies for afforestation of bare surfaces	1. The national program for afforestation of bare surfaces 2016-2025, adopted	MAFRD	MESP MLGA Municipalities APP	Q4 2017	Law no. 2003/3 on Forests in Kosovo Law no. 02/L-53 on Hunting Law no. 03/L-025 on Environmental Protection	413,000.00	0.00	413,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	Integration of risk mitigation in development policies and plans	1. Drafting of the Emergency Support Functions (ESFs) according the National Response Plan - ESF#1- Transport ESF#3- Communication and ESF#8 Medicine, completed	AME	MI MIA MAFRD	Q4 2017	Law no. 04/L-27 for protection against natural and other disasters Integrated Emergency Management System (2010) National Response Plan (2010)	0.00	0.00	10,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	Improving policies in the field of waters	1. Strategy and Action Plan for Waters in Kosovo, adopted	MESP	OPM MoH MAFRD Municipalities RWC	Q2 2017	Law no. 04/L-147 on the Waters of Kosovo	5,000.00	0.00	5,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	Improving police for climate changes	1.Strategy and Action Plan on Climate Change, adopted	MESP	OPM MED MoF MEI MTI MI Operators	Q2 2017	Law no. 03/L-025 on Environmental Protection Climate Change Strategy 2014-2024	7,000.00	0.00	7,000.00
3.28.	<u>Institutional reforms and capacity-building</u>									
3.28.	Implement Article 115, 116 and 117 of SAA	Building institutional capacities for the implementation of legislation in the field of environment	1.Three training sessions on the implementation of legislation on environment within the "Kosovo	MESP	Municipalities	Q4 2017	Law no. 03/L-025 on Environmental Protection	0.00	84,000.00	84,000.00

			Environmental Program ", held							
3.28.	Implement Article 115, 116 and 117 of SAA	Building institutional capacities for improving the monitoring (controlling) system of air pollution	1. Training for the measurement of emissions from stationary sources of pollution, held	MESP	KEK MED	Q4 2017	Law No. 03/L-160 on Air Protection from Pollution	0.00	50,000.00	50,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	Building institutional capacities for improving the monitoring (controlling) system of air pollution	1. Training for the calibration of analyzers for monitoring air quality, held	MESP	KEK MED	Q4 2017	Law No. 03/L-160 on Air Protection from Pollution	0.00	50,000.00	50,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	Building institutional capacities for improving the monitoring (controlling) system of air pollution	1. Training for developing the inventory of air emissions, held	MESP	KEK MED	Q4 2017	Law No. 03/L-160 on Air Protection from Pollution	0.00	50,000.00	50,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	Building institutional capacities for improving the monitoring (controlling) system of air pollution	1. Training for modelling / simulation , held	MESP	KEK MED	Q4 2017	Law No. 03/L-160 on Air Protection from Pollution	0.00	50,000.00	50,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	Building institutional capacities in the waters sector	1. Training on improving cooperation between central and local level for the implementation of water legislation under the Water Framework Directive, held	MESP	Municipalities MoH MAFRD	Q4 2017	Law No. 04/L-147 on Waters of Kosovo	10,000.00	0.00	10,000.00
3.28.	Implementation and enforcement									
3.28.	Implement Article 115, 116 and 117 of SAA	Raising citizens awareness on environmental legislation	Campaigns and public debates for the purpose of promoting environmental protection, carried out	MESP	Municipalities	Q4 2017	Law no. 03/L-025 on Environmental Protection	10,000.00	0.00	10,000.00
	Implement Article 115, 116 and 117 of SAA	Improving the monitoring (controlling) system	1. Number of measurements of emissions in air from	MESP	KEK MED	Q3 2017	Strategy and Action Plan for Air Quality	0.00	500,000.00	500,000.00

		of air pollution	large combustion plants							
3.28.	Implement Article 115, 116 and 117 of SAA	Improving the monitoring (controlling) system of air pollution	1. Report on air emissions from large combustion plants, published	MESP	KEK MED	Q3 2017	Strategy and Action Plan for Air Quality	0.00	300,000.00	300,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	Improving the monitoring (controlling) system of air pollution and installing the software	1. Number of air stations, maintained	MESP	MPA	Q4 2017	Strategy and Action Plan for Air Quality	95,000.00	0.00	95,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	Improving the monitoring (controlling) system of air pollution and installing the software	1. Central software for reporting data that are published, installed	MESP	MPA	Q4 2017	Strategy and Action Plan for Air Quality	95,000.00	0.00	95,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	Improving waste management system in Kosovo	1. Cleaning of the river Lepenc from asbestos waste, carried out	MESP	Municipality of Hani i Elezit	Q4 2017	Law No. 03/L-025 on Environmental Protection	93,000.00	0.00	93,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	Implementation of Municipal Waste Management Master Plan	Competition for clean environment (17 municipalities) and selection of winning municipalities, completed	MESP	MLGA Municipalities	Q4 2017	Municipal Waste Management Master Plan	0.00	3,400,000.00	3,400,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	Implementing measures for protecting Sanitary Water Areas	1. Physical fencing of the first area of water source declared protected with a Decision	MESP	OPM MoH Municipalities RWC	Q4 2017	AI 28/2014 on Sanitary Protected Areas	4,500.00	0.00	4,500.00
3.28.	Implement Article 115, 116 and 117 of SAA	Implementing measures for protecting Sanitary Water Areas	1. Number of municipalities which have included sanitary water protected areas in Detailed Regulatory Plans	MESP	OPM MoH Municipalities RWC MLGA	Q4 2017	AI 28/2014 on Sanitary Protected Areas	4,500.00	0.00	4,500.00
3.28.	Implement Article 115, 116 and 117 of SAA	Applying tariffs for compensation of water use, water discharge, solid waste and concessions	1. Number of operators of water users that fulfil obligations deriving from new tariffs	MESP	OPM MoF Operators	Q4 2017	Law No. 04/L-147 on Waters of Kosovo	1,000.00	0.00	1,000.00

3.28.	Implement Article 115, 116 and 117 of SAA	Applying tariffs for compensation of water use, water discharge, solid waste and concessions	1. Number of payments of debts inherited from water users	MESP	OPM MoF Operators	Q4 2017	Law No. 04/L-147 on Waters of Kosovo	1,000.00	0.00	1,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	Improving waste water treatment	1.Expropriation, the announcement of the tender, tendering, project design of the project for construction of the plant for wastewater treatment in Peja, completed	MESP	OPM MoF Operators	Q4 2017	Law No. 04/L-147 on Waters of Kosovo	3,795,000.00	0.00	3,795,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	Improving waste water treatment	1. Location of the project for the construction of wastewater treatment plant in Peja, determined	MESP	MED MoF Municipality	Q4 2017	National Development Strategy 2016 - 2021-Measure 32 Draft Strategy on Waters of Kosovo Law No. 04/L-147 on Waters of Kosovo	5,000.00	0.00	5,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	Monitoring groundwater	1. A preliminary study for the establishment of a network of groundwater monitoring, completed	MESP	MED	Q3 2017	Draft Strategy on Waters of Kosovo Law No. 04/L-147 on Waters of Kosovo	0.00	70,000.00	70,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	Compiling the red list of types of fauna	1. Number of types of fauna included in the red list	MESP	MAFRD University of Prishtina Municipalities	Q4 2017	Strategy and Action Plan for Biodiversity 2011-2020	2,000.00	30,000.00	32,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	Compiling the red list of types of fauna	1. Number of fauna categories included by risk	MESP	MAFRD University of Prishtina Municipalities	Q4 2017	Strategy and Action Plan for Biodiversity 2011-2020	2,000.00	30,000.00	32,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	Environmental education and awareness-raising for the protection of nature (Botanical Garden)	1. Location of Botanical Garden, determined	MESP	MEST MAFRD University of Prishtina Komuna e Prishtinës	Q4 2017	Strategy and Action Plan for Biodiversity 2011-2020	5,000.00	0.00	5,000.00

3.28.	Implement Article 115, 116 and 117 of SAA	Environmental education and awareness-raising for the protection of nature (Botanical Garden)	1. Implementing project of Botanical Garden, prepared	MESP	MEST MAFRD University of Prishtina Municipality of Prishtina	Q3 2017	Strategy and Action Plan for Biodiversity 2011-2020	15,000.00	0.00	15,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	Protection of natural values	1. 19 strict nature reserves, marked	MESP	Management bodies for protected areas	Q4 2017	Spatial and Management Plan for Sharr Mountain and draft Spatial Plan for "Bjeshkët e Nemuna"	10,000.00	0.00	10,000.00
3.28.	Implement Article 115, 116 and 117 of SAA	Inspection in view of implementing the environmental legislation	1.Number of inspections carried out	MESP	Police Municipalities Courts	Q4 2017	Law No.04/L-147 on Waters of Kosovo Law No. 03/L-025 on Environmental Protection	45,460.00	0.00	45,460.00
3.28.	Implement Article 115, 116 and 117 of SAA	Supervision of all activities prohibited in Special Protective Zones	1.The number of detentions for interventions/ prohibited activities (physical construction, degradation, etc.) Special Protective Zones, undertaken	MESP	Municipalities	Q4 2017	Law No.03/L-039 on Special Protective Zones	22,731.60	0.00	22,731.60

3.29. Acquis Chapter 28: Consumer and Health Protection

3.29.	<u>Policy framework</u>									
3.29.	No short-term measures are foreseen under this section.									
3.29.	<u>Institutional reforms and capacity-building</u>									
3.29.	<u>Consumer Protection</u>									
3.29.	No short-term measures are foreseen under this section.									
3.29.	<u>Health Protection</u>									
3.29.	Implement Article 106 of SAA	Building institutional capacities in the field of public health protection	Membership of Kosovo in Southeast Health Network	MoH	MFA	Q4 2017	Health Sector Strategy 2017-2021	30,000.00	0.00	30,000.00
3.29.	Implement Article 106 of SAA	Building administrative capacities in the centres for blood transfusion	Transfer of blood transfusion units from regional hospitals in the national blood transfusion centre	MoH	OPM; QKTGJK	Q2 2017	Health Sector Strategy 2017-2021, Country Report 2016	31,164.00	0.00	31,164.00
3.29.	Implement Article 106 of SAA	Building administrative capacities in the centres for blood transfusion	National Transplant Coordinator, appointed	MoH	OPM	Q4 2017	Health Sector Strategy 2017-2021	7,800.00	0.00	7,800.00

3.29.	<u>Implementation and enforcement</u>										
3.29.	Consumer Protection										
3.29.	Implement Article 81 of SAA	Improving the quality in service provision and raising awareness of consumers.	1. Raising awareness of consumers through: video spots, brochures and other information means, realized	MTI		Q4 2017	Consumer Protection Programme 2016 - 2020, Country Report 2016	4,000.00	0.00	4,000.00	
3.29.	Implement Article 81 of SAA	Effective receipt and review of complaints received from consumers.	2. Number of complaints received, solved and non-reviewed	MTI		Q4 2017	Law on Consumer Protection Consumer Protection Programme, Country Report 2016	3,000.00	0.00	3,000.00	
3.29.	Implement Article 81 of SAA	Effective receipt and review of complaints received from consumers regarding the financial services	1. Number of complaints received and reviewed regarding the financial services	CBK		Q4 2017		5,000.00	0.00	5,000.00	
3.29.	Health Protection										
3.29.	Implement Article 106 of SAA	Protection of Mother and Child Health and Reproductive Health	1. Three roadmaps in the field of sexual and reproductive health, approved	MoH	Municipalities	Q4 2017	Health Sector Strategy 2017-2021, Country Report 2016	60,000.00	0.00	60,000.00	
3.29.	Implement Article 106 of SAA	Protection of Mother and Child Health and Reproductive Health	2. Number of training sessions for the health of mother and child and reproductive health, as well as improving quality	MoH	Municipalities	Q4 2017	Health Sector Strategy 2017-2021, Country Report 2016	30,000.00	15,000.00	45,000.00	
3.30.	Acquis Chapter 29: Customs Union										
3.30.	Policy framework Implement Article 17, 18, 19, 39, 48, 75, 93, 104 and Protocol 3 of SAA		Strategic Framework Development	1. Strategy on KC and Action Plan, reviewed	KC	MoF	Q1 2017	Customs Strategic Plan 2015-2018, Action Plan 2016-2017, Medium Term Training Plan Framework (2014-2016)	120,000.00	0.00	120,000.00
3.30.	Institutional reforms and capacity-building										
3.30.	Implement Article 17, 18, 19, 39, 48, 75, 93, 104 and Protocol 3 of SAA	Improving the current electronic system INES	1. The current electronic system INES for registering and online application for protection of IPR with COPIS	KC	MoF	Q4 2017	Customs Strategic Plan 2015-2018, Action Plan 2016-2017, Medium Term Training Plan Framework (2014-2016),	10,000.00	0.00	10,000.00	

			system, harmonized and functionalized				Country Report 2016			
3.30.	Implementation and enforcement									
3.30.	Implement Article 17, 18, 19, 39, 48, 75, 93, 104 and Protocol 3 of SAA	Continuing the fight against informal economy	1. Number of joint operations of Customs with other domestic institutions, as KP, Prosecution office, as well as other stakeholders in law enforcement, increased	KC	MoF	Q4 2017	Customs Strategic Plan 2015-2018, Action Plan 2016-2017, Strategy for the Prevention of and Fight against Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2014-2018, Country Report 2016, ERP 2017-2019, Conclusions of SAPD on Trade, Industry, Customs and Taxation	60,000.00	0.00	60,000.00
3.30.	Implement Article 17, 18, 19, 39, 48, 75, 93, 104 and Protocol 3 of SAA	Continuing the fight against informal economy	2. Number of exchanges of information between EU countries, increased	KC	MoF	Q4 2017	Protocol IV of SAA, Bilateral Agreements, Customs Strategic Plan 2015-2018, Action Plan 2016-2017, Country Report 2016, ERP 2017-2019, Conclusions of SAPD on Trade, Industry, Customs and Taxation	20,000.00	0.00	20,000.00
3.30.	Implement Article 17, 18, 19, 39, 48, 75, 93, 104 and Protocol 3 of SAA	Continuing the fight against informal economy	3. Number of detected cases, increased	KC	MoF	Q4 2017	Customs Strategic Plan 2015-2018, Action Plan 2016-2017, Strategy for the Prevention of and Fight against Informal Economy, Money Laundering, Terrorist Financing and Financial Crimes 2014-2018, Country Report 2016, ERP 2017-2019, Conclusions of SAPD on Trade, Industry, Customs and Taxation	30,000.00	0.00	30,000.00

							and Taxation			
3.30.	Implement Article 17, 18, 19, 39, 48, 75, 93, 104 and Protocol 3 of SAA	Increasing the performance of Customs in providing more effective customs procedures	1. Reduced time for clearance phase through using green channel	KC	MoF	Q4 2017	Customs Strategic Plan 2015-2018, Action Plan 2016-2017, Country Report 2016	10,000.00	0.00	10,000.00
3.31. Acquis Chapter 30: External Relations										
3.31.	This chapter only contains the narrative text.									
3.32. Acquis Chapter 31: Foreign, Security and Defence Policy										
3.32.	This chapter only contains the narrative text.									
3.33. Acquis Chapter 32: Financial Control										
3.33.	<u>Policy framework</u>									
3.33.	<u>Institutional reforms and capacity-building</u>									
3.33.	Implement Article 97 of SAA	Professional development in the field of financial management and control	1. Pilot project for the implementation of financial management and control in five budgetary organizations, completed	CHU	MOFK, IKAP, BO	Q4 2017	PIFC Strategy 2015-2019, Country Report 2016, Conclusions of SAPD on Economy, Financial Control and Statistics 2016	8,100.00	0.00	8,100.00
3.33.	Implement Article 97 of SAA	Professional development in the field of financial management and control	2. Training sessions for accountability of senior managers, updating registers of risks and performance training sessions, held	CHU	MOFK, IKAP, BO	Q4 2017	PIFC Strategy 2015-2019, Country Report 2016, ERP 2017-2019	12,600.00	0.00	12,600.00
3.33.	Implement Article 97 of SAA	Training of internal auditors in the National Programme for Local Training and Certification and Programme for Ongoing Professional Education	1. Training of IA in programme for certification, reporting, quality assurance, and program for strategic and annual planning , held	CHU	IA, IKAP, MEST, BO	Q4 2017	Law on IA PIFC Strategy 2015-2019, Country Report 2016, Conclusions of SAPD on Economy, Financial Control and Statistics 2016	10,300.00	0.00	10,300.00
3.33.	Implement Article 97 of SAA	Building institutional and administrative capacities	1. Number of certified auditors, increased	NAO		Q2 2017	Annual Performance Report of the National Audit	50,000.00	0.00	50,000.00

3.33.	Implement Article 97 of SAA	Upgrading information technology in order to develop institutional quality	1. Software for more efficient audit, installed and functional	NAO	Q4 2017	Office, Country Report 2016, Conclusions of SAPD on Economy, Financial Control and Statistics 2016 Annual Performance Report on National Audit Office, Country Report 2016, Conclusions of SAPD on Economy, Financial Control and Statistics 2016	25,000.00	0.00	25,000.00
3.33. Implementation and enforcement									
3.33.	Implement Article 97 of SAA	Improving the quality of mandatory audits on regularity and non-statutory performance audits	1. Non-statutory audits on performance and audits of IT, increased	NAO	Q3 2017	Working papers of audit on regularity, reviewed; Annual Audit Plan 2016-2017, Country Report 2016, Conclusions of SAPD on Economy, Financial Control and Statistics 2016	56,760.00	0.00	56,760.00
3.34. Acquis Chapter 33: Financial and Budgetary Provisions									
3.34.	This chapter only contains its narrative section, including short-term measures.								
3.35. Acquis Chapter 34: Institutions									
3.35.	This programme does not cover this chapter at this stage of EU accession.								
3.36. Acquis Chapter 35: Other issues									
3.36.	This programme does not cover this chapter at this stage of EU accession.								
						Total	398,058,423.00	86,542,833.00	484,601,256.00