

16th Meeting of the Stabilisation Association Process Tracking Mechanism

Pristina, 12 June 2009

FINAL CONCLUSIONS

The 16th Plenary meeting of the Stabilisation and Association Process Tracking Mechanism was held in Pristina on 12 June 2009.

The meeting was attended by the Kosovo authorities, the EU Special Representative, the Czech Ambassador for the EU presidency, the European Commission, including the European Commission Liaison Office in Pristina, EU Member States represented in Pristina, EULEX, UNMIK, OSCE and Council of Europe (for a detailed list of participants see **Attachment 1**).

The meeting was opened by the Prime Minister Mr Hashim Thaçi, followed by statements of the EUSR Mr Pieter Feith, the Czech Ambassador Ms Janina Hrebickova for the EU presidency and Pierre Mirel, Director for the Western Balkans at the Directorate-General for Enlargement of the European Commission.

In his opening statement, Prime Minister Thaçi confirmed his government's full commitment to the European Agenda and Euro-Atlantic integration. The Prime Minister referred to the importance of the Commission's feasibility study for Kosovo currently under preparation and confirmed Kosovo's readiness to establish contractual relations with the EU. He gave an overview of developments since December 2008 confirming 60 countries had recognized Kosovo to date and that Kosovo's IMF and World Bank membership was all but formalized. EBRD membership would be the next goal. In terms of priorities for Kosovo, the Prime Minister identified the rule of law, anti-corruption, fighting organized crime and public administration reform, committing himself to continuing reform, including legislation on courts and prosecutors, an anti-corruption strategy for the period 2009-2014, the civil service law and follow-up to recommendations of the public administration review. Improving the investment climate and energy supply in Kosovo, including the physical infrastructure were also singled out as priorities. Prime Minister Thaçi referred to a recent report by Transparency International in which Kosovo is perceived to have the lowest rate of corruption in the region. Kosovo would review and adopt its European Partnership Action Plan (EPAP), had set up six European Integration Working Groups to help guide EPAP implementation, and would ensure follow-up to the High-Level Forum. The Prime Minister explicitly referred to Kosovo's plans to bilaterally implement measures aimed to ensure compliance with rules and standards related to EU visa liberalisation.

EUSR Pieter Feith called on the Kosovo government to continue the reform process and deliver on its European Agenda, referring in particular to local self-government, the conduct of free and fair local elections to be held this autumn, economic sustainability, good corporate governance and regional economic cooperation.

Speaking on behalf of the EU presidency, Ambassador Hrebickova reiterated the need for continued reform, a sound business environment, regional cooperation and free media. She expressed her hope that the Commission's feasibility study would include innovative ideas.

For the European Commission, co-chair Mr Pierre Mirel stressed the importance of taking stock of Kosovo's progress in the run-up to the Commission's Progress Report and feasibility study, both due in October. Mr Mirel confirmed that concrete evidence of progress would allow the Commission to propose to the Council the mobilisation of Community instruments where relevant, appropriate and feasible. Such evidence would be the adoption of quality EU-compatible legislation reflecting proper preparatory consultations with the Commission, EULEX and the EUSR, as well as proof of its implementation, including strategies and action plans, accompanied by the proper allocation of resources. Mr Mirel emphasized the importance of the regional framework for Kosovo's European Agenda and appealed for Kosovo's active participation in regional cooperation initiatives.

1. EUROPEAN AGENDA

Deputy Prime-Minister (DPM) Hajredim Kuçi provided a comprehensive overview of European Agenda-related developments in Kosovo since December 2008, reviewing progress on the political and economic criteria. This was followed by a detailed presentation by Chief Executive Officer of the Agency for Coordination of Development and European Integration (ACDEI) Edon Cana, outlining progress made on administrative capacity, Medium Term Expenditure Framework (MTEF) and European Partnership Action Plan (EPAP), due to be formally adopted by mid-July. He also discussed the High-Level Forum (HLF) held in March.

Mr Mirel expressed his appreciation of Kosovo's timely contribution to the 2009 Progress Report. The Commission had noted an improvement in this respect compared to last year. The methodology of the Annual Report is such that it focuses on what Kosovo has actually achieved over the past 12 months. Achievements are measured by the adoption of quality and EU-compatible legislation reflecting preparatory consultations with the Commission, EULEX and the EUSR. As regards implementation, key benchmarks would have to have been met, such as strategies and action plans agreed and adopted.

Mr Mirel invited the Kosovo side to structure its updated contribution due this autumn along these lines and emphasised that it needed to reach the Commission by 15 September. Mr Mirel specified that contributions on the Political Criteria and European Standards had been more helpful than the section on Economic Criteria. He proposed the latter be revised as soon as possible and suggested to focus on updating the material provided in 2008. Further discussion on the additional information that would be required was referred to the Economy STM scheduled for 16 June.

The Commission welcomed the establishment of the ACDEI in December 2008. A strong Agency is essential as Kosovo's 'gateway to Europe'. The Commission welcomed efforts to strengthen it and to mainstream European policy into other government activities. Mr Mirel stressed the Agency's key role in establishing priorities, in explaining what is required of individual line ministries and in ensuring the quality and timeliness of follow-up, in particular in meeting commitments made during the STM. The Agency would need to provide added-value to the line-ministries and needed support at the highest political level. Mr Mirel's own experience of the 5th enlargement was that the pace of European integration was fastest in those countries with the most effective structure for coordinating all aspects of European policy and assistance. He encouraged the Agency to act on its mandate and engage with donors and ministries on the coordination of sectoral issues.

Mr Mirel expressed his gratitude for the revised MTEF. He confirmed that each version of the MTEF was an improvement on the previous one. This particular MTEF was well-drafted and the policy framework it provided seemed to become more refined. Detailed discussions were referred to the Economy STM.

As regards the European Partnership Action Plan (EPAP), Mr Mirel acknowledged the effort that had been made in the preparation of an impressive inventory of European Partnership-related activities. However, he noted with concern that the size and volume of the document meant that it would have limited use as an action plan for practical use. Mr Mirel emphasised that the EPAP needed to be a document that reflected adequate prioritisation, sequencing and resource allocation, and whose contents should be directly linked to the key elements of the government's own strategic planning, legislative programme and the MTEF. Mr Mirel stressed in particular that the adoption of laws should not significantly outpace the capacity to implement them. The EPAP should be a tool helping all government institutions involved in implementing Kosovo's European agenda. He proposed the EPAP be reviewed to be as realistic as possible, taking a longer-term view and concentrating on creating the means to implement and enforce legislation, rather than just adopting legislation. Mr Mirel suggested this work be done by Q4 2009, taking account of the 2009 Progress Report. In terms of practical suggestions, Mr Mirel proposed that translations of the *acquis* into Albanian and Serbo-Croat could be received from Albania and Montenegro respectively. Mr Mirel emphasized the need for the allocation of donor assistance to be a function of the reform process, which should be assured within the framework of the High Level Forum and follow-up arrangements. Mr Mirel put special emphasis on the need for draft legislation to be consulted with EU partners in advance of tabling, which was key to

the government's credibility vis-à-vis EU Member States. DPM Kuçi confirmed proper prior consultation on draft legislation would be ensured in future.

Follow-up actions (incorporating relevant Sectoral STM conclusions where relevant):

- ↳ Update Kosovo's contribution to the 2009 Progress Report (by 15 September 2009)
- ↳ Revise and submit Economic Criteria section of 2009 Progress Report (by 15 September 2009)
- ↳ Revise draft EPAP for it to be a realistic and practical working tool, providing for a limited set of key priorities, proper sequencing and resource allocation (Q3 2009)
- ↳ ACDEI to actively engage with donors and ministries on the coordination of sectoral issues within the framework of follow-up to the High Level Forum (continuously)
- ↳ Ensure proper prior consultation on all EU-related legislative initiatives, including EUSR, EULEX and Commission, where relevant (continuously)

2. POLITICAL CRITERIA

2.1 Public Administration Reform

DPM Kuçi gave an update of progress made in public administration reform, emphasising the outcome of the STM meeting on Good Governance and the government's target of establishing full digitalisation of both government and public administration in Kosovo by 2014. Mr Mirel welcomed the conclusion of the public administration functional review. He emphasised that public administration reform was a key horizontal issue that had a bearing on all other areas of reform. Experience had shown that candidate countries, which carried out successful public administration reform, were more effective in implementing EU legislation domestically. Kosovo needed to set up an administrative system, which would allow it to keep track of the commitments made for its European Agenda, to identify mile-stones, the institutions and the staff responsible. Mr Mirel stressed that more effort needed to be made to make institutions and individual members of staff accountable. Mr Mirel asked for an update on the implementation of the recommendations of the functional review by December 2009. He also urged progress on the adoption of key legislation in this area, including the Law on the Civil Service, the Law on Salaries, the Law on Government and the Law on Public Administration, which had been promised for Q1 2009. Mr Mirel also highlighted the political importance of the decentralisation process.

The Kosovo side confirmed that the implementation of the review recommendations would be completed in June, with a view to have concrete measures proposed as part of a mid-term development plan thereafter. The key legislation referred to by Mr Mirel had been passed to the assembly in April and should be in force by 1 January 2010.

Follow-up actions (incorporating relevant Sectoral STM conclusions where relevant):

- ↳ Adopt laws on civil service, salaries, government and public administration (Q4 2009)
- ↳ Provide overview of key PAR review recommendations and follow-up measures taken (Q3 2009)
- ↳ Provide overview of progress in decentralisation process (Q3 2009)

2.2 Fight against Corruption

Mr Hasan Preteni, CEO of the Anti-Corruption Agency, gave a detailed presentation of progress made to date. The revised Anti-Corruption Strategy 2009-2011 adopted by the Government in April 2009 was a very important development and a key delivery against a commitment made at the 15th Plenary STM meeting of December 2008. Mr Mirel encouraged the swift adoption of the Anti-Corruption Action Plan and underlined the need for the plan to correspond to the strategy. Mr Preteni also welcomed the adoption by the Assembly of the 2008 annual report of the Anti-Corruption Agency. Mr Mirel expressed considerable concern at the fact that Commission and EULEX advice in the preparation of the package of anti-corruption legislation appeared not to have been fully reflected, referring in particular to the laws on declaration of assets and conflict of interest. The resulting lack of quality of the laws had to be remedied as soon as possible. Mr Mirel also strongly encouraged the

Kosovo side to adopt a law on the financing of political parties, after adequate prior consultation with Commission and EULEX experts. He also encouraged relevant authorities to make further progress in the prosecution of corruption cases. He emphasized that progress in this area was particularly important for the confidence Kosovo citizens in the political and legal system and the effect it had on the business environment and investment climate in Kosovo. The Commission would welcome a report on the steps taken to improve the coordination of relevant actors fighting corruption, before mid-September. DPM Kuçi confirmed Kosovo would follow the Commission's recommendations.

Follow-up actions (incorporating relevant Sectoral STM conclusions where relevant):

- ↳ Finalise and adopt the package of anti-corruption laws, taking into account recommendations given by international stakeholders including EC and EULEX experts (Q3 2009)
- ↳ Adopt Anti-Corruption Action Plan (Q3 2009)
- ↳ Adopt Law on Financing of Political Parties (Q4 2009)
- ↳ Provide overview of measures taken to improve anti-corruption coordination, including with particular focus on prosecution (Q3 2009)

2.3 Human Rights and Socially Vulnerable People

Following a detailed presentation by DPM Ramë Manaj, the Commission welcomed progress in the areas of Human and Minority Rights. The adoption of the Strategy for the Integration of Roma, Ashkali and Egyptians, the Human Rights Strategy and Action Plan and the National Action Plan on Persons with Disabilities were significant steps forward. Kosovo now needed to work with determination on their implementation to avoid disappointing the communities concerned and prevent worrying issues such as the destruction of tombstones, and the exclusion of Roma, women and the disabled from fully participating in social and business opportunities. Mr Mirel also called for the establishment of an Inter-Institutional Coordination Mechanism to ensure coordination. It was important to adopt gender equality legislation. Mr Mirel considered adequate follow-up to missing persons instrumental to reconciliation. He acknowledged that finding and identifying missing persons was a sensitive matter for both Kosovo and Serbia. However, both parties also had a moral obligation to fully cooperate to locate all possible grave sites. Also, Kosovo must stick to its commitment and proceed with de-mining and investigating the identified site of Kosare. Mr Mirel asked when Kosovo would table draft legislation on missing persons. The important issue of lead-contaminated Roma camps in north Mitrovica would need to be discussed bilaterally. The Commission noted positive steps on this important dossier and very much shared the concerns also expressed by the European Parliament and civil society. The Kosovo side said the situation of RAE families living in lead contaminated camps was a legacy of UNMIK, but acknowledged its responsibility to help find a permanent solution. Mr Mirel expressed EC's readiness to support the process of relocating the families in accordance with the approach developed by the ECLO. However, some conditions would have to be fulfilled. On gender equality, a draft strategy on domestic violence would be submitted to the government for approval in June still.

Follow-up actions (incorporating relevant Sectoral STM conclusions where relevant):

- ↳ Finalise draft legislation on missing persons clarifying inter-alia the issue of compensation of families (Q3 2009)
- ↳ Provide data on missing persons and on location of potential grave sites (Q3 2009)
- ↳ AGE/OPM to finalise the draft strategy and law on domestic violence (Q4 2009)
- ↳ The Government to set up inter-institutional coordination mechanisms to facilitate budgeting, coordinating and reporting on the strategies referred to above (Q3 2009)
- ↳ Adopt a National Strategy and Action Plan on Childrens' Rights (Q3 2009)
- ↳ OGG/OPM to provide EC with its periodic reports on human rights situation within its area of responsibility (Q4 2009)

2.4 Minority Rights and Returns

Following a detailed presentation by the Kosovo side, the Commission welcomed the fact that the Ministry for Communities and Returns was working on the Strategy on Communities and Returns and the Revised Manual on Sustainable Return. Regarding the voluntary returns process, Mr Mirel observed that it appeared to have almost stopped. A technical dialogue with Belgrade – perhaps to be facilitated by the UNHCR - on return issues could facilitate a smooth and sustainable return of displaced families, and should also lead to the re-opening of the Kosovo Property Agency (KPA) office in Serbia. The closure of this office remained an obstacle to the access to their property by numerous displaced persons. Mr Mirel asked what plans the Kosovo government had in this context. The Kosovo side confirmed that contrary to appearances the returns process had not stopped, and that a number of projects – some with EC help – were ongoing. Kosovo would be willing to have the UNHCR facilitate dialogue with Belgrade. Mr Mirel acknowledged that as regards the protection of Kosovo cultural heritage positive results had been achieved. He asked when the laws on the protection of Velika Hoca and Prizren would be adopted.

Follow-up actions (incorporating relevant Sectoral STM conclusions where relevant):

- ↳ The Government to adopt a Strategy on Communities and Returns (2009-2013) and a revised Manual on Sustainable Returns (Q3 2009)
- ↳ Approach UNHCR to discuss possible modalities of a renewed dialogue with Belgrade on return issues (Q3 2009)
- ↳ Adopt Action Plan for the implementation of the National Strategy for Integration of RAE Communities (Q4 2009)
- ↳ The Assembly to adopt legislation on Hoça e Madhe/Velika Hoca and Prizren Historical Centre (Q3 2009)
- ↳ Kosovan authorities to draft a plan to overcome KPA office closure in Serbia (Q3 2009)

2.5 Property Rights

Following a detailed presentation in which the Director of the Kosovo Property Agency Xhevat Azemi explained that Belgrade continued to refuse cooperation on access to the relevant files, Mr Mirel noted that there had been some positive achievements. Since October last year, some 2.600 claims had been adjudicated by the Housing Property Claims Commission (HPCC). However, Kosovo authorities should strengthen the Kosovo Property Agency (KPA) by allocating an adequate budget, making it sustainable and independent. Also, it was necessary to take all necessary measures to mobilise the Kosovo police to actively enforce HPCC decisions. A comprehensive and detailed track record of enforcement of HPCC decisions would be very helpful in this regard. The Kosovo side explained that the KPA had been working quite successfully, enabling 50 repossessions every week. However, follow-up to HPCC decisions in northern Mitrovica had not been possible.

Follow-up actions (incorporating relevant Sectoral STM conclusions where relevant):

- ↳ Provide track record of follow-up to HPCC decisions, including number of actual repossessions of properties (Q3 2009)
- ↳ Ensure adequate budget allocation for KPA (Q4 2009)

2.6 Rule of Law/Judiciary

In a detailed presentation, Minister of Justice Mrs Nekibe Kelmendi confirmed that key legislation in this sector has been adopted, including Laws on Mediation, Notary, Pardon, amendment and supplementation of the Kosovo Provisional Code of Criminal Procedure, supplementation and amendment of the Kosovo Provisional Criminal Code; that draft legislation on Courts, Judicial Council, State Prosecution Office and Prosecutorial Council had been submitted to the Government for approval; that the draft Laws on Conflict of Interest, Declaration of Assets, Establishment of the Department for Forensics, had passed the first reading at the Assembly.

The Commission confirmed that the adoption of the Law on the Constitutional Court, the appointment of Constitutional Court judges by the Kosovo Assembly and the more systematic use made of the electronic case management system (Case Management Information System, CMIS) by the Kosovo judiciary were positive developments despite remaining challenges. Mr Mirel encouraged Kosovo to adopt the Laws on Forensic Medicine and on Management of the Sequestered or Confiscated Assets as soon as possible. He also highlighted the importance of adequate witness protection, and the need for adequate resources to implement legislation. However, the development of a new criminal code and criminal procedures code should not be rushed. Given their significance for the rule of law in a wider sense, they should be prepared carefully. That said, Mr Mirel confirmed that the functioning of the judiciary in Kosovo remained an issue of serious concern. Kosovo had yet to appoint members of the Kosovo Judicial Council (KJC) based on the current laws, which would allow Kosovo to be directly involved in the process of reappointment/vetting of judges. As things currently stood, Kosovo could not appoint additional judges when needed, such as in the case of the enlarged Special Chamber of the Supreme Court. Mr Mirel very much welcomed the preservation of the Special Chamber dealing with property claims and appeals. He strongly encouraged the swift transfer (end June 2009) of the Office of the Disciplinary Council from the Ministry of Justice to the Kosovo Judicial Council, both in operational and in budgetary terms, since this is crucial for the independence of the judiciary. Mr Mirel confirmed that Kosovo needed to increase its cooperation with EULEX and enhance the effectiveness and efficiency of its correctional services. He encouraged the development of a strategic plan for the Correctional Services, which would allow for the setting of clear priorities and allow for proper planning. Mr Mirel welcomed that the issue of the seat of the High Security Prison (Podujevo) had been settled. Mr Mirel emphasised that Kosovo should also focus on the adoption of laws on judicial reform creating an effective judiciary that would ensure adequate access to and representation of minority communities in the justice sector (quality over speed), taking care to preserve the Special Chamber of the Supreme Court and its functions. In a reaction Minister Kelmendi confirmed that the Criminal Code, the Criminal Procedures Code and the Law on Witness Protection would be drafted by the end of 2009. She confirmed that the Kosovo judiciary system required new, young staff.

Follow-up actions (incorporating relevant Sectoral STM conclusions where relevant):

- ↳ Kosovan authorities to commence in-depth preparation of complex reform of the criminal code and criminal procedures code (Q3 2009)
- ↳ Appoint KJC members (asap)
- ↳ Approve the package of 4 laws (on Courts, Judicial Council and State Prosecution Office and Prosecutorial Council) following careful assessment of the implications and consultation with all stakeholders (Q1 2010, with proper consultation with ICO/ISR, EULEX and EC)
- ↳ Adopt Laws on Forensic Medicine, Establishment of the Department of Forensic Medicine, Confiscated and Sequestered assets, amending and supplementing the Law on Execution of Criminal Sanctions, and on Witness Protection (Q1 2010)
- ↳ Submit a strategic plan for correctional services (Q4 2009)
- ↳ Complete transfer of Office of Disciplinary Counsel from MoJ to KJC (asap)

2.7 Institution of the Ombudsperson

Recently appointed Ombudsperson Mr Sami Kurteshi gave a presentation. Mr Mirel congratulated Mr Kurteshi on his appointment. This appointment was important for the confidence people have in Kosovo's administration. He stressed that the Ombudsperson's reports be debated by the Assembly plenary and that the Institution be guaranteed independence from the Government, including in budgetary terms. The Ombudsperson's budget should be adopted in Q4 2009. Mr Mirel emphasized the importance of media freedom to the EU, and DPM Kuçi confirmed his agreement with this statement.

Follow-up actions (incorporating relevant Sectoral STM conclusions where relevant):

- ↳ Ensure adequate budgetary resources for the Ombudsperson (Q4 2009)
- ↳ Debate Ombudsperson's annual report in assembly (within 2 months following publication)

2.8 Regional Integration initiatives

DPM Kuçi gave an update on developments since December 2008 focusing on the participation of Kosovo's National Coordinator in RCC activities and the problems Kosovo is having in participating in regional cooperation initiatives. He commended the support of EC and other actors to find a solution for these problems and appealed for more support from them. DPM Kuçi also stressed that the RCC National Coordinator, in April 2009, on behalf of the Government of Kosovo submitted to the RCC Secretariat, the document on Priorities of the Kosovo Government. Mr Mirel emphasised the importance of regional cooperation. It opened the doors for sustainable economic development and facilitated reconciliation among the communities of the region. Mr Mirel stressed that Kosovo could not afford to exclude itself from the integration process in the Western Balkans. He acknowledged that there were difficulties in this area, and that there were limits to Kosovo's influence on developments. He regretted that Kosovo's participation in the recent SEECP summit and RCC annual meeting had not been possible. In coordination with other international actors, the Commission had done its best to ensure that the two events would be inclusive. The preparation and use of guidelines to line-ministries and institutions on Kosovo's involvement in regional cooperation for ensuring consistency in Kosovo's approach would be very helpful. Mr Mirel urged Kosovo to be constructive and pragmatic. DPM Kuçi agreed that regional cooperation was a priority and agreed there was a need for harmonized guidelines to be respected and used by Kosovo's institutions and ministries. However, DPM Kuçi also confirmed that UNMIK could no longer sign on behalf of Kosovo.

Follow-up actions (incorporating relevant Sectoral STM conclusions where relevant):

- ↳ Submit and disseminate guidelines to line-ministries and institutions to ensure consistency and pragmatism in Kosovo's involvement in regional cooperation (asap)

3. ECONOMIC CRITERIA

The Minister of Economy and Finance Mr Ahmet Shala gave a presentation, confirming that Kosovo wanted free trade with all its neighbours and appealed to the EU for help to solve issues with some countries in the region. He also confirmed that by mid-summer two transaction advisor teams would start helping the privatisation of KEK (distribution and supply) and PTK. This was followed by a presentation from the representative of Privatisation Agency of Kosovo (PAK). In a reaction, the Commission welcomed the launch of the Fiscal Surveillance Mechanism in Kosovo. Mr Mirel appreciated the Internal Audit Manual adopted in December last year, and the efforts to develop the profession of public internal auditors. He acknowledged that privatisation is the responsibility of the PAK, but suggested it would be very useful to have criteria for prioritising the companies that are to be privatised. Mr Mirel advised that such criteria be discussed in future PAK Board meetings. Mr Mirel expressed his concern at the way the boards of regulatory authorities were appointed; and that independent and effective regulatory bodies were essential for the development of a functioning market economy and a key issue for Kosovo's EU integration process. The Commission had noted that several appointments to POE boards had been made, but also that some nominations had subsequently been revoked by the ICR.

Follow-up actions (incorporating relevant Sectoral STM conclusions where relevant):

- ↳ Submit criteria for the prioritization of privatisation (Q3 2009)
- ↳ Finalise KEK portfolio necessary for the privatisation process (Q4- 2009)

4. EUROPEAN STANDARDS

4.1 Internal Market

The Commission acknowledged progress as confirmed by the Internal Market STM on both the Law on Accreditation and the Accreditation Agency and noted that the regulation on the internal market was due for Q3 2009. The Commission expressed doubts as to the capacity of the Market Inspectorate to perform all the tasks it is envisaged to have given its resources and organisation. Regulations on metrology and quality assurance were due in Q4 2009, underlining the importance for Kosovo to

ensure EU-compatibility prior to adoption of the relevant legislation. Mr Mirel commended Kosovo for the establishment of the Competition Commission, and for the pro-active approach of this Commission. Its members should enjoy full independence. Mr Mirel also acknowledged the preparation of the State Aid Law, which had been promised for Q2 2009.

The Director of the Public Procurement Regulatory Commission (PPRC), Mr Illaz Duli gave a presentation, specifying that Kosovo had established 142 procurement departments employing 431 certified procurement officers. In addition to the PPRC, it also had a Public Procurement Agency (PPA) and a Procurement Review Body (PRB). Mr Mirel reiterated his earlier point for public procurement regulation to be efficient and effective. This could only be ensured when the relevant institutional structures were streamlined and had clearly defined responsibilities. Legislation had to be respected to the letter, and all derogations granted needed to be substantiated and recorded. Mr Mirel reiterated his suggestion for a central purchasing body to save public funding and make the best use of scarce resources. A review of the Consumer Protection Law had been due Q1 2009. The law on the amendment of the Law on Consumer Protection (No. 2004/17) was adopted by the Assembly on 12 March 2009 as Law No. 03/L-131 Kosovo was in the initial phases of adopting consumer protection legislation and practices, and administration. Some progress was noted concerning industrial property rights (IPR) and in building the relevant administrative capacity. Work must start on copyrights urgently, given the estimated number of copyright violations in Kosovo. Kosovo should establish a sound legal framework with the necessary administrative capacity to implement it. Mr Mirel asked when the action plan for IPR would be finalised, and when the legal framework and the necessary institutions would be in place.

Mr Mirel made a specific point of the need to ensure efficient and effective public procurement. He acknowledged that Kosovo has taken first steps in this area. The legal framework was of reasonable quality. However, the institutional structures should be streamlined and the division of responsibilities clarified. Legislation must be respected without exception, and all derogations duly substantiated and recorded. A central purchasing body should be set up to save public funding and make the best use of scarce resources. The independence of procurement officials should be strengthened. The trade and Industry Minister Mr Lutfi Zharku confirmed that Kosovo was considering increasing its public procurement capacity with the assistance of the World Bank.

Follow-up actions (incorporating relevant Sectoral STM conclusions where relevant):

- ↳ Adopt Law on Metrology (Q4 2009)
- ↳ Submit draft Law on Consumer Protection (Q2 2009)
- ↳ Submit draft Law on State Aid (asap)
- ↳ Adopt the Mid-Term Strategy on Intellectual Property (Q4 2009)
- ↳ Submit draft secondary legislation related to copyright ensuring EU-compatibility (Q3 2009)
- ↳ Set up a centrally kept record of derogations granted in public procurement (Q3 2009)
- ↳ Submit proposals for the streamlining of the institutional set-up of public procurement, including the possible establishment of a central purchasing body (Q4 2009)

4.2 Transport

The Minister of Transport Mr Fatmir Limaj gave a presentation confirming a multi-modal strategy should be approved by end-June. Mr Mirel emphasized that at the December plenary STM, Kosovo had committed itself to nominate the boards of the Kosovo Civil Aviation Authority and the Independent Railway Regulatory Authority before the end of 2008, but neither board was in place. This was hampering the effective implementation of EU projects. Mr Mirel emphasized the need to nominate the members of both boards quickly. Mr Mirel noted that the aviation legislation on charter rights approval and on introducing slot allocations at the Pristina International Airport are not compatible with Kosovo's obligations under the ECAA and had to be remedied as soon as possible. In addition, Mr Mirel noted that the procedures to license airlines have to be transparent and efficient and applied in an equal manner. Minister Limaj confirmed that the board appointments would follow

before September. As regards the charter rights and slot allocations, the Minister confirmed that these were complex issues, which would need to be solved with the assistance of Commission experts. His priority was to protect the travelling public from the Kosovo diaspora. Minister Limaj confirmed progress was being made on the appointment of the Board of the Telecommunications Regulatory Authority (TRA).

Follow-up actions (incorporating relevant Sectoral STM conclusions where relevant):

- ↳ Nominate boards of KCAA and IRRA (Q3 2009)
- ↳ Repeal and submit revised legislation on charters rights approval and slot allocations, after review with Commission experts (asap)
- ↳ Ensure airline licensing procedures are applied according to transparent and efficient criteria (Q3 2009)
- ↳ Nominate TRA board (Q3 2009)

4.3 Education

Education Minister Enver Hoxhaj gave a presentation. The Commission confirmed teacher training and certification as important issues. Mr Mirel enquired as to the action the MEST proposed to take in cases where teaching staff failed to meet minimum criteria. He recommended the MEST to emphasise training education staff at municipal level since decentralisation would give them a central role in enforcing education-related legislation. Mr Mirel urged the MEST to adopt the curricula in Romani and Serbian languages as soon as possible (September 2010 foreseen) and to plan capacity-building training for municipal services dealing with education (Q3 2009). Mr Mirel also suggested to actively mobilise donor funding in the ministry's efforts to upgrade curricula. Minister Hoxhaj committed to new curricula for Roma children to be ready by September 2009 and in Serbian by September 2010. He confirmed that all schools would operate in two shifts by September 2009 already, instead of 2017 as foreseen in the government's 2007 strategy. Secondary schooling would be compulsory by September 2010. Donor assistance would be particularly useful in the construction of new school buildings, 22 of which were needed to set up specialised secondary schools, including 'centres of excellence'. Teacher training would also benefit from such assistance. The ministry had started a 5-year teacher training programme and was developing evaluation manuals for this purpose. Decentralisation on the basis of Law on Local Education would have a significant effect on education, which should aim to transfer responsibilities to schools themselves.

Follow-up actions (incorporating relevant Sectoral STM conclusions where relevant):

- ↳ Adopt curricula in Romani (Q3 2009) and Serbian languages (Q3 2010)
- ↳ Plan capacity-building training for municipal education services (Q3 2009)

4.4 Social Affairs

The Minister of Labour and Social Affairs Mr Nenad Rasić confirmed that the final version of the White Paper on Social Policies would be adopted in September. In the context of the decentralisation of social services, Kosovo was to have the necessary secondary legislation in place by January 2010. In his reaction, Mr Mirel acknowledged good progress and emphasised the need to coordinate carefully in the mobilisation of donor assistance, which was promised once the White Paper would be issued. Mr. Mirel also emphasized that the adoption of the White Paper is not to be seen as a final result, but rather that it should serve as a strategic document guiding social policies for the use of both Government and Donors.

Follow-up actions (incorporating relevant Sectoral STM conclusions where relevant):

- ↳ Adopt White Paper on Social Policies (end of September 2009)
- ↳ Adopt Strategy for Sustainable Employment and Action Plan (end August 2009)
- ↳ Launch the implementation of the Action Plan for Youth Employment (end August 2009)

4.5 Agriculture and Rural Development

Following a presentation by Minister of Agriculture, Forestry and Rural Development Idriz Vehapi, the Commission acknowledged adoption of the Food Law and the transfer of the Kosovo Veterinary and Food Agency (KVFA) within the Office of the Prime Minister. It understood that Kosovo was in the final process of revising the Agriculture and Rural Development Plan 2007-2013 (ARDP) and would adopt an updated Agriculture and Rural Development Plan 2009 - 2013. It urged for the ARDP to be realistic, focus on what Kosovo could achieve and deliver (particularly given the limited budget devoted to the sector) and be limited to a number of issues, of which land reform was clearly a priority. The establishment of a network of payment agencies should be used to distribute KCB resources rather than to prepare the way for any EU funds. The Commission highlighted that Kosovo's agricultural and food produce had export potential, which could only be met if agri-food establishments were upgraded. There was a very long way to go before Kosovo would meet EU standards. This was a long and expensive process, which would benefit from a strategy. The relevant establishments would need to be accredited before they could export meat to the EU. Minister Vehapi confirmed a 40% increase in agriculture spending in 2009 and the establishment of a laboratory for meat exports (level 3).

Follow-up actions (incorporating relevant Sectoral STM conclusions where relevant):

- ↳ Adopt Agriculture and Rural Development Law (Q3 2009)
- ↳ Revise and adopt the ARDP 2009 -2013 (Q3 2009)
- ↳ Ensure Food and Veterinary Agency is operational (Q3 2009)
- ↳ Develop plan to upgrade agri-food establishments (Q4 2009)

4.6 Energy

Energy Minister Justina Pula-Shiroka gave a presentation. The draft Law on Gas had been submitted to the Assembly for adoption, and the draft Law on Energy Efficiency would follow before end- 2009. The Commission confirmed it took no position on the issue of whether or not existing power plants should be included in the project to develop of a new lignite fired power plant in Kosovo, but attached great importance to the budgetary and environmental aspects of the process. Mr Mirel asked for explicit confirmation of Kosovo's commitment to close the remaining units of Kosovo A by 1 January 2018 at the latest, as Kosovo A does not meet the Large Combustion Plants Directive. It was confirmed that this obligation under the Energy Community Treaty would be met by end 2017. Mr Mirel congratulated Kosovo on improving the level of bills collected by 18% last year and urged for work on this to continue and be stepped up. Targets for improving billing and collecting were very helpful in this regard. The ensuing improvements would reduce the drain of the power sector on the KCB. Mr Mirel also welcomed the agreements that allowed power to be restored to the enclaves as an important step forward. The Commission warned that the increase in Kosovo's demand for power was unsustainable, with the growth of demand outstripping the ability of current capacity to supply. This places serious strains on Kosovo's power system. Kosovo would need to develop a more pro-active policy of demand management linked to the need for consumers to pay for the power they consume. Mr Mirel stressed the importance of renewable energy sources for Kosovo. The Commission was encouraged at the update of Kosovo's legislative framework in a package of laws, currently under adoption, the Laws on Energy, Electricity and the Energy Regulator. Mr Mirel urged the Ministry to consult the Energy Charter Secretariat on this body of legislation to ensure compatibility with EU-standards. Minister Pula-Shiroka confirmed Kosovo A would be closed down by 2017 and that further progress on the 'New Kosova' project would take place in compliance with the relevant Acquis.

Follow-up actions (incorporating relevant Sectoral STM conclusions where relevant):

- ↳ Adopt EU-compatible laws on energy, electricity and energy regulator (Q4 2009)
- ↳ Set targets for improvements in energy billing and collection rates (Q4 2009)
- ↳ Draw up a decommissioning plan for Kosovo A (Q4 2009)

4.7 Environment

Environment Minister Mahir Yağcilar gave a presentation. Earlier this year, Kosovo adopted an amended Environmental Impact Assessment Law (EIA) and a Strategic Environmental Assessment Law (SEA), thereby delivering on commitments made in December 2008. Mr Mirel congratulated the Minister for adopting the laws on EIA and SEA. However, he pointed out that amendments to the SEA Law have to be made due to the fact that advice given by Commission experts was not taken into account and the law does not fully transpose the EU's SEA Directive. The IPPC Law has been adopted as planned and the Commission congratulated Kosovo on this achievement. The Law on Protection from Ionising and Non-Ionising Radiation has not been adopted, yet, but is in the parliamentary procedure. Mr Mirel underlined the need to establish regulatory offices, and make sure those established continue to remain fully independent, such as the Water and Waste Regulatory Office (WWRO). Mr Mirel inquired about the status of the preparations for the Nature Conservation Law. Minister Yağcilar confirmed that the final draft Law on Nature Conservation with relevant incorporated EU directives will be submitted to the Government and the Assembly before end 2009.

Follow-up actions (incorporating relevant Sectoral STM conclusions where relevant):

- ↳ Adopt EU-compatible revised SEA Law (Q4 2009)
- ↳ Adopt the Law on Protection from Ionising and Non-Ionising Radiation (Q4 2009)
- ↳ Adopt an EU-compatible Nature Conservation Law (Q4 2009)

4.8 Justice, Freedom and Security

Minister of Economy and Finance Ahmet Shala and Minister of Internal Affairs Zenun Pajaziti gave a presentation. Recalling conclusions of the previous plenary STM of December 2008 and the discussion at the STMs for Internal Market and Good Governance, the Financial Intelligence Unit/Centre (FIU/C) is to be controlled by EULEX and gradually handed over to Kosovo authorities according to specific benchmarks. The Commission stressed that this needed to be reflected in the anti-money laundering legislation, which should be brought in line with European and international standards. Kosovo must ensure EULEX involvement in the preparation of this important law, which should be completed as soon as possible. Overall, the Commission acknowledged good progress in this area, but emphasised that Kosovo needed to continue in its efforts. In a reaction Minister Shala admitted that Kosovo had difficulty in accepting it could not manage the FIU/C issue, which he considered had an administrative function itself. Mr Mirel welcomed the community policing project in Mitrovica North and emphasized that there was a need for multi-ethnic representation in police management. The job description for the Kosovo Serb Deputy Head of Police would need to be finalised as soon as possible. Mr Mirel also acknowledged good progress in the drafting of personal data protection legislation. He confirmed the Commission would continue supporting Kosovo, including through TAIEX. However, it was vital that the input of the European Commission and EULEX experts be reflected in adopted legislation. Kosovo needed to adopt the remaining strategies (tackling organized crime and migration) and focus on implementing the already adopted strategies in areas such as counter terrorism, fight against trafficking of narcotics, IBM, fight against trafficking of human beings with a particular emphasis on tangible results. Again, it was crucial that the EC and EULEX experts are fully involved in their preparation since many areas were covered either by the *acquis* or good international practice, and many were directly linked to visa issues. In a reaction, the Minister of Internal Affairs Zenun Pajaziti confirmed that the strategies on fighting narcotics trafficking and terrorism would be submitted to the government soon. An action plan on organized crime should be adopted by Q3 2009. A general lack of capacity, resources and issues associated with international cooperation continued to present challenges to Kosovo. The Kosovo Ministry of Internal Affairs should also ensure EULEX full access to its databases.

Follow-up actions (incorporating relevant Sectoral STM conclusions where relevant):

- ↳ Submit draft Anti-Money Laundering Law, incorporating ICO/ISR, EULEX and EC advice (Q3 2009)
- ↳ Submit draft data protection legislation (Q3 2009, with proper consultation with EULEX and EC)
- ↳ Adopt an Action Plan on Organized Crime (Q2 2009)

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- ↳ Adopt remaining strategies: Strategy and Action Plan on Migration (Q3 2009), Strategy and Action Plan on Reduction and Crime Prevention (Q3 2009) and Strategy and Action Plan for Collecting Illegal Weapons (Q4 2009)(Q3 2009)
 - ↳ Adopt Law on Management of Sequestered and Confiscated Criminal Assets (asap)

4.9 Integrated Border Management

Minister for Internal Affairs Zenun Pajaziti gave a presentation, including figures on the results of Kosovo's fight against organized crime and narcotics. Future challenges included a lack of capacity, international cooperation and the judicial system in Kosovo. The European Commission acknowledged the adoption of the Integrated Border Management (IBM) Strategy and Action Plan and the establishment of the Executive Board for IBM. It encouraged Kosovo to continue with further reforms related to border management. Reform of the border police envisaged for the end of this year would be a key example of progress. In terms of follow-up, the Commission would appreciate a report on the implementation of the IBM Strategy and Action Plan.

Follow-up actions (incorporating relevant Sectoral STM conclusions where relevant):

- ↳ Complete reform of the Border Police (Q4 2009)
- ↳ Submit a report on the implementation of the IBM Strategy and Action Plan (Q4 2009)

5. AOB

The following conclusions were formally adopted:

- 15th STM plenary meeting of 2 December 2008
- Sectoral STM on Infrastructure (Audio Visual Policy, Electronic Communication Network Services and Information Society) of 5 February 2009.

It was agreed to have the pending conclusions of the following three Sectoral STMs adopted before end-July:

- Sectoral STM on Innovation of 22 April 2009
- Sectoral STM on Internal Market of 5 May 2009
- Sectoral STM on Good Governance of 11-12 May 2009

The conclusions of the Sectoral STMs Infrastructure (4-5 June), Economy (17 June) and Agriculture (23-24 June) are to be finalized before the summer break.

Pierre Mirel acknowledged progress in many sectors, thanked all Ministers and other participants for their presentations and contribution to the discussions, and confirmed that the Commission's comments had the sole aim of being constructive.

Attachment 1: List of Participants

**16TH MEETING OF THE STABILISATION-ASSOCIATION PROCESS
TRACKING MECHANISM**

Pristina, Kosovo, 12 June 2009

List of Participants

1. Government of Kosovo:

- Mr Hashim Thaçi, Prime Minister
- Mr Hajredin Kuqi, Deputy Prime Minister
- Mr Sadri Ferati, Minister MLGA
- Mr Enver Hoxhaj, Minister MEST
- Mr Idriz Vehapi, Minister MAFRD
- Ms Nekibe Kelmendi, Minister MoJ
- Mr Ahmet Shala, Minister MFE
- Ms Justina Pula – Shiroka, Minister MEM
- Mr Fehmi Mujota, Minister MSF
- Mr Saša Rašić, Minister MRC
- Mr Valton Beqiri, Minister MCYS
- Mr Mahir Yağcılar, Minister MESP
- Mr Zenun Pajaziti, Minister MIA
- Mr Skender Hyseni, Minister MFA
- Mr Nenad Rašić, Minister MLSW
- Mr Alush Gashi, Minister MoH
- Mr Arsim Bajrami, Minister MPS
- Mr Lutfi Zharku, Minister MTI
- Mr Fatmir Limaj, Minister MTT
- Ms Shqipe Krasniqi, AGE Acting Chief Executive Officer
- Mr Hasan Preteni, ACA Chief Executive Officer
- Mr Shkumbin Bicaj, PAK Managing Director
- Mr Xhevat Azemi, KPA Deputy Director
- Mr Edon Cana, ACDEI Acting CEO
- Mr Ilaz Duli, Public Procurement Regulatory Commission (PPRC), Director
- Mr Sami Kurteshi, Ombudsperson
- Mr Lavdim Krasniqi, KJI Director
- Mr Halit Muharremi, KJC, Head of the Secretariat
- Mr Hilmi Zhitija, Kosovo Public Prosecutor
- Mr Habit Hajredini, OGG Director
- Ms. Shqipe Mjekiqi, Office of the President EI Advisor
- Ms Zylfije Hundozi, Kosovo Assembly – Committee for EI Head
- Mr Srdjan Sentić, Office of Communities/OPM Director
- Mr Rexhep Haxhimusa, Supreme Court, President
- Mr Osman Ejupi, Competition Commission, Director
- Mr Fitim Krasniqi, Permanent Secretary Office of Communities/OPM
- Mr Besnik Osmani, Permanent Secretary MLGA
- Mr Alush Istogu Acting Permanent Secretary MEST
- Mr Shefki Zeqiri, Acting Permanent Secretary MAFRD
- Ms Metije Ademi Acting Permanent Secretary MoJ
- Mr Naim Baftiu Acting Permanent Secretary MFE
- Mr Hakif Jashari Acting Permanent Secretary MEM
- Mr Shkelzen Sylja, Permanent Secretary MSF

- Mr Zana Kotorri, Acting Permanent Secretary MRC
- Mr Salih Morina, Permanent Secretary MCYS
- Mr Arben Çitaku Acting Permanent Secretary MESP
- Ms Sebahate Muharremi- Pllana Acting Permanent Secretary MIA
- Mr Fitim Gllareva, Acting Permanent Secretary MFA
- Mr Eshref Shabani, Permanent Secretary MLSW
- Mr Haxhi Kamberi Acting Permanent Secretary MoH
- Mr Fitim Sadiku, Acting Permanent Secretary MPS
- Mr Muhamet Rudari, Permanent Secretary MTI
- Mr Skender Gashi, Permanent Secretary MTT
- Mr Ismet Krasniqi, Kosovo Assembly Secretary
- Various EI Advisors, Assembly Committee for EI and EI Focal Points in ministries

2. European Commission:

- Mr Pierre MIREL, Director for Western Balkans, DG Enlargement
- Mr Lawrence MEREDITH, Head of Kosovo Unit, DG Enlargement
- Mr Ruud VAN ENK, Deputy Head of Kosovo Unit, DG Enlargement
- Mr Renzo DAVIDDI, Head of European Commission Liaison Office in Pristina
- Mr Khaldoun SINNO, Head of Political, Economic and European Integration Section, ECLO
- Mr Freek JANMAAT, ECLO
- Ms Friederike WUENSCHMANN, ECLO
- Ms Tatiana JANCARKOVA, ECLO
- Ms Rita RUOHONEN, ECLO
- Ms Besime KAJTAZI, ECLO
- Ms Maja PAVLOVIC, ECLO
- Ms Fjolla CEKU, ECLO
- Ms Dragana STOLIĆ, ECLO
- Ms Carole POUULLAOUEC, ECLO
- Mr Samir SELIMI, ECLO
- Ms Albina DURAKU-NURA, ECLO
- Mr Emmanuel COHEN-HADRIA, ECLO
- Ms Federica DOMANIN, ECLO
- Ms Yvonne GOGOLL, ECLO
- Ms Emilia GARGALLO GONZALEZ, ECLO
- Ms Delphine FREYMANN, ECLO
- Mr Enrico VISENTIN, ECLO
- Ms Gresa SEFAJ, ECLO
- Ms Edis AGANI, ECLO
- Mr Agron ORANA, ECLO
- Ms Merita GOVORI, ECLO

3. EUSR/ ICO

- Mr Pieter FEITH, EU Special Representative in Kosovo and ICR
- Ms Maria Fihl-Vetting, ICR/EUSR Special Adviser
- Mr Andrea Capusela, Head of Economic and Fiscal Affairs Unit
- Mr Martin Schroeder, Economic Affairs Advisor
- Ms Marianne Fennersma, Legal Adviser
- Mr Christophe Pradier, Community Affairs Advisor
- Ms Maaïke Fekkes, Community Affairs Advisor
- Ms Julia Rueter, EUSR Spokesperson
- Mr Mattias Hallstrom, EUSR Policy Advisor

4. EU Presidency:

- Ms Janina HREBICKOVA, Czech Republic Embassy

5. EU Member States:

- Mr Hubert BEIDINGER, Austrian Embassy
- Mr Wim PEETERS, Belgian Office
- Ms Anna JACKSON, British Embassy, Deputy Head of Mission
- Mr Jan PLESINGER, Czech Embassy
- Mr Jakob Dahl THOMSEN, Representative of Denmark to Kosovo
- Ms Tarja FENANDEZ and Kaisa RUOVINEN, Finnish Embassy
- Ms Delphine BORIONE, French Embassy
- Mr Hans Dieter STEINBACH, German Embassy
- Ms Aemilia MANIATAKI, Greek Office, Deputy Head
- Mr Zoltan IMECZ and Mr Atila FODOR, Hungarian Embassy
- Mr Michael GIFFONI, Italian Embassy
- Mr Ema KAY, Netherlands Embassy
- Mr Miloslav NAD, Slovakian Office
- Mr Jozef HLEP, Slovenian Embassy
- Ms Ingrid JOHANSSON, Swedish Office

6. EULEX

- Mr Alessandro Rotta, Policy Adviser

7. UNMIK:

- Mr Shahzad Bangash, Acting Deputy Director of Office Political Affairs

8. OSCE

- Mr Joseph BRINKER, (Head of Office of Political Affairs
- Mr Christopher DECKER, Director of Human Rights and Communities Department

9. Council of Europe

- Ms Nanna MAGNADOTTIR, Head of Office
- Ms Orsolya SZEKELY, Deputy Head of Office